

IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing.

The following applies to the prospectus (the "**Prospectus**") following this page and you are therefore advised to read the disclaimers set out in this electronic transmission carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer or the manager as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission and/or the Prospectus in any manner whatsoever to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE BONDS REFERRED TO IN THE PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES ("**U.S.**") OR OTHER JURISDICTION AND SUCH BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT).

NEITHER THE PROSPECTUS NOR ANY PART OR COPY OF IT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR APPLICABLE LAWS OF OTHER JURISDICTIONS.

NEITHER THE PROSPECTUS NOR ANY PART OR COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT OF JAPAN, OR DISTRIBUTED DIRECTLY OR INDIRECTLY IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT OF JAPAN.

THIS ELECTRONIC TRANSMISSION, THE PROSPECTUS AND THE OFFERING (AS DEFINED IN THE PROSPECTUS) IS AVAILABLE ONLY TO NON-US PERSONS (AS DEFINED IN REGULATION S) OUTSIDE OF THE UNITED STATES.

THIS ELECTRONIC TRANSMISSION, THE PROSPECTUS AND THE OFFERING MADE PURSUANT THERETO ARE ADDRESSED ONLY TO AND DIRECTED ONLY, ACCORDING TO ART. 3(2) LETTERS A) AND B) OF THE PROSPECTUS DIRECTIVE, TO (I) CERTAIN INSTITUTIONAL AND PROFESSIONAL INVESTORS IN THE EUROPEAN ECONOMIC AREA (INCLUDING ROMANIA), WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE ("**QUALIFIED INVESTORS**"); IN ADDITION, IN THE UNITED KINGDOM, THE OFFERING IS DIRECTED ONLY AT QUALIFIED INVESTORS (X) WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**FINANCIAL PROMOTION ORDER**") AND QUALIFIED INVESTORS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER AND (Y) TO WHOM IT MAY OTHERWISE LAWFULLY BE DIRECTED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**") AND (II) IN EACH STATE IN WHICH THEY ARE BEING OFFERED, LESS THAN 150 NATURAL OR LEGAL PERSONS IN EEA STATES (INCLUDING ROMANIA), OTHER THAN QUALIFIED INVESTORS, THESE PERSONS TO WHOM THE OFFERING MENTIONED ABOVE IS ADDRESSED BEING COLLECTIVELY REFERRED TO AS "**ELIGIBLE INVESTORS.**"

Confirmation of your Representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the securities described herein, you must subscribe for or purchase the securities outside the United States in reliance on Regulation S. This electronic transmission and the Prospectus is being sent at your request and by accessing the Prospectus, you shall be deemed to have represented to the Issuer and the Intermediaries that you are a Relevant Person from the United Kingdom or Qualified Investor from any member state of the European Economic Area, other than the United Kingdom and are eligible to receive this electronic transmission and the Prospectus. You shall also be deemed to have represented to the Issuer and the Intermediaries that you consent to delivery of the Prospectus by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Prospectus, electronically or otherwise, to any other person. If you receive the Prospectus by e-mail, you should not reply by e-mail. Any reply to e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. If you receive the Prospectus in electronic format by e-mail, your use of such Prospectus in electronic format and such e-mail is at your own risk and it is your responsibility to take precautions to ensure that each is free from viruses and other items of a destructive nature.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. The materials relating to the Offering do not constitute an offer or solicitation in any jurisdiction which requires that the Offering be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is not a licensed broker or dealer in that jurisdiction.

The Prospectus has been sent to you in an electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, the Intermediaries, or any person who controls any member of the Intermediaries, or any director, officer, employee or agent of the Intermediaries or any of its members or affiliate of any such person does not accept any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request during normal business hours at the headquarters of the Issuer and of the Intermediaries.



Impact Developer & Contractor S.A.

(a joint-stock company incorporated under the Romanian laws, with its registered office at 4 C Sos. Pipera Tunari, Construdava Business Center, 6th and 7th floor, City of Voluntari, Ilfov county, registered with Ilfov Trade Registry under no. J23/1927/2006, sole registration code 1553483)

Issue of EUR-denominated unsecured bonds with a fixed annual interest rate of 5.75%, due 2022, in an aggregate nominal value of up to EUR 30,000,000 to be listed and admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange (the „Bonds”)

International Securities Identification Number (ISIN): ROIMPCDBC030

Offer Period: 4 December – 8 December 2017

This document comprises a prospectus (the “**Prospectus**”) for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as further amended), including all relevant implementing measures (the “**Prospectus Directive**”) and has been prepared in connection with the admission to trading of unsecured bonds as part of the offering below and will be made available to the public in accordance with Law No. 24/2017 on issuers of financial instruments and market operations (“**Law 24/2017**”), Regulation 1/2006 on issuers and operations with securities (as amended) (“**Regulation 1/2006**”), Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive No. 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, as amended (“**Prospectus Regulation**”), and other applicable mandatory provisions of law.

This Prospectus has been prepared solely in connection with the admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange of unsecured bonds with a fixed annual interest rate of 5.75%, with an aggregate nominal value of up to EUR 30,000,000 (the “**Bonds**”) issued by Impact Developer&Contractor S.A (the “**Issuer**” or the “**Company**”) as part of the the offer (the “**Offering**”) to be addressed, according to Art. 3(2) letters a) and b) of the Prospectus Directive, to (i) certain institutional and professional investors in the European Economic Area (including Romania), who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (“**Qualified Investors**”); in addition, in the United Kingdom, the offering is directed only at Qualified Investors (x) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”) and Qualified Investors falling within Article 49(2)(a) to (d) of the Financial Promotion Order and (y) to whom it may otherwise lawfully be directed (all such persons together being referred to as “**Relevant Persons**”) and (ii) in each State in which they are being offered, less than 150 natural or legal persons in EEA states (including Romania), other than Qualified Investors, these persons to whom the offering mentioned above is addressed being collectively referred to as “**Eligible Investors**”. Unless previously redeemed or cancelled, the Bonds will be redeemed by the Issuer at their principal amount on EUR 5,000. This Prospectus has been approved by and submitted to the Financial Supervisory Authority (the “**FSA**”) for the purposes of admission to trading of the Bonds on the Regulated Spot Market of the Bucharest Stock Exchange (the “**Admission**”). The FSA will provide the European Securities Markets Authority with a copy of the approved Prospectus, in accordance with article 14 of Regulation 1/2006.

Investing in the Bonds involves risks. Please see “Risk Factors” for a presentation of certain risks and other factors that should be considered prior to any investment in the Bonds.

The Offering does not constitute an offer to sell or solicitation of an offer to purchase securities in any jurisdiction in which such an offer or solicitation would be illegal. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state of the United States (“**U.S.**”) or other jurisdiction and such securities may not be offered or sold within the U.S. For a discussion of certain additional restrictions concerning the offers, sales and transfers of bonds and the distribution of this prospect, please see “*Selling Restrictions*”.

THIS PROSPECTUS HAS BEEN APPROVED BY THE FSA IN ITS CAPACITY AS COMPETENT AUTHORITY, THOROUGH THE DECISION NO. 1710 DATED 28 NOVEMBER 2017. THE APPROVAL VISA APPLIED ON THIS PROSPECTUS DOES NOT CONSTITUTE A GUARANTEE OR ANY KIND OF ASSESSMENT BY THE FSA WITH REGARD TO THE OPPORTUNITY, THE ADVANTAGES OR DISADVANTAGES, THE PROFIT OR RISKS INVOLVED

IN ACCEPTING THE OFFERING, OBJECT OF THE APPROVAL DECISION; THE APPROVAL CERTIFIES ONLY THE CONFORMITY OF THIS PROSPECTUS WITH THE LEGAL REQUIREMENTS AND THE RULES ADOPTED FOR THE APPLICATION THEREOF.

INTERMEDIARIES

BT Capital Partners S.A.

Lead Manager and Bookrunner

Swiss Capital S.A.

Manager and Bookrunner

BRK Financial Group S.A.

Manager

The date of this Prospectus is 28 November 2017.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This document comprises a prospectus related to the issuance of Bonds by the Issuer for the purposes of the Prospectus Directive.

Responsibility statement

The Issuer, **Impact Developer&Contractor S.A.**, a joint-stock company incorporated under the laws of Romania, 4 C Sos. Pipera Tunari, Construdava Business Center, 6th and 7th floors, City of Voluntari, Ilfov County, registered with Ilfov Trade Registry under no. J23/1927/2006, sole registration code 1553483, accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. The Issuer also confirms that the “*Summary*” included in this Prospectus accurately reflects the information included in the Prospectus, and is not contradictory to other parts of the Prospectus.

The Intermediaries do not accept any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by it or on its behalf in connection with the Issuer, the Bonds or the Offering. The Intermediaries accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement.

No person is authorised to give any information or to make any representation in connection with the Offering or sale of the Bonds other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Intermediaries or their respective affiliates. If anyone provides any investor with different or inconsistent information, such investor should not rely on it. This Prospectus has been prepared solely in connection with the admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange of the Bonds issued as part of the Offering to be addressed, according to Art. 3(2) letters a) and b) of the Prospectus Directive, to: (i) certain institutional and professional investors in the European Economic Area (including Romania), who are Qualified Investors within the meaning of Article 2(1)(e) of the Prospectus Directive; in addition, in the United Kingdom, the Offering is directed only at Qualified Investors (x) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order and Qualified Investors falling within Article 49(2)(a) to (d) of the Financial Promotion Order and (y) to whom it may otherwise lawfully be directed and (ii) less than 150 natural or legal persons in EEA states (including Romania), other than Qualified Investors of each Member State of the EEA.

This Prospectus is being prepared by the Issuer for the purpose of enabling a prospective investor to consider subscribing for and purchasing the Bonds in the Offering. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the directors or shareholders of the Issuer or by any of the Intermediaries or any of their representatives that any recipient of this Prospectus should subscribe for or purchase the Bonds. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, except to the extent that such contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the Bonds, is prohibited.

Each potential subscriber for or purchaser of the Bonds should determine for itself the relevance of the information contained in this Prospectus, and its subscription for or purchase of the Bonds should be based on its own assessment, depending on the aspects considered necessary, including on the basis of the assessment of the risks involved and determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to such investor in connection with the subscription for or purchase of the Bonds.

The prospective investors should not consider any information in this Prospectus to be investment, legal or tax advice. Each prospective investor should consult its own legal counsel, financial adviser, accountant and other advisors for legal, tax, business, financial and other advice regarding subscribing for or purchasing the Bonds. Neither the Issuer, nor the directors or shareholders of the Issuer, nor the Intermediaries or any of their representatives, shall make any representation to any offeree or purchaser of the Bonds regarding the legality of an investment in the Bonds by such

offeree or purchaser. Any person who decides to subscribe for or purchase the Bonds is required to know and comply with the restrictions and limitations of this Offer. By subscribing for or purchasing the Bonds, investors assume any liability arising in the event that such subscription or purchase is deemed unlawful under their country of residence.

The Issuer or the directors or shareholders of the Issuer and the Intermediaries or any of their representatives or affiliates shall have no liability for the non-execution of subscriptions or sales of the Bonds in accordance with this Prospectus in case of force majeure (including, without limitation, natural disasters, wars, riots, fires, strikes or other events that may limit the functioning of capital market institutions).

This Prospectus does not constitute or form part of any public offer or invitation by the Issuer to any person to purchase the Bonds in a jurisdiction in which such offer or invitation by the Issuer is unlawful. The distribution of this Prospectus, Offer or sale of the Bonds may be restricted by law in certain jurisdictions. According to the Issuer, this Prospectus may not be legally distributed and the Bonds may not be legally offered under any applicable registration requirement or any other requirements in any such jurisdiction or pursuant to any applicable exception, and the Issuer shall assume no responsibility for facilitating any such distributions or offers. The prospective investors are advised that no action has been taken by the Issuer in any such jurisdiction for or in relation to the public offer of Bonds or for or in relation to the possession or distribution of this Prospectus or of any material related to the Offer, which would have been required for that purpose in such jurisdiction. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other material in connection with the Offer may be distributed or published in any jurisdiction, except in compliance with any applicable rules and regulations. The persons in possession of this Prospectus, any other material in connection with the Offer or admission to trading of the Bonds or of any Bonds, are required to inform themselves about and observe any such restrictions on the Offer and distribution of this Prospectus. In particular, the Issuer warns the prospective investors of the existence of any restrictions on the Offer and distribution of this Prospectus in the European Economic Area (see “*Selling Restrictions*” below.) This Prospectus was drawn up taking into account that, unless sub-paragraph (ii) below is applicable, any Bond Offer in any member state of the European Economic Area that has implemented the Prospectus Directive (each a “**EEA Member State**”) will be made only on the basis of an exemption from the requirement regarding the publication of a prospectus for the offer of Bonds, which is laid down by the Prospectus Directive, as such exemption was implemented in that EEA Member State. Accordingly, any person making or intending to make in the EEA Member State an offer for Bonds forming the object of an offer provided for in this Prospectus, shall have such right only (i) in the case when neither the Issuer, nor the Intermediaries have the obligation to publish a prospectus in accordance with Article 3 of the Prospectus Directive or an amendment to the Prospectus, pursuant to Article 16 of the Prospectus Directive, in each case, in connection to such offer, or (ii) in case a prospectus for such offer was approved by the competent authority of that EEA Member State or, where applicable, such prospectus was approved in another EEA Member State and notified to the relevant authority of the respective EEA Member State and (in each case) published in accordance with the Prospectus Directive. Unless sub-paragraph (ii) above applies, the Issuer has not and does not authorize an offer for Bonds that would cause the Issuer or the Intermediaries to incur the obligation to publish a prospectus or supplement to the prospectus for that offer.

The information contained in this Prospectus is only accurate as of the date on the front cover of this Prospectus. The Issuer’s business and financial condition may have changed since that date. The provision of this Prospectus and any sale hereunder must under no circumstances create any presumption suggesting that there has been no change in the Issuer’s activity as of the date of this Prospectus or that the information contained herein are accurate at any date subsequent to the Prospectus. The access to this Prospectus by any prospective investor constitutes such prospective investor’s consent with respect to the foregoing. Notwithstanding any obligation on the Issuer to publish a supplement to the prospectus in accordance with the provisions of Law no. 24/2017, Regulation no. 1/2006 and Regulation (EU) No. 382/2014 supplementing Directive no. 2003/71/EC of the European Parliament and Council with regard to regulatory technical standards for publication and supplements to the prospectus, neither the submission of this Prospectus, nor any acquisitions related thereto will create, under no circumstances, any presumption suggesting that there has been no change in the Issuer’s activity as of the date of this Prospectus or that the information contained herein is correct at any date subsequent to this Prospectus.

The information available on the Issuer’s website, on any website referred to in this Prospectus or on any website directly or indirectly referenced on the Issuer’s website is not incorporated by reference thereof in this Prospectus

(unless this Prospectus expressly provides otherwise) and any decision to subscribe to or purchase the Bonds should not be based on this information.

The Prospectus will be published in due time and made available to the public at the Company's headquarters, on the Company's website, at www.impactsa.ro, on the website of the Bucharest Stock Exchange, at www.bvb.ro and on the websites of BT Capital Partners S.A., at www.btcapitalpartners.ro of Swiss Capital S.A., at www.swisscapital.ro and of BRK Financial Group at www.brkfinancialgroup.ro, and printed copies thereof will be made available, free of charge, upon request, during the usual working hours, at the Company's headquarters at 4C Pipera Tunari, Centrul de Afaceri Construdava, 6th and 7th Floors, Voluntari City, Ilfov County. The information contained in this Prospectus is accurate only on the date mentioned on the cover page of the Prospectus. The Issuer's commercial and financial situation may have changed after such date.

Unless otherwise specified in the context, the references in this Prospectus to "us", "our" and "us" are references to the Group. The references in this Prospectus to "Bucharest" are references to the city of Bucharest, Romania.

Presentation of financial information

The Consolidated Financial Statements and Individual Financial Statements (as defined below) have been prepared substantially in accordance with International Reporting Standards ("**IFRS**"), based on Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 on the application of international accounting standards. The significant accounting policies applicable to the Company's financial information are consistently applied to the financial information in this document.

Financial information

Unless otherwise indicated, the financial information in the Prospectus is extracted from the consolidated financial statements of the Company and its subsidiaries (the "**Group**") ("**Consolidated Financial Statements**"). The Consolidated Financial Statements refer to the Consolidated Financial Statements audited for the last two financial years of the Group, respectively, for the years 2015 and 2016, on the one hand, and to the interim Consolidated Financial Statements not audited on 30 June 2016, on the other hand. The financial year of the Group and of the Issuer, respectively, covers the period from 1 January to 31 December. In addition, this Prospectus contains selected financial information extracted from the individual financial statements of the Issuer, as at 30 December 2015 and 2016, as well as at 30 June 2017 and, respectively, 30 September 2017 ("**Individual Financial Statements**").

The presentation currency is RON. Accordingly, the individual and consolidated financial statements included in this Prospectus are presented in RON.

Non-IFRS financial information and other operational information

This Prospectus may contain references to certain financial indicators that are not defined or recognized by IFRS, including EBITDA or EPRA (Active Net Bookkeeping and Net Asset Accounting per Action). EBITDA is the consolidated operating profit or loss, plus depreciation, amortization and impairment adjustment expense. EPRA (European Public Real Estate Association) is an association whose mission is to promote, develop and represent the real estate sector in Europe, consisting of stock listed companies.

Among other things, EPRA's specialized committees have made some recommendations to improve the presentation methods, transparency, relevance and comparability of the results published by listed real estate companies. The Issuer supports this initiative on the standardization of performance reporting, which ultimately translates into a high quality, which is why it includes in its annual reports the following EPRA indicators.

The information on these indicators is sometimes used by investors to assess the efficiency of a company's operations and its ability to use its revenue for debt repayment, capital expenditure financing and meeting the requirements of circulating capital. There are no generally accepted principles to apply to the calculation of these indicators and the criteria on which they are based may vary from company to company. These indicators do not, by themselves, provide a sufficient basis to compare the performance of the Issuer or the Group with that of other companies and should not be taken into account in an isolated manner or as a substitute for operating profit information or any other entity measure or indicator of financial performance, or as an alternative to cash arising from operating activities for the purpose of using it

as an indicator of the Issuer’s liquidity. Moreover, these elements may be unaudited and therefore investors should not rely on them.

Currency

The Issuer prepares the individual and consolidated financial statements in RON. Unless otherwise indicated, all references in this document to “RON”, “Romanian leu”, “leu” (singular) or “lei” (plural) are to the lawful currency of Romania. All references to “EURO”, “Eurocents” or “€” are references to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

No representation is made that any specific currency amount in this Prospectus could have been converted into any of the other currencies presented in this Prospectus at any particular rate or at all. There are limited markets for the Romanian leu outside Romania. The limited availability of such currencies may lead to volatility of exchange rates.

The following table sets out the period end, high, average and low exchange rates, for the periods and dates indicated, of the Romanian leu against the euro and the U.S. dollar, in each case as published by the National Bank of Romania for the relevant periods.

Average rate against the RON

Year	Euro			At the end of the period
	Highest	Lowest	Average	
2015	4.5381	4.3965	4.4450	4.5245
2016	4.5411	4.4444	4.4900	4.5411
2017 (until 30 September 2017)	4.5991	4.4888	4.5520	4.5991

Source: National Bank of Romania.

Rounding

Certain data in this document, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%. The calculations, variations and other percentages may differ slightly from their actual calculations due to rounding of underlying financial, statistical and operating information.

Market, economic and industry data

The information regarding macroeconomic trends, market position and other industry data pertaining to the Issuer’s business contained in this Prospectus in sections “Summary”, “Risk Factors”, “Overview on the activity of the Issuer and Group” and “Real Estate Market in Romania” has been extracted from official and industry sources, data compiled by professional organizations and analysts, data from other external sources and the Issuer’s knowledge of its market. The sources of such information, data and statistics include independent industry publications, market studies, internal surveys, reports and estimates and other publicly available information. These data are subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

Whilst the Issuer believes the third-party information included herein is reliable, such information was not subject to an independent verification and neither the Issuer, nor the Intermediaries make any representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. The Issuer confirms that all third party data contained in this Prospectus has been accurately reproduced and, so far as it is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

Service of process and enforcement of civil liabilities

The Issuer has been incorporated under and is subject to Romanian law. The laws of Romania permit an action to be brought before a court of competent jurisdiction in Romania for the recognition and enforcement of a final and conclusive judgment *in personam* rendered by a court from an EU Member State (“**Member State**”), provided that the relevant conditions set forth in EC Regulation No. 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters are met. However, other conditions may be applicable with respect to specific matters, under special Romanian legislation or international conventions.

Judgments rendered by courts in other States outside the European Union may be subject to different requirements, and may be more difficult to enforce. Subject to special internal legislation (including ratified international conventions) regulating the recognition and enforcement of foreign judgments on specific matters, Romanian law allows an action to be brought before a court of competent jurisdiction in Romania for the recognition of a judgment *in personam* rendered by a court of a State outside the European Union, provided that the relevant conditions in respect of recognition of foreign judgments set out under the Romanian Civil Procedure Code are met. Furthermore, the recognition and enforcement of foreign judgments in administrative, customs, criminal or other public law related matters is subject to special legislation and certain conditions may need to be fulfilled.

Information not contained in this document

No person has been authorized to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorized by the Issuer. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Issuer’s control and all of which are based on the Issuer’s current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group and the industry in which it operates. In particular, the statements under the headings “*Summary*”, “*Risk Factors*” and “*Overview of the Activity of the Issuer and Group*” and “*Real Estate Market in Romania*” regarding the Issuer’s strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Issuer. New risks can emerge from time to time, and it is not possible for us to predict all such risks. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. The Issuer expressly disclaims any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Directive or disclosure and transparency rules imposed by the Romanian law or of the Regulated Spot Market of the Bucharest Stock Exchange.

Notice to overseas investors

The Bonds have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or territory under the jurisdiction of the United States for offer or sale as part of their distribution and may

not be offered or sold in the United States. The Bonds have not been recommended by any U.S. federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities did not confirm the accuracy or determine the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

The Bonds have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. The Bonds may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen in Australia, Canada or Japan. The distribution of this Prospectus and Offering and sale of Bonds in certain jurisdictions may be restricted by law. No action has been or will be taken by the Intermediaries to permit a public offering of the Bonds under the applicable securities laws of any jurisdiction, other than Romania. Other than in Romania, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Bonds) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice to investors in EEA

This Prospectus has been prepared on the basis that all issued Bonds will be directed to persons in Member States of the European Economic Area (“**EEA**”) who are “Qualified Investors” within the meaning of Article 2(1)(e) of the Prospectus Directive or to other Eligible Investors to whom the Offer may be directed pursuant to art. 3(2) letters a) and b) of the Prospectus Directive, without the obligation to draw up and publish a prospectus in relation to the Offer being entailed.

Each subscriber for or purchaser located within a Member State of the EEA (including Romania), who acquires any Bonds under the Offer set out in this Prospectus, will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor or Eligible investor. The Issuer, Intermediaries and their affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

Notice to the investors in the United Kingdom

This Prospectus is for distribution only to, and is directed only at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Order on the Financial Promotion and Qualified Investors falling within Article 49(2)(a) to (d) of the Order on the Financial Promotion or (ii) who are other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”).

In the United Kingdom, this Prospectus is directed only at Relevant Persons and must not be acted on or relied on by anyone who is not a Relevant Person. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

SUMMARY

Summaries are made up of disclosure requirements known as “Elements.” These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “*not applicable*.”

Section A - Introduction and warnings		
Element		
A.1	<p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>	
A.2	<i>Consent by the Issuer to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.</i>	Not applicable; no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.
	<i>Any other clear and objective conditions attached to the consent, which are relevant for the use of the prospectus.</i>	Not applicable; as per the above, no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.
Section B - Issuer		
B.1	<i>Legal and commercial name of the Issuer</i>	Impact Developer & Contractor S.A.
B.2	<i>Legal seat and legal form of the Issuer, legislation under which it carries out its activity and the country of incorporation.</i>	The Issuer is a joint-stock company incorporated in and subject to the Romanian law. The legal seat of the Issuer is situated in 4C, Șoseaua Pipera-Tunari, Construdava Business building, floors 6 and 7, Voluntari, Ilfov, Romania. The Company is registered with the Trade Registry under no. J23/1927/2006, having the sole identification number 1553483.
B.4b	<i>Information about the trends affecting the Issuer and industries in which it operates</i>	Not applicable; at the date of this Prospectus, the Issuer is unaware of any trends, uncertainties, requests, commitments or facts that are reasonably relevant to the Issuer's prospects.
B.5	<i>Description of the Issuer's Group and its position within this Group.</i>	The Issuer has five subsidiaries, Romanian legal persons organized as limited liability companies, respective Actual Invest House S.R.L, Clearline Development and Management S.R.L, Bergamot Developments

		<p>S.R.L., Bergamot Developments Phase II and Impact Finance & Development S.R.L.</p> <p>Actual Invest House S.R.L. belongs to Issuer in proportion of 6,23% and to Clearline Development & Management S.R.L. (company which belongs 100% to the Issuer) in proportion of 93,77%, which has an important role in the diversification of the palette of services adjacent to the households sell and purchase, offering as well administration services for the residential development needs and mobiliary and interior design services.</p> <p>Clearline Development & Management S.R.L. (anterior Lomb S.A.) is 100% held by the Issuer, being the project company trough which the Company was due to develop the residential project „Lomb” in the City of Cluj Napoca, in partnership with the local authorities. The project has not been initiated due to the conflicts with the project partner (the local authority). See also „<i>Litigation related to the joint venture agreements concluded with Cluj Napoca Municipality for the development of Lomb residential project</i>”.</p> <p>Bergamot Developments S.R.L. is held 99% by the Issuer and has as main object of activity the real estate development (promoting), being incorporated with the purpose of developing Phases 1 and 3 of approx. 51,382 square meters built on a field of approx. 16,231 square meters in of a residential complex with a total surface of approx. 65,000 square meters on a plot of land of approx. 22,000 square meters in Bucharest, Expoziției-Domenii surroundings. See also „<i>Overview of the Issuer’s and on the Group’s activity – Recent developments in the activity – Domenii Project</i>”.</p> <p>Bergamot Developments Phase II S.R.L. is 99% owned by the Issuer and its main object of activity is the development (promotion) of real estate, being set up in order to develop Phase 2 consisting of 13,618 square meters, 130 apartments, on a plot of land of 5,769 sqm of a residential complex with a total built-up surface of approx. 663,000, on a 22,000 sq m plot of land in Bucharest, Expoziției-Domenii area. See also „<i>Overview of the Issuer’s and on the Group’s activity – Recent developments in the activity – Domenii Project</i>”.</p> <p>Impact Finance & Development S.R.L. is held 99% by the Issuer and has as object of activity auxiliary activities to financial intermediation, excluding those specific to insurances and pension funds and has been incorporated by the Company with the view of offering to its clients financing solutions.</p> <p>Actual Invest House S.R.L. holds 1% of each Bergamot Developments S.R.L., Bergamot Developments Phase II S.R.L. and Impact Finance & Development S.R.L.</p>
B.9	<i>Profit forecast or estimate</i>	Not applicable. No profit forecasts or estimates have been made in this Prospectus.
B.10	<i>Description of the reserves from the audit reports regarding the historic financial information.</i>	The auditors’ report regarding the anual Consolidated Financial Statements as at 31 December 2015 mentioned formulated a circumstantiation linked to the litigations in which the Company was involved at that date. According to this report, the Company’s

management has not carried out an evaluation for this litigations, to determine the adjustments necessary for the registered sums, at the conclusion of these cases. The same circumstantiation comprises also the fact that the results of the audit proceeding have shown that, in some cases, the sums registered as potential debt to be recovered from third parties, as well as supplies valued 3.051.643 RON, respective 12.896.924 RON, might be overestimated. Given the abovementioned, at 31 December 2015, the auditors of the Issuer could not determine the value of the adjustments that might be necessary for „Risk and expenses provisions”, „Other operational expenses”, „Comercial claims”, „Supplies”, „The reported result”, and the „Net profit of the period”. Similarly, the auditors noted that at 31 December 2015, the Company did not evaluate the impact on deffered taxation, as a consequence of the above mentioned aspects. The auditor’s report on the annual Individual Financial Statements as at 31 December 2015 comprised a reserve similar to the above.

The auditor’s report regarding annual Consolidated Financial Statements at 31 December 2016 and, respectively, regarding the annual Individual Financial Statements as at 31 December 2016, did not comprise any reserves.

B.12

Selected financial information

The consolidated profits and loss account for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of six months concluded at 30 June 2016, and respectively, at 30 June 2017, as extracted from the Consolidated Financial Statements as at the relevant reference dates:

	31 December		30 June	
	2016 (audited) (RON)	2015 (audited) (RON)	2017 (not audited) (RON)	2016 (not audited) (RON)
Income from the sale of residential property stocks	144,906,803	107,032,653	69,444,573	52,107,621
Book value of the stock of residential properties sold	(92,333,577)	(72,606,379)	(45,110,884)	(33,744,483)
Profit/loss from the sale of residential properties	52,573,226	34,426,274	24,333,689	18,363,138
Income from leases	1,310,376	1,222,245	310,610	690,249
Operating costs reinvoced to tenants	2,715,413	2,815,971	1,679,895	1,102,441
Operating costs related to the leased properties	(2,883,824)	(2,709,921)	(1,591,043)	(1,050,424)
Net income from reinvocing	(168,411)	106,050	88,852	52,017
Income from the sale of real estate investments	2,189,510	4,295,138	-	1,434,154
Book value of real estate investments	(1,917,666)	(4,238,327)	-	(1,304,721)
Profit/loss from the sale of real estate investments	271,844	56,811	-	129,433
Income from services provided	763,596	1,613,087	1,342,904	1,147,314
Raw materials and materials consumption	(2,641,460)	(4,763,579)	(498,620)	(794,092)
Services provided by third parties	(8,263,165)	(8,882,554)	(3,904,739)	(3,070,478)
Expenses related to employees’ benefits	(9,721,718)	(9,137,866)	(5,217,626)	(4,052,972)
Other operating income	1,228,185	1,003,836	(53,658)	(662,327)
Other operating expenses	(3,942,150)	(6,165,958)	(2,465,705)	3,976,834
Provisions for litigation	5,600,147	(17,200,000)	-	-
Other net operating income/ (expenses)	(16,976,565)	(43,533,034)	(10,797,444)	(3,455,721)
Profit before the calculation of interest, tax, depreciation and amortization	37,010,470	(7,721,654)	13,935,707	15,779,116
Expenses related to depreciation and amortization	(670,308)	(630,871)	(378,320)	(303,148)
Impairment of assets, other than real estate	(5,678,347)	3,362,558	562,365	(1,098,420)

investments				
Recognised/reversed depreciation and impairment of assets, other than those related to the real estate investments	(6,348,655)	2,731,687	184,045	(1,401,568)
Net gain/(loss) in the fair value of real estate investments	492,053	1,745,128	-	-
Profit before the calculation of interest and tax	31,153,868	(3,244,839)	14,119,752	14,377,548
Financing costs	(1,452,346)	(1,344,045)	(957,482)	(493,626)
Financial income	31,856	20,971	(117,176)	12,722
Exchange rate differences	63,572	(77,321)	11,505	51,329
Other net financial items	(185,135)	(86,766)	(213,368)	(206,886)
Financial profit/loss	(1,542,053)	(1,487,161)	(1,276,521)	(636,461)
Gross profit / (loss)	29,611,815	(4,732,000)	12,843,231	13,741,087
Income tax	-	-	(243,605)	-
Net profit/ (loss) of the period	29,611,815	(4,732,000)	12,599,626	13,741,087
	25,907	20,187	-	-
Differences in the revaluation of tangible assets				-
Total profit/ (loss) of the period	29,637,722	(4,711,813)	12,599,626	13,741,087

The consolidated situation of the financial position for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of six months concluded at 30 June 2016, and respectively, at 30 June 2017, as extracted from the Consolidated Financial Statements as at the relevant reference dates:

	31 December		30 June	
	2016 <i>(audited)</i>	2015 <i>(audited)</i>	2017 <i>(not audited)</i>	2016 <i>(not audited)</i>
	<i>(RON)</i>		<i>(RON)</i>	
ASSETS				
Non-current assets				
Tangible fixed assets	6,038,745	5,727,176	6,417,397	5,975,488
Intangible fixed assets	245,075	131,555	218,932	189,675
Real estate investments	136,736,403	214,898,889	136,736,413	188,085,509
Financial assets	-	-	(1,391,060)	-
Trade receivables and other receivables	11,215,815	11,367,047	10,946,284	11,544,710
Total fixed assets	154,236,038	232,124,667	152,927,966	205,795,382
Current assets				
Stocks	295,687,776	190,758,661	306,235,148	232,604,860
Trade receivables and other receivables	14,874,354	25,552,083	23,205,415	15,139,586
Prepayments	179,397	164,016	194,029	137,936
Cash and cash equivalents	17,632,043	17,266,754	11,012,393	11,993,522
Total current assets	328,373,570	233,741,464	340,646,985	259,875,904
Total assets	482,609,608	465,866,131	493,574,951	465,671,286
EQUITY AND LIABILITIES				
Equity				
Share capital	285,330,158	285,330,158	285,330,158	285,330,158
Share premium	84,175,480	84,175,480	68,760,070	84,175,480
Revaluation reserve	3,137,863	3,190,469	3,137,863	3,111,956
Other reserves	7,627,695	6,068,674	5,599,001	6,147,188
Retained earnings	(22,300,222)	(16,097,921)	10,856,816	(20,831,972)
Net profit/ (loss) of the period	29,611,815	(4,731,999)	12,599,626	13,741,087
Total equity	387,582,789	357,934,861	386,283,534	371,673,897
Long-term liabilities				
Loans	28,519,089	13,228,061	35,110,429	32,628,270
Trade payables and other liabilities	2,863,944	2,832,985	3,554,311	3,111,297
Deferred tax	13,814,127	13,826,334	13,826,334	13,826,334
Long-term liabilities	45,197,160	29,887,380	52,491,074	49,565,901
Current liabilities				
Loans	21,107,550	32,560,942	25,055,361	25,402,235
Trade payables and other liabilities	28,715,491	25,655,309	29,738,364	17,642,635
Provisions for risks and expenses	6,618	19,827,639	6,618	1,386,618
Total current liabilities	49,829,659	78,043,890	54,800,343	44,431,488
Total liabilities	95,026,819	107,931,270	107,291,417	93,997,389

Total equity and liabilities	482,609,608	465,866,131	493,574,951	465,671,286
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The annual individual profits and loss account for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of six months concluded at 30 June 2016, and respectively, at 30 June 2017, as extracted from the individual financial statements on the relevant reference dates of the Issuer:

	31 December		30 June	
	2016	2015	2017	2016
	<i>(audited)</i>	<i>(audited)</i>	<i>(not audited)</i>	<i>(not audited)</i>
	<i>(RON)</i>		<i>(RON)</i>	
Income from the sale of residential property stocks	144,550,045	106,484,670	67,462,519	51,832,749
Book value of the stock of residential properties sold	92,022,102)	(72,147,934)	(43,238,929)	(36,720,960)
Profit/loss from the sale of residential properties	52,527,943	34,336,736	24,223,590	15,111,789
Income from leases	1,468,822	1,307,380	365,491	745,130
Operating costs invoiced to tenants	2,715,413	2,815,971	1,679,895	1,102,441
Operating costs related to the leased properties	(2,878,913)	(2,703,858)	(1,589,433)	(1,046,768)
Net income from reinvoicing	(163,500)	112,113	90,462	55,673
Income from the sale of real estate investments	2,189,510	4,295,138	-	1,434,154
Book value of real estate investments	(1,917,666)	(4,238,327)	-	(1,304,721)
Profit/loss from the sale of real estate investments	271,844	56,811	-	129,433
Income from services provided	29,244	209,712	91,169	12,255
Raw materials and materials consumption	(2,528,353)	(4,687,171)	(456,075)	(301,037)
Services provided by third parties	(9,201,795)	(9,843,405)	(4,796,711)	(3,290,231)
Expenses related to employees' benefits	(8,312,244)	(8,162,218)	(4,398,408)	(3,403,163)
Other operating income	1,228,185	2,044,284	1,113,684	505,063
Other operating expenses	(3,951,952)	(5,985,782)	(2,446,409)	(2,496,228)
Provisions for litigation	5,600,147	(17,200,000)	-	6,520,563
Other net operating income/ (expenses)	(17,136,767)	(43,624,580)	(10,892,750)	(2,452,778)
Profit before the calculation of interest, charges, depreciation and amortization	36,968,342	(7,811,540)	13,786,793	13,589,247
Expenses related to depreciation and amortization	(664,545)	(625,588)	(375,438)	(300,266)
Impairment of assets, other than real estate investments	(5,643,512)	3,721,254	345,593	931,591
Recognised/reversed depreciation and impairment of assets, other than those related to the real estate investments	(6,308,057)	3,095,666	(29,845)	631,325
Net gain/(loss) in the fair value of real estate investments	492,053	1,745,128	-	-
Profit before the calculation of interest and charges	31,152,338	(2,970,746)	13,756,948	14,220,572
Financing costs	(1,451,973)	(1,343,417)	(957,482)	(493,428)
Financial income	31,336	18,841	(117,225)	12,394
Exchange rate differences	63,572	(77,321)	11,505	51,329
Other net financial items	(185,135)	(86,766)	(213,368)	(46,082)
Financial profit/loss	(1,542,200)	(1,488,663)	(1,276,570)	(475,787)
Gross profit / (loss)	29,610,138	(4,459,409)	12,480,378	13,744,785
Differences in the revaluation of tangible assets	25,907	20,187	-	-
Income tax	-	-	(243,605)	-
Net profit/ (loss) of the period	29,636,045	(4,439,222)	12,236,773	13,744,785

The individual profits and loss account of the Issuer for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of nine months concluded at 30 September 2016, and respectively, at 30 September 2017, as extracted from the Consolidated Financial Statements as at the relevant reference dates:

	31 December		30 September	
	2016	2015	2017	2016
	<i>(audited)</i>	<i>(audited)</i>	<i>(not audited)</i>	<i>(not audited)</i>
	<i>(RON)</i>		<i>(RON)</i>	
Income from the sale of residential property stocks	144,550,045	106,484,670	93,776,931	111,343,543
Book value of the stock of residential properties sold	(92,022,102)	(72,147,934)	(62,535,780)	(76,768,160)
Profit/loss from the sale of residential properties	52,527,943	34,336,736	31,241,151	34,575,383
Income from leases	1,468,822	1,307,380	753,266	1,100,991
Operating costs reinvoiced to tenants	2,715,413	2,815,971	5,908,030	1,790,644
Operating costs related to the leased properties	(2,878,913)	(2,703,858)	(5,483,851)	(1,755,550)
Net income from re invoicing	(163,500)	112,113	1,177,445	1,136,085
Income from the sale of real estate investments	2,189,510	4,295,138	-	1,619,062
Book value of real estate investments	(1,917,666)	(4,238,327)	-	(1,461,265)
Profit/loss from the sale of real estate investments	271,844	56,811	-	157,797
Income from services provided	29,244	209,712	144,570	23,761
Raw materials and materials consumption	(2,528,353)	(4,687,171)	(658,495)	(617,606)
Services provided by third parties	(9,201,795)	(9,843,405)	(5,037,777)	(6,147,701)
Expenses related to employees' benefits	(8,312,244)	(8,162,218)	(6,785,574)	(5,652,709)
Other operating income	1,228,185	2,044,284	1,287,966	841,610
Other operating expenses	(3,951,952)	(5,985,782)	(3,782,937)	(3,570,373)
Provisions for litigation	5,600,147	(17,200,000)	-	6,640,074
Other net operating income/ (expenses)	(17,136,767)	(43,624,580)	(14,832,247)	(8,482,944)
Profit before the calculation of interest, tax, depreciation and amortization	36,968,342	(7,811,540)	17,586,349	27,386,321
Expenses related to depreciation and amortization	-664,545	-625,588	(565,762)	(474,704)
Impairment of assets, other than real estate investments	(5,643,512)	3,721,254	(337,410)	1,990,461
Recognised/reversed depreciation and impairment of assets, other than those related to the real estate investments	(6,308,057)	3,095,666	(903,172)	1,515,757
Net gain/(loss) in the fair value of real estate investments	492,053	1,745,128	-	-
Profit before the calculation of interest and tax	31,152,338	(2,970,746)	16,683,177	28,902,078
Financing costs	(1,451,973)	(1,343,417)	(2,232,727)	(1,183,053)
Financial income	31,336	18,841	736,753	32,330
Exchange rate differences	63,572	(77,321)	(542,287)	171,231
Other net financial items	(185,135)	(86,766)	(366,487)	28,691
Financial profit/loss	(1,542,200)	(1,488,663)	(2,404,748)	(950,801)
Gross profit / (loss)	29,610,138	(4,459,409)	14,278,429	27,951,277
Income tax	-	-	(800,000)	-
Net profit/ (loss) of the period	29,610,138	(4,459,409)	13,478,429	27,951,277
Differences in the revaluation of tangible assets	25,907	20,187	-	-
Total profit/ (loss) of the period	29,637,722	(4,711,813)	13,478,429	27,951,277

The situation of the financial position of the Issuer for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of six months concluded at 30 June 2016, and respectively, at 30 June 2017, as extracted from the individual financial statements on the relevant reference dates of the Issuer:

	31 December		30 June	
	2016 (audited)	2015 (audited)	2017 (not audited)	2016 (not audited)
	<i>(RON)</i>		<i>(RON)</i>	
ASSETS				
Non-current assets				
Tangible fixed assets	6,044,055	5,722,775	6,426,973	5,977,284
Intangible fixed assets	232,663	117,491	210,983	177,529
Real estate investments	136,736,403	214,898,889	136,736,403	188,085,509
Financial assets	14,377,226	14,377,226	14,379,206	14,377,226
Trade receivables and other receivables	11,215,815	11,367,047	10,946,284	11,544,710
Total fixed assets	168,606,162	246,483,428	168,699,849	220,162,258
Current assets				
Stocks	282,813,138	177,887,026	294,984,213	219,718,107
Trade receivables and other receivables	15,652,318	26,405,139	25,867,172	17,067,234
Prepayments	131,717	118,140	141,976	87,106
Cash and cash equivalents	17,432,180	17,080,848	10,942,334	11,837,329
Total current assets	316,029,353	221,491,153	331,935,695	248,709,776
Total assets	484,635,515	467,974,581	500,635,544	468,872,034
EQUITY AND LIABILITIES				
Equity				
Share capita;	277,866,574	277,866,574	285,330,158	285,330,158
Adjustment for pentru hyperinflation (ac, IAS 29)	7,463,584	7,463,584	-	-
Share premium	84,175,480	84,175,480	68,760,070	84,175,480
Revaluation reserve	3,137,863	3,190,469	3,137,863	3,111,956
Other reserve	5,418,842	3,859,821	5,418,842	3,938,335
Retained earnings	(16,895,917)	(10,956,001)	15,637,988	(15,415,410)
Net profit/(loss) of the period	29,636,045	4,439,222	12,236,773	13,744,785
Total equity	390,776,564	361,140,518	390,521,694	374,885,304
Long-term liabilities				
Loans	28,519,089	13,228,061	35,110,429	32,628,270
Trade payables and other liabilities	2,863,913	2,832,954	3,554,280	3,111,266
Deferred tax	13,000,347	13,000,347	13,000,347	13,000,347
Long-term liabilities	44,383,349	29,061,362	51,665,056	48,739,883
Current liabilities				
Loans	28,715,491	32,560,942	25,055,361	25,402,234
Trade payables and other liabilities	20,753,493	25,384,120	33,386,815	18,457,995
Provisions for risks and expenses	6,618	19,827,639	6,618	1,386,618
Total current liabilities	49,475,602	77,772,701	58,448,794	45,246,847
Total liabilities	93,858,951	106,834,063	110,113,850	93,986,730
Total equity and liabilities	484,635,515	467,974,581	500,635,544	468,872,034

The situation of the individual financial position of the Issuer for the financial exercises concluded at 31 December 2015 and 2016 and for the reporting periods of nine months concluded at 30 September 2016, and respectively, at 30 September 2017, as extracted from the individual financial statements on the relevant reference dates of the Issuer:

	31 December		30 September	
	2016 (audited)	2015 (audited)	2017 (not audited)	2016 (not audited)
	<i>(RON)</i>		<i>(RON)</i>	
ASSETS				
Non-current assets				
Tangible fixed assets	6,044,055	5,722,775	7,882,560	5,958,856

Intangible fixed assets	232,663	117,491	179,580	194,855
Real estate investments	136,736,403	214,898,889	136,579,859	172,910,520
Financial assets	14,377,226	14,377,226	14,400,196	14,377,226
Trade receivables and other receivables	11,215,815	11,367,047	6,808,885	10,938,372
Total fixed assets	168,606,162	246,483,428	165,851,080	204,379,829
Current assets				
Stocks	282,813,138	177,887,026	293,959,866	231,696,031
Trade receivables and other receivables	15,652,318	26,405,139	71,836,993	17,683,194
Prepayments	131,717	118,14	87,142	85,871
Cash and cash equivalents	17,432,180	17,080,848	17,583,161	16,054,316
Total current assets	316,029,353	221,491,153	383,467,162	265,519,412
Total assets	484,635,515	467,974,581	549,318,242	469,899,241
EQUITY AND LIABILITIES				
Equity				
Share capital	277,866,574	277,866,574	285,330,158	285,330,158
Hyperinflation adjustment (cf, IAS 29)	7,463,584	7,463,584	-	-
Share premium	84,175,480	84,175,480	68,760,070	84,175,480
Revaluation reserve	3,137,863	3,190,469	3,137,863	3,111,956
Other reserves	5,418,842	3,859,821	5,418,842	3,938,335
Retained earnings	(16,895,917)	(10,956,001)	15,637,988	(15,415,410)
Net profit/ (loss) of the period	29,610,138	(4,459,409)	13,478,429	27,951,277
Total equity	390,776,564	361,140,518	391,763,350	389,091,796
Long-term liabilities				
Loans	28,519,089	13,228,061	93,873,965	39,626,477
Trade payables and other liabilities	2,863,913	2,832,954	2,554,437	2,451,534
Deferred tax	13,000,347	13,000,347	13,000,347	13,000,347
Total long-term liabilities	44,383,349	29,061,362	109,428,749	55,078,358
Current liabilities				
Loans	28,715,491	32,560,942	19,266,384	10,339,384
Trade payables and other liabilities	20,753,493	25,384,120	28,853,141	15,383,085
Provisions for risks and expenses	6,618	19,827,639	6,618	6,618
Total current liabilities	49,475,602	77,772,701	48,126,143	25,729,087
Total liabilities	93,858,951	106,834,063	157,554,892	80,807,445
Total equity and liabilities	484,635,515	467,974,581	549,318,242	469,899,241

Since 31 December 2016, there has been no material adverse change of the Issuer's perspectives. Since 30 September 2017, there have not been any material adverse changes of the Issuer's financial or commercial position.

B.13	<i>Events that affect the Issuer's solvability.</i>	Not applicable. There are no recent events, specially conncted to the Issuer, to represent a significative relevance for the evaluation of Issuer's solvability.
B.14	<i>Dependance by other entities of the Group.</i>	The issuer holds its subsidiaries as a sole associate (for Clearline Development & Management S.R.L.), as a majority associate (for Impact Finance & Development S.R.L., Bergamot Developments S.R.L. and Bergamot Developments Phase II S.R.L.), respective minority shareholder (Actual Invest House S.R.L.). Its subsidiaries, except for Impact Finance and Development S.R.L, have activities closely connected to the Issuer's object of activity. Particularly, in what Actual Invest House S.R.L. is concerned, in 30 June 2017, 86,29% of the net profit of this company could be attributed to contracts concluded with the Company, including the SPA of 9 May 2017, through which the Company accured a parcel of land valued at RON 1,95 million from Actual Invest House S.R.L.
B.15	<i>Despription of the main activities of the Issuer.</i>	According to its constitutive act, the Issuer has as main object of activity real estate development (promotion), CAEN Rev 2 411. The main activity of the Issuer is real estate development (promotion),

		CAEN 4110.
B.16	<i>Controlling shareholders.</i>	<p>The main shareholder of the Issuer is Mr. Gheorghe Iaciu, holding a number of 137,500,000 shares of the Issuer, representing 49.48% of the Issuer's share capital.</p> <p>Andrici Adrian holds 42,350,335 shares of the Issuer, representing 15.24% of the Issuer's share capital.</p> <p>The Group is composed of SAI Swiss Capital Asset Management S.A., together with FDI Active Dinamic and Sorin Apostol holds a total of 32,753,573 shares of the Issuer, representing 11.79% of the Issuer's share capital.</p> <p>The other shareholders of the Issuer collectively hold 62,262,666 shares, representing 23.49% of the Issuer's share capital.</p>
B.17	<i>Rating assigned to the Issuer</i>	Not applicable.
Section C – Securities		
C.1	<i>Description and Identification of Bonds.</i>	<p>The Issuer offers for sale a number of 6,000 unsecured Bonds with a fixed annual interest rate, due 2022, with an individual nominal value of EUR 5,000. The maximum aggregate nominal value of the Bonds is EUR 30,000,000.</p> <p>The Bonds will be in a nominative, dematerialized form. ISIN number (International Security Identification Number) of the Bonds is ROIMPCDBC030.</p>
C.2	<i>Issue currency.</i>	EUR
C.3	<i>Share capital.</i>	On the date of this Prospectus, the subscribed share capital of the Issuer is RON 277,866,574, being paid in full.
C.5	<i>Transfer restrictions</i>	Not applicable. The Bonds will be freely transferable, in compliance with the Romanian applicable laws and regulations. Certain transfer restrictions may be applicable depending on the Bondholder's jurisdiction – please see also “ <i>Selling Restrictions</i> ”.
C.8	<i>Rights attaching to the Bonds. Ranking. Restrictions applicable to these rights.</i>	<p><i>Bonds' status</i></p> <p>The Bonds are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank pari passu and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under Romanian law) with all other present or future unsecured and unsubordinated obligations of the Issuer.</p> <p><i>Payments</i></p> <p>The payment of the nominal value will be made by the Issuer on the Redemption Date, and the interest will be paid on each Interest Payment Date. The first Interest Payment Date will be 12 June 2018 and the last Interest Payment Date will be the Redemption Date.</p> <p>Please see also Item C.9 below.</p> <p><i>Statute of limitations</i></p> <p>Claims against the Issuer for the payment of nominal value and interest in</p>

		<p>respect of the Bonds shall become prescribed three years from the due date for payment thereof.</p> <p><i>Obligations of transparency and information</i></p> <p>As long as the Bonds are in circulation, the Issuer will be subject to ongoing transparency and information obligations as set out in Directive 2004/109/EC (also known as the Transparency Directive as amended by Directive 2010/73/EU), as implemented in Romanian legislation.</p> <p><i>Taxation</i></p> <p>All payments in respect of the nominal value and interest paid by or on behalf of the Issuer in connection with the Bonds shall be made without any withholding or deduction for any taxes, duties, charges or governmental charges of any kind imposed, levied, collected, withheld or established by Romania or any authority of the Romanian State or in Romania having fiscal competence, <i>unless</i> such withholding or deduction is required by law. In this case, the Issuer will not be obliged to pay those additional amounts that would result in the Bondholders receiving such sums they would have received if no withholding or deduction was imposed.</p> <p><i>Assemblies of Bondholders</i></p> <p>Bondholders may meet in general meetings to decide on their interests in accordance with Company Law 31/1990, republished, as subsequently amended. The Bondholders' Assembly is authorized (among others) to appoint a representative of the Bondholders and one or more alternates having the right to represent them before the Issuer and the courts.</p> <p><i>Applicable law</i></p> <p>The Bonds are issued in accordance with the Romanian laws.</p>
C.9	<i>Interest. Redemption.</i>	<p><i>Interest Rate</i></p> <p>The Bonds shall bear the fixed interest rate of 5.75% (annual interest, calculated as a percentage of the nominal value of each outstanding Bond).</p> <p><i>Date from which the Bonds shall bear interest</i></p> <p>The Bonds shall bear interest from, and including, the date of settlement of the Offering, <i>i.e.</i>, 12 December 2017.</p> <p>The Interest Payment Dates will be the following: 12 June 2018, 12 December 2018, 12 June 2019, 12 December 2019, 12 June 2020, 14 December 2020, 14 June 2021, 13 December 2021 and 12 December 2022.</p> <p><i>Maturity Date</i></p> <p>Bonds will become due on 12 December 2022 („Maturity Date”).</p> <p><i>Redemption Date</i></p> <p>Unless redeemed in advance for fiscal purposes or, at the request of the Bondholders, in cases of non-fulfillment of the obligations provided for in this Prospectus, the Bonds will be redeemed by the Issuer at the nominal</p>

		<p>value on the Maturity Date.</p> <p><i>Yield</i></p> <p>The gross yield at the time of issue is equal to the Interest Rate, assuming that no early redemption is performed.</p> <p><i>Name of the representative of debt securities holders</i></p> <p>The Bondholders' Assembly is authorized (among others) to appoint a representatives of the Bondholders and one or more alternates having the right to represent them before the Issuer and courts of law.</p> <p><i>Payment methods</i></p> <p>The payment of the nominal value and/or interest in respect of the Bonds will be made in EUR by bank transfer into an EUR-denominated account specified by the payee opened with a bank in Romania as follows:</p> <ul style="list-style-type: none"> • for Bondholders who purchased Bonds by subscription within the initial Offering, payments will be made by bank transfer into the bank account specified in the relevant Subscription Form or into such other account as shall have been notified by the relevant Bondholder (or by the participants with whom the Bondholders opened securities account) to the relevant Paying Agent at least 5 Business Days prior to the relevant payment date, as the case may be; and • for all other Bondholders, payments will be made by bank transfer into such account as shall have been notified by the relevant Bondholder (or by the participants with whom Bondholders opened securities accounts) to the Paying Agent at least 5 Business Days prior to the relevant payment date, as the case may be.
C.10	<i>In case the payment of the interest generated by the issued value is correlated with a derivative (several derivatives), clear and comprehensive explanations must be provided in order to enable the investors to understand the way in which the value of their investment is influenced by the value of the underlying derivative(s), in particular, when risks are obvious.</i>	Not applicable.
C.11	Listing and admission to trading.	The Bucharest Stock Exchange has issued an approval in principle for the admission of the Bonds to trading on the Regulated Spot Market of the Bucharest Stock Exchange. Following the completion of the Offer, the Company intends to apply for final approval of the Bucharest Stock Exchange for the admission to trading of the Bonds on the Spot Regulated Market of the Bucharest Stock Exchange.
Section D – Risks		

D.2*Key risks specific to the Issuer*

There is a wide range of factors that, individually or in concert, could determine the Issuer's inability to make all payments due in relation to the Bonds. It is impossible to identify all these factors or the factors that are most likely to occur, given that the Issuer cannot be aware of all the relevant factors and some factors that it currently considers to be of no major importance may become significant following the occurrence of events beyond the Issuer's control. The Issuer has identified in this Prospectus a number of factors that could have a significant adverse effect on its activity, as well as on its ability to make the payments due in respect of the Bonds. These factors are briefly presented below:

- We depend on economic, demographic and market developments in Romania.
- Any downgrade of Romania's credit ratings by an international rating agency could have a negative impact on our business
- Fluctuation of the exchange rate could adversely affect the Issuer's activity, results of operations and financial condition.
- The availability of attractive investment opportunities will depend on the state of the economy and financial market in Romania.
- Any rise in interest rates could have adverse effects on real estate markets and could materially adversely affect our business, financial condition and prospects.
- Under certain circumstances, the National Bank of Romania could activate certain safeguard measures on capital operations.
- Current and future social, political and military conflicts in the region where we operate can have significant negative consequences on our activity.
- The legal system and legislative framework of Romania is in a continuous process of development, which may create an uncertain environment for investments and business.
- Our assets may be subject to expropriation.
- There is a general risk of restitution of properties that were abusively taken over and we may become involved in disputes in relation to our property rights.
- Risks related to crime and corruption.
- Official statistics may be incomplete or less reliable.
- We are exposed to risks relating to real estate investments.
- There can be no assurance that we will identify sufficient land acquisition opportunities in the future and that we will be able to implement our strategy and complete the ongoing or future real estate projects.
- There can be no assurance that our shareholders will continue to support the strategy envisaged by the Issuer.
- There is a risk that we may not be able to attract and retain key personnel, directors, managers, employees and other individuals without whom we may not be able to manage our business effectively
- Our financial performance depends on our ability to attract customers.
- Our capital expenditures and other construction, development and maintenance costs may be higher than expected.
- Due to the potentially illiquid nature of our properties and other factors, if we are unable to generate positive cash flows from our operating activities, we may be unable to sell any portion of our portfolio

on favourable terms or at all.

- We may be subject to liability following the disposal of properties or other assets.
- The due diligence that we have undertaken or intend to undertake in connection with each future acquisition may not reveal all relevant facts in respect of any such acquisition and may not reveal all potential liabilities that could have a material adverse effect on our business, financial condition, results of operations and future prospects.
- Fluctuations in our financial results from period to period may prevent steady earnings or affect our ability to raise capital and plan our budget or business activities.
- The preparation of our consolidated financial statements requires us to make many estimates and judgments. Changes of assumptions behind these estimates and judgments may cause a material and adverse change in our financial condition or results of operations.
- Fluctuations in interest rate may reduce our net return.
- Earthquakes, other catastrophic events, terrorist attacks or acts of war can adversely affect our business, financial conditions and results of operations.
- We may become involved in disputes both as claimants and respondents, in relation to our ownership or usage rights over properties, leasing, selling, refurbishment or repositioning thereof or in relation to the quality of construction works and we may have obtained certain permits or authorisations in breach of applicable laws.
- We may incur significant costs in complying with the laws on immovable properties.
- We may incur environmental liabilities or costs.
- Changes in law could adversely affect our property.
- Market quotations for the valuation of investments in real estate may be unavailable or difficult to obtain and we may be required to make assumptions and estimates that may prove to be inaccurate or affected by factors outside of our control, and we may not be able to realise such values upon a disposal.
- Our balance sheet and income statement may be significantly affected by fluctuations in the fair market value of our properties as a result of revaluations
- Certain immovable properties owned jointly with other natural or legal persons may involve risks related to joint ownership and decision-making control over such immovable properties
- We may not be successful in completing servicing, restoration or development projects as planned or on commercially favourable terms.
- Unfavourable tax decisions or changes to tax treaties, laws or tax interpretations could have a significant negative effect on the results of our operations and on cash flows.
- We depend on contractors and subcontractors to restore, refurbish or construct our projects and on our suppliers of products and services in terms of the attractiveness of our projects.
- We may be affected by the shortage or lack of construction materials or workforce.
- We may be insufficiently insured against all losses, damage and limitations of use of our immovable properties.
- The real estate sector is susceptible to fraud.
- Failure to comply with certain obligations imposed by anti-corruption legislation could have an adverse effect on our reputation and our business.

	<ul style="list-style-type: none"> • The level of transparency of issuers and public information is lower than in other European countries. • Risks related to the relationship with creditors. • Risks related to transfer pricing. • We may not be able to finance our future investments or meet our obligations under the concluded loan agreements. • We must observe certain financial ratios and covenants under the terms of the contracted loans. • We may be unable to obtain the necessary financing or refinance the existing debt at maturity.
D.3	<p>Key risks specific to the Bonds.</p> <p>There are certain significant factors for the purposes of determining the risks associated with the Bonds. They include the fact that Bonds may not represent a proper investment for all the investors and certain other risks, including the risk of early redemption restrictions on Bonds, the exchange rate risk and the risk that a liquid trading market for Bonds is not developed.</p>
Section E – Offer	
E.4	<p>Interests having an impact on the Offer.</p> <p>On the date of this Prospectus, the Issuer is not aware of any interest, including conflicting, which is relevant for the Offer.</p>
E.2b	<p>Use of obtained funds</p> <p>The funds resulting from the Offer, net commissions, fees and other expenses related to the issue, will be used for the general purpose of financing the Issuer.</p> <p>The use of funds attracted within the Offer focuses on the partial financing of three projects:</p> <ol style="list-style-type: none"> 1. Floreasca Project - The Issuer intends to finalize the acquisition of the land on which Floreasca Project, a project that will be implemented in 2 phases, with a total built-up surface of 130,000 sqm, will be developed. See also "<i>Overview of the activity of the Issuer and Group - Recent Developments in Work - The Floreasca Project</i>". 2. Domenii Project - The project will be implemented in 3 phases and has a total built surface of approx. 65,000 sqm. Phase 1 will start in the last quarter of 2017 and will have a total surface of 24,800 square meters. Phases 2 and 3, with a built surface of 41,200 square meters, will start in March 2018 and September 2018, respectively. See also "<i>Overview of the Activity of the Issuer and Group - Recent Activity Developments - Domenii Project</i>". 3. Greenfield Project - The Issuer will continue its residential development in Greenfield 2 with Stage 7 of the Platanilor Assembly for the last 6 blocks in course of development and will start developing Greenfield Plaza by the end of 2018. See also "<i>Overview of the Activity of the Issuer and Group - Recent Actgivity Developments - Greenfield Residential Project</i>". <p>The Issuer also constantly evaluates other investment opportunities, both in Bucharest and in the most important cities in the country. If such opportunities correspond to the selection criteria, the Issuer will be able to</p>

		answer them.
E.3	Terms and conditions of the offer	<p><i>Offer:</i> The Issuer offers for sale by public offer unconditional, non-convertible, unsecured and unsubordinated Bonds with maturity in 2022 with a total nominal value of up to EUR 30,000,000.</p> <p><i>Offer Period:</i> Subscriptions can be made from 4 December 2017 to 8 December 2017, inclusively, i.e., for 5 (five) Business Days.</p> <p><i>Offer Price:</i> 100% of the nominal value meaning EUR 5,000</p> <p><i>Interest Rate:</i> Bonds will bear fixed interest rate of 5.75% (annual interest, calculated as a percentage of the nominal value of each Bond in circulation).</p> <p><i>Minimum Subscription:</i> EUR 50,000.</p> <p><i>Maximum subscription:</i> EUR 30,000,000</p> <p><i>Intermediation method:</i> Best effort method.</p>
E.7	Estimated costs charged to investors in connection to the issue of Bonds	Investors will not be charged brokerage commissions for subscriptions within the Offering, but they are required to take into account that the issue price must be paid net of any commissions and bank charges and/or any applicable capital market fees and commissions. Investors should consider the applicable bank transfer commissions and the duration of the bank transfer.

RISK FACTORS

Any investment in the Bonds involves certain risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial adviser or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Prior to investing in the Bonds, prospective investors should carefully consider the risk factors associated with any investment in the Bonds, the Issuer's business and the industry in which the Issuer operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Issuer, its industry and the Bonds summarized in the section of this Prospectus headed "Summary" are the risks that the Directors and Issuer believe to be the most important to the assessment made by a prospective investor of whether to consider an investment in the Bonds. Prospective investors should consider not only the information on the key risks summarized in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below. The occurrence of any of the following events could have a material adverse effect on the Issuer's business, prospects, results of operations and financial conditions, and could impair the Issuer's ability to fulfil its obligations in respect of the Bonds and the Bondholders may lose all or part of their investment. The risk factors described below are not an exhaustive list or presentation of all risks and material aspects pertaining to the investment in the Bonds or an exhaustive explanation of all the risks which investors may face when making an investment in the Bonds and should be used as guidance only. The Issuer's ability to pay the interest, the principal or any other amounts deriving from or in relation to the Bonds or to fulfil other obligations in relation to the Bonds may also be impaired by other additional risk factors or by uncertainties currently unknown to the Issuer or that the Issuer, relying on the information currently held, did not consider them to be risk factors. We do not express any opinion on the likelihood of the occurrence of the risk factors presented below.

In this section, the order in which the risks are presented is random and does not reflect an order of importance of risk factors.

RISKS RELATING TO THE MARKET IN WHICH WE OPERATE

We depend on economic, demographic and market developments in Romania.

The majority of the real estate we own and/or we have developed is located in Bucharest and Ilfov. Therefore, we depend on the evolution of the real estate market in Bucharest and Ilfov, and, in particular, on the demand for residential complexes as well as general economic and demographic conditions in Romania.

The Romanian market is subject to higher risks than more developed markets, including from a legal, economic and political point of view. In addition, adverse political and economic influences in neighbouring countries could have a significant negative impact on, inter alia, country's GDP, external trade, or economy in general. Our development may be severely affected by events beyond our control that occur in Central and Eastern Europe and in South-Eastern Europe, such as general turmoil in the region's economy, changes in regulatory requirements and applicable legislation, state of financial markets and fluctuations in interest rates and inflation rates. Such events could reduce our income from our investments, as well as the capital value of our properties.

The deterioration of economic conditions in Romania or globally could also lead to an increase in unemployment rates, a decline in income and a deterioration of the business environment, which, in turn, could affect the financial situation of customers and other contracting parties and their ability to fulfil their contractual obligations towards us. These situations could also lead to a decrease in the sale prices charged by the Issuer.

In the current macroeconomic context, Romania is supportive of foreign direct investment as a result of national and European subsidy programs and comparatively low salary levels. A potential significant change in these incentives could lead to a drop in foreign direct investment, which, in turn, could affect the demand for our immovable properties and could lead to a decrease in the selling prices of properties.

Romania has undergone substantial political, economic and social changes in recent years. A distinctive feature of emerging markets is that they do not have all the business, legal and regulatory infrastructures that would generally exist in the more mature free market economies. Even though major economic and social changes have taken place in Romania in the last period, the economy is still unstable, and this is reflected in Romania's creditworthiness.

In particular, over the past few years, the political environment in Romania has been unstable, dominated by political conflicts and has undergone important pressures from street protests directed in particular, in 2017, against the legislative proposals of the Parliament and the Government to amend the Criminal Code and to decriminalize certain offences, for restricting voting abroad during the 2014 presidential election and for the complaints about acts of corruption related to a fire that occurred in a nightclub in Bucharest in October 2015 and which resulted in more than 60 victims. Political instability and increasing pressure taking the form of massive street protests could delay or halt the economic and regulatory reforms in Romania. These factors can have a significant negative impact on our business, the future forecasts, the results of future or ongoing operations, our financial situation and our reputation in general.

At the same time, in 2016 and 2017, there has been a significant increase in the potential for political instability worldwide and in Europe. The rise of populist political parties and populist sentiment globally, and especially in Europe and in the United States, has greatly increased the potential for political tensions worldwide. Along with the recent reactivation of tensions between the West and Russia, such populist political parties and populist sentiment have the potential to disrupt the economic environment in which we operate. This instability further aggravated when the United Kingdom voted to leave the European Union on 23 June 2016, which generated a high volatility in international financial markets that could continue to adversely affect European and global economic conditions and that could lead to more pronounced instability on international financial markets before and after setting the conditions of the UK's future relationship with the European Union. Moreover, the United Kingdom's vote to leave the European Union has raised concerns that certain members of the European Union can also hold referendums and vote for leaving the European Union.

Furthermore, future elections in major European economies could lead to parties with a strong anti-European agenda either controlling the government or gaining a significant role in such economies. Such developments could threaten the foundations of the European Union as a whole and could significantly disrupt the positive macroeconomic trend in recent years, which would have a significant negative impact on our business.

Some of the effects of continued volatility in international markets, including the risk of deflation and the instability of the Euro, can affect a significant number of customers, leading to increased unemployment and a decrease in disposable income and to official government responses to the economic crisis, such as austerity measures and increases in tax rates. These conditions can have a significant negative effect on the activity and results of our operations. For example, in recent years, the Romanian government has implemented a number of fiscal measures, including raising real estate taxes, extending the scope of social contributions, and imposing certain exceptional one-off taxes that have directly affected the results of our operations in line with the developments experienced at the level of the whole real estate market in Romania or resulted in a decrease in the disposable income of consumers. While other tax measures of the Romanian government, such as VAT reductions, should in principle have a positive effect on the population and the disposable income of consumers, the uncertainty as to their application and the continuing instability of the tax regime have reduced, in the short term, the potential positive impact of these measures. Poor economic conditions, fiscal uncertainty and special taxation may ultimately have a direct and / or indirect negative impact on consumer spending and / or on the prices we can charge for our properties.

Any downgrade of Romania's credit ratings by an international rating agency could have a negative impact on our business

Any downgrade of Romania's credit ratings for internal or external debt by international rating agencies could have a negative impact on the credit rating of the Bonds, on our other existing liabilities, on our ability to raise additional financing, on the interest rates and other commercial conditions under which such additional funding is available. This could hamper our ability to obtain financing for capital expenditures and to refinance or service our indebtedness, which could have a material adverse effect on our business, prospects, operation results and financial condition.

Fluctuation of the exchange rate could adversely affect the Issuer's activity, operating results and financial condition.

The Romanian currency (Leu) is subject to a controlled exchange rate regime in which the value of the domestic currency against foreign currencies is determined on the interbank foreign exchange market. The monetary policy strategy of the National Bank of Romania ("NBR") considers the inflation targets. This controlled regime of the exchange rate of the leu against foreign currencies implies the use of inflation targets as a nominal anchor for monetary policy and allows for a flexible response from monetary policy to unforeseen shocks that are likely to affect the economy. The NBR's ability to limit the volatility of the leu against foreign currencies depends on a series of economic and political factors including the availability of foreign exchange reserves and foreign direct investment flows as well as developments in the attitudes of market participants and fear of risk of investors on the verge of global economic crisis.

Leu is the functional currency of the Issuer. The issuer may be exposed to exchange rate fluctuations through cash and cash equivalents, long-term loans, or trade payables denominated in a non-functional currency. The currency that exposes the Issuer to this risk is mainly EURO, foreign currency loans and foreign currency liabilities are subsequently expressed in RON, at the exchange rate communicated by the NBR at the date of the annual financial statements. Even if the resulting differences affect the cash flow only when the debt is settled, the revaluations are included in the income statement and have an impact on it. The Issuer has not concluded yet hedging contracts for unfavourable exchange rate fluctuations with respect to foreign currency obligations.

Any future depreciation of the world economic prospects may lead to the subsequent depreciation of the leu. The significant depreciation of the leu could negatively affect the country's economic and financial situation. An inflation rate above the expected level could lead to a temporary decrease in purchasing power and could erode consumer confidence, issues that could have a major adverse impact on the Issuer's financial and operational results and, consequently, on the Issuer's ability to meet the obligations resulting from the Bonds.

The availability of attractive investment opportunities will depend on the state of the economy and financial market in Romania.

Investment opportunities that meet our investment criteria depend on the situation of Romania's economic and financial markets. We can offer no assurance that we will be able to identify new investment opportunities that are consistent with our investment criteria and rate of return goals, or that we will be able to invest our available capital fully.

Any rise in interest rates could have material adverse effects on real estate markets and could materially adversely affect our business, financial condition and prospects.

The ability to raise short-term and long-term financing is material for the Issuer's activity. Consequently, the rise in interest level could materially affect our business. The cost at which we are able to contract new financing and refinance our existing liabilities will increase. Moreover, immovable assets prices may decline from their current high levels, which could lead to a reduction in the value of our property portfolio. Moreover, a significant part of our customers is financed by bank loans for the purchase of properties, respectively the purchase of 65% of the apartments sold, is financed by bank credits. Therefore, any increase in the interest rate could have a material adverse effect on the activity, the financial situation, the operational results and the ability of the Issuer to fulfil its obligations, including those deriving from the Bonds, towards the counterparties.

Under certain circumstances, the National Bank of Romania could activate certain safeguard measures on capital operations.

The foreign exchange regime in Romania is governed by the Regulation of the National Bank of Romania no. 4/2005 which stipulates that foreign exchange operations may be freely carried out as of 1 September 2006. However, in situations where short-term capital flows of a particular magnitude exert strong pressures on the foreign exchange market and cause serious disturbances in the application of monetary and exchange rate policy, resulting, in particular, in significant fluctuations in domestic liquidity, the National Bank of Romania may take safeguard measures on capital operations for a period of up to six months, including by: (i) temporary retention of foreign currency amounts generating capital inflows and / or outflows; (ii) the application of maturity restrictions; (iii) setting higher amounts of mandatory minimum reserves; and (iv) charging commissions on transactions.

Current and future social, political and military conflicts in the region where we operate can have significant negative consequences on our activity.

Starting with the first part of 2014, Ukraine, which is bordering both Romania and Hungary, faced a severe internal crisis in which the Russian Federation is also supposed to be heavily involved. During this crisis, Ukraine lost control over the Crimean Peninsula in favour of the Russian Federation and a significant part of other eastern territories in favour of the pro-Russian separatists. In response to the intervention (including military) of the Russian Federation in Ukraine perceived as tough, the United States and the European Union have imposed several sets of economic sanctions and threaten further sanctions in the future. The Russian Federation denied its involvement and imposed some repressive economic sanctions.

Moreover, the political instability in Moldova, another country neighbouring with Romania, threatens to trigger another political conflict in the region. Also, many EU countries, including Hungary, a country with which Romania is neighbouring, suffered from the recent mass migration of refugees from the Middle East, which had a profound impact on the economic, social and political environment. Hungary's response to the refugee crisis was investigated by EU officials. Although we are not currently affected by the above developments, they can lead to profoundly unfavourable economic conditions, social unrest or, in the worst case, military confrontations in the region.

The effects are largely unpredictable but may include a drop in investment due to uncertainty, additional economic sanctions that may have a negative effect on the economies of the countries with which Romania is bordering, and even on the Romanian economy, significant foreign currency fluctuations, increases in interest rates, reduced credit availability, trade and capital flows and increases in energy prices.

These effects and other unexpected adverse effects of crises in the region could have a significant negative effect on business, prospects, results of operations and our financial condition.

The legal system and legislative framework of Romania is in a continuous process of development, which may create an uncertain environment for investments and business.

The uncertainty characterizing the Romanian judicial system could have a negative effect on the economy and thus create an uncertain environment for investment and for business activity. The Romanian court system is underfunded compared to more mature jurisdictions. As Romania is a civil law jurisdiction of French origin, judicial decisions under Romanian law generally have no precedential effect. For the same reason, courts are generally not bound by earlier court decisions taken in the same or similar circumstances, which can result in the inconsistent application of Romanian legislation to resolve the same or similar disputes. Furthermore, to date, only a relatively small number of judicial decisions have been publicly available and, therefore, the role of judicial decisions as guidelines in interpreting applicable Romanian legislation to the public at large is generally limited. The Romanian judicial system has gone through several reforms meant to modernise and strengthen the independence of the judiciary. However, these reforms have not gone far enough to effectively tackle the problem of non-unified jurisprudence. The new procedure codes introduce a new mechanism for unifying jurisprudence, but effective measures to achieve the envisaged results are still ongoing.

Some of the most important pieces of legislation (which apply to our business) in Romania are the Civil Code, which entered into force on 1 October 2011, and the Civil Procedure Code, which entered into force on 15 February 2013. These pieces of legislation are still untested, and there is as yet insufficient academic commentary and jurisprudence on their interpretation. As a result, there is a risk that the courts and authorities may implement their provisions in a manner that is inconsistent or contradictory.

The uncertainties pertaining to the Romanian judicial system could have a negative effect on the economy and thus on our business, financial condition, prospects and results of operations.

Our assets may be subject to expropriation.

In certain circumstances, the State may order the expropriation of part or all of our immovable property for a public utility cause subject to prior fair compensation having been paid to us. However, there can be no certainty that such fair compensation shall equal the respective property's full market value.

Expropriation of part or all of the properties we hold, potentially with inadequate compensation, could have a material adverse effect on our business, financial condition and results of operations.

There is a general risk of restitution of properties that were abusively taken over and we may become involved in disputes in relation to our property rights.

According to the applicable law, buildings abusively taken over by the state during the communist period are returned in kind or equivalent, when the restitution in kind is no longer possible to the owners of the buildings on the date of the abusive takeover of the buildings or to the persons owning the buildings at the date of abusive takeover. Thus, if a claim for the restitution of buildings abusively taken over is admitted, this could result in the loss of the ownership right on that property.

In view of this, the title chain must be analysed in order to identify the owner of the property before it had been abusively taken over by the state, going back to the first owner. This can often be difficult, since transfers of ownership rights have not been properly documented over time or relevant documents have not been kept. Therefore, in a real estate transaction, the legal analysis of title and ownership is typically focused on the risks associated with such issues and the level of defence a purchaser can have against potential claims. In any case, any successful restitution claims may have a material adverse effect on our business, financial condition, prospects and results of operations.

Risks related to crime and corruption.

Organised crime, including extortion and fraud, may pose a significant risk to businesses in Romania compared to businesses in Western Europe. Threats or incidents of crime may force us to cease or alter certain activities or to liquidate certain investments, which may cause losses or have other negative impacts. Corruption and money laundering may be problems that may be more acute in Romania compared to countries in Western Europe.

Official statistics may be incomplete or less reliable.

Official statistics and other data published by Romania may not be incomplete or less reliable than those of more developed countries. As a result, the data upon which we have based much of our market projections and estimates may not be entirely accurate.

RISKS RELATING TO OUR BUSINESS AND OUR STRATEGY

We are exposed to risks relating to real estate investments.

Investments in real estate may be subject to various risks, such as: (i) adverse changes in national and international economic conditions; (ii) adverse local market conditions; (iii) financial conditions of the commercial sector; (iv) the availability of debt financing; (v) changes in interest rates, real estate tax rates and other operating expenses; (vi) environmental and operational laws and regulations, planning laws and other governmental rules and fiscal policies; (vii) claims for damages/ remedies for environmental law violations in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; (viii) energy prices; (ix) ownership restitution risks, property ownership uncertainty and related litigation; (x) risks and operating problems arising from the use of certain building materials; (y) the financial situation of buyers of immovable property.

The value of properties may be diminished in the event of the occurrence of any of the factors mentioned above. Changes in demand and supply on the real estate market or a contraction of it may affect the rate of our real estate sales, the demand for properties and their value. Any of the factors above may have adverse effects on our business, financial conditions, prospects and results of operation.

There can be no assurance that we will identify sufficient land acquisition opportunities in the future and that we will be able to implement our strategy and complete the ongoing or future real estate projects.

Our future activity depends on identifying and acquiring new lots for the development of residential projects. If we do not identify acquisition opportunities that are consistent with our envisaged strategy, we may not be able to invest our cash in a manner that meets the set goals. If, for various reasons, we fail to complete the acquisitions that we will be pursuing, we will bear the cost of the transaction, including in relation to the due diligence we have performed, fees due to consultants and other expenses.

We compete with a number of entities for potential acquisitions of properties. Such entities may have an advantage from the following perspectives: they may be subject to less restrictive regulatory requirements, have pre-existing relationships with current or potential sellers/customers or greater financial, technical and other resources, any or all of which may create competitive disadvantages for us with respect to acquisition opportunities. Some of our competitors may have a lower cost of capital and easier access to funding sources, which could allow them to respond more quickly to new or changing acquisition opportunities or may have higher risk tolerances or different risk assessments, which could allow them to justify accepting less favourable terms for a potential acquisition than us.

Competition in the real estate market may lead either to an over-supply of commercial or residential premises or to a significant increase in prices for properties or land suitable for development of constructions.

Furthermore, we can provide no assurance that our strategy and the current or planned real estate projects will be successfully implemented in Romania or elsewhere, now or in the future, under current or future market conditions, nor that the implementation of this strategy will result in an increase in value for the Issuer. This depends, among other things, on the availability of real estate acquisition opportunities, the availability of funding resources, management performance in the management and development of immovable property owned and the other operational risks disclosed in the Prospectus.

Factors such as the costs and timing of construction, and the failure to obtain the necessary permits to develop our projects could affect our plans to increase the value of our real estate. Even if implemented, there can be no assurance that our plans will be successful. Failure to successfully implement the strategies envisaged (or outside the planned costs

and timing) as well as the failure of these strategies to deliver the anticipated benefits may have adverse effects on our business, financial condition, prospects or results of operations.

There can be no assurance that our shareholders will continue to support the strategy envisaged by the Issuer.

Although our shareholders have been supportive of the Issuer in the past, including by approving a share capital increase through the issuance of new shares in the amount of RON 80 million, in accordance with the EGMS decision of 12 April 2014 (share issue fully subscribed on 21 August 2014), there can be no assurance that they will continue to grant us their support at a level equivalent to that of previous years.

There is a risk that we may not be able to attract and retain key personnel, directors, managers, employees and other individuals without whom we may not be able to manage our business effectively.

We depend on the availability and continued service of a relatively small number of key managers and employees. These key individuals are heavily involved in the daily operation of our business and are, at the same time, required to make strategic decisions, ensure their implementation and manage and supervise our development. The loss of any of these key individuals could significantly impede our financial plans, development, marketing plans and other plans. Our future operating results depend largely upon the continued contributions of our existing management and our ability to expand our senior management team by adding highly skilled new members, who may be difficult to identify and recruit.

Our financial performance depends on our ability to attract customers.

We compete with other real estate developers to attract customers. Our competitors could provide our customers with properties that are newer, better located or in superior condition to ours and which may be more attractive to potential customers. Unless we identify new customers, our business may suffer.

Even though the share of rented properties in the total number of properties we own is currently low and the rental activity is no longer a priority for the Issuer, the continued obtaining of rental income depends on the ability to secure the relationship with the tenants. We also depend on the solvency of tenants and buyers of properties and their ability to comply with their contractual obligations towards us. In particular, the success of our projects depends on the ability of customers to pay or obtain financing for the cost of acquisition of real estate, under conditions deemed by them as being acceptable. Changes in interest rates, in general terms of financing on the Romanian banking market or in the applicable legislative framework (including possible changes to the „First Home” Program) may adversely affect our ability to attract customers and may therefore have effects negative on our business, financial condition, prospects or results of operations.

Our capital expenditures and other construction, development and maintenance costs may be higher than expected.

Our investment and development program entails significant planned expenditures. Our strategy involves building and developing new projects and constantly adapting to the evolution of the real estate market.

In our relationship with our contractual partners in building contracts, we are exposed to a significant number of construction, operating, operational and other risks, including the risk of price inflation in respect of materials, equipment and labour, adverse weather conditions, accidents, unexpected delays and other unforeseen circumstances, risks that are beyond our control and which could result in costs that are significantly higher than initially estimated or delays in the completion of projects and even the impossibility of finalizing them.

These circumstances could negatively affect our ability to complete the investment on schedule and/or within our estimated budget.

Due to the potentially illiquid nature of our properties and other factors, if we are unable to generate positive cash flows from our operating activities, we may be unable to sell any portion of our portfolio on favourable terms or at all.

In order to perform the obligations deriving from the Bonds, we will rely on cash flows from our operating activities. We will generate cash principally from the income from sale of property that we plan to achieve. If we are unable to generate

enough and positive cash flows from our operating activities in the future, we could be forced to sell some of our properties. During periods of low demand and low prices, land and properties may become particularly illiquid, which could lead us to experience difficulties in successfully disposing of properties in a timely fashion, without extensive marketing efforts, or without reducing the sale prices of such properties. Furthermore, the location of our assets can contribute to illiquidity and volatility of valuation prices. The valuations indicated in the valuation report prepared by the valuers commissioned by us do not reflect the sale prices that could be realised if disposals were to occur under distressed or otherwise unfavourable conditions. Such unfavourable conditions could have a material adverse effect on our business, financial condition and results of operations.

If we were to attempt to dispose of an investment, there can be no guarantee that real estate market conditions would be favourable, that we could find a purchaser with a similar view of the value of that asset or that we could find any purchaser at all. In particular, the valuation of real estate assets held by us will be inherently subjective and based on a number of assumptions. The value of real estate assets may also be affected by a variety of factors, such as:

- the supply and demand of real estate and the liquidity of the relevant market;
- interest and inflation rate fluctuations;
- general economic trends such as GDP growth, employment levels and investment;
- the attractiveness of real estate relative to other investment choices;
- potentially adverse tax consequences;
- changes in regulatory requirements and applicable laws; and
- the availability and conditions of financing for prospective buyers.

If we are unable to dispose of non-performing assets, our cash flows and aggregate yields may be negatively affected and we will be unable to monetise these assets in order to seek new investment opportunities.

Furthermore, as a result of various bank loans (credit facilities) contracted by the Issuer to support future investments, part of the cash flows from the sale of real estate are pledged percentage-wise in favour of banks. If the Issuer is unable to settle its debts on time, these cash flows may not be recovered, and this could have a negative effect on the business, financial situation and results of our operations.

We may be subject to liability following the disposal of properties or other assets.

When selling properties or other assets, we may be required, either legally or contractually, to give representations and warranties and/or indemnities in connection therewith, and to pay damages to the extent that any such representations and warranties prove to be inaccurate and / or claims are made under such indemnities. We may become involved in disputes or litigation concerning such representations, warranties and indemnities and may be required to make payments to third parties as a result of such disputes or litigation. If we do not have cash available to conduct such litigation or to make such payments, we may be required to borrow funds. If we are unable to borrow funds to make such payments, we may be forced to sell further assets to obtain funds. There can be no assurance that any such sales could be performed on satisfactory terms.

The due diligence that we have undertaken or intend to undertake in connection with each future acquisition may not reveal all relevant facts in respect of any such acquisition and may not reveal liabilities that could have a material adverse effect on our business, financial condition, results of operations and prospects.

We intend to conduct and oversee due diligence for each potential acquisition as we deem appropriate, based on the facts and circumstances applicable to the acquisition, before recommending that acquisition to our relevant management bodies. The objective of the due diligence process will be to identify material issues which might affect the decision of our relevant management bodies to approve an acquisition. We intend to use information provided by the due diligence process as the basis for formulating our business plan in relation to the acquired assets.

When conducting or overseeing due diligence and making an assessment regarding potential acquisitions, we will rely on resources available to us, including public information and information provided by the vendor where such vendor is

willing or able to provide such information. In certain circumstances, we may also retain third-party advisers to assist us in our due diligence investigation.

There can be no assurance that the due diligence undertaken with respect to any performed acquisition or potential acquisition has revealed or will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisition or formulating business and restructuring strategies.

Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and relevant and/or remain accurate and relevant in the period from the conclusion of the due diligence exercise until the making of the acquisition.

The due diligence process is inherently subjective. As part of the due diligence process, we will make subjective assumptions, estimates and judgments based on limited information regarding the value, performance and prospects of a potential acquisition opportunity. We cannot assure you that the due diligence process will result in an acquisition being successful.

If the due diligence investigation fails to identify correctly material or highly relevant information regarding an acquisition opportunity, we may later be forced to write down or write off certain assets, significantly modify the restructuring or redevelopment plans for an acquired asset or incur impairment or other charges.

Similarly, in the event certain risks, which may or may not be identified during due diligence, occur, it may lead to a loss of title over the acquired asset or a part thereof, loss of value or contractual and statutory liability to various parties.

Fluctuations in our financial results from period to period may prevent steady earnings or affect our ability to raise capital and plan our budget or business activities.

We are likely to experience significant variations in revenues and profits from period to period. These variations can be attributed to the fact that our revenues and profits are earned upon the completion of the development of our various real estate projects. Our earnings can be adversely affected if any particular project is not completed, either on time or at all. As a result, it may be difficult for us to report steady earnings growth, raise capital and plan our budget and business activities on a period-to-period basis, which could materially adversely affect our business, financial condition and results of operations.

The preparation of our consolidated financial statements requires us to make many estimates and judgments. Changes of assumptions behind these estimates and judgments may cause a material adverse change in our financial condition or results of operations.

The preparation of our consolidated financial statements requires us to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on various assumptions that we believe to be adequate and reasonable under the circumstances, which form the basis of our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, investment valuations, intangible assets or bad debts. Changes of assumptions behind these estimates and judgments may cause a material and adverse change in our financial condition or results of operations.

Fluctuations in interest rate may reduce our net return.

The interest rate may be influenced by a variety of factors, including government, monetary or fiscal policies, international economic and political issues, fiscal deficits, trade surpluses or deficits, legislative requirements or other factors beyond our control.

Changes in interest rates can affect our profitability by affecting the spread between, among other things, the income on our assets and the expense of our interest-bearing liabilities, the value of any interest-earning assets, our ability to make acquisitions and our ability to realise gains from the sale of our assets.

Furthermore, in the event of a rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect our liquidity and operating results adversely.

We may finance our future investments with both fixed and floating rate debt. With respect to such floating rate debt, the performance of an investment may be affected adversely if we fail to limit the effects of changes in interest rates on our operations by employing an effective hedging strategy. There can, however, be no assurance that such arrangements will be entered into or available at all times when we wish to use them or that they will be sufficient to cover the risk. We will also be exposed to the credit risk of the relevant counterparty with respect to relevant payments in connection with such arrangements.

Earthquakes, other catastrophic events, terrorist attacks or acts of war can adversely affect our business, financial conditions and results of operations.

Romania is situated in an area of seismic activity and has in the past experienced devastating and deadly earthquakes. While Romania has specific regulations covering seismic risks in respect of the design and execution of construction works, the consequences of an earthquake will vary greatly depending upon the circumstances surrounding the earthquake and the authorities' ability to respond quickly. Earthquakes, catastrophic events, terrorist attacks, wars may adversely affect our assets and projects under development, our results of operations and market position, disrupt our operations and thus cause damage. If our business continuity plans are inadequate, are not implemented or do not exist, losses may increase further.

Although the Issuer takes measures to cover its developed projects by insurance, both during the construction and after the delivery of the apartments, by configuring complex insurance coverages with the top insurers on the Romanian market, such events and response to events may create economic and political uncertainties that may have unpredicted adverse effects on the markets we operate and on our business.

We may become involved in disputes both as claimants and respondents, in relation to our ownership or usage rights over properties, leasing, selling, refurbishment or repositioning thereof or in relation to the quality of construction works and we may have obtained certain permits or authorisations in breach of applicable laws.

In the ordinary course of business, some co-contractors, suppliers, tenants, landlords or visitors to our properties may initiate lawsuits or start arbitration proceedings against us in relation to the real estate development activity.

Moreover, certain acquisitions or sales of property may be rendered void under applicable local law provisions as a result of insolvency, fraud, lack of consideration, gross undervaluation, defrauding of creditors or as a result of other technical requirements in the conveyance of property (for example, flaws in the transacting parties' contractual will, lack of proper authentication by the notary public, lack of corporate capacity, corporate authority, lack of corporate approvals for the transaction or lack of the authorisation to carry out certain operations, misrepresentations of parties, etc.).

Further, there may be a risk of legal disputes with neighbouring land owners, architects, project managers or suppliers, with respect to our refurbishment/construction projects.

Under Romanian law, the contractor of a construction benefits from a statutory lien over the construction, as security for payment of the outstanding amounts owed by the beneficiary under the construction contract. To the extent we fail to pay contractors on time, such contractors may enforce the statutory lien which may trigger significant costs and losses to us.

We may also be subject to litigations regarding the quality of construction works (for example, the existence of hidden defects) or delays in execution, resulting from the actions or omissions of third parties that are not known to us but which should have been or could have been reasonably discovered. Although, in such cases, we may have rights against the building contractors, architects or professional team in connection with such defects for the damages created and / or we may be entitled to the recovery of damages under the insurance in place for the project in question, there can be no assurance that we will be able to enforce our rights or that we will be able to recover the legal expenses incurred in relation to the litigations initiated.

We may be subject to litigation / liabilities with respect to purchased properties that have not been disclosed or brought to our attention at the time of the transaction (for example, usage rights that have not been disclosed to us, etc.). Although we may have obtained contractual protection against such claims or liabilities from the seller, there can be no assurance that such protection will always be successfully obtained, or that it would be enforceable or effective. Such

potential litigation or liabilities, if and when they occur or materialize, could have a material adverse effect the returns realised on the real estate assets.

Any claims for recourse which we may have against parties from which we have purchased such real estate assets may fail due to the expiry of warranty periods, the statute of limitation, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller, or for other reasons.

We may also be subject to claims by purchasers of our real estate assets as a result of representations and warranties about those real estate assets provided by us at the time of disposal. Our representations and warranties could pertain to, among other things, title to the real estate assets, environmental liabilities, liabilities for the payment of tax, etc. In addition, following the disposal of any real estate assets, we are obliged by law and/or by contract, to retain certain liabilities or potential liabilities that exist in respect of such assets.

The costs of any such claims, disputes or litigation would reduce our available cash flow and could have an adverse effect on our returns on investments.

In particular, the Board of Directors of the Issuer, gathered in the meeting of 25 May 2017, took note of the civil sentence no. 3028 of 13 April 2010, rendered by the 6th District Court of Bucharest (the "**Civil Sentence**") in the dispute initiated by the mayor of Chiajna against the County Commission for the Establishment of the Land Property Rights of Ilfov County and Institutul Pasteur S.A., which became final, as well as of its potential implications for the Issuer, as detailed below.

The Civil Sentence ascertained the absolute nullity of property title no. 68.401 issued by the Ilfov County Commission for the Establishment of the Land Ownership Right on 5 February 2004, title by which the ownership right of Institutul Pasteur S.A. was restored, over an area of 107 ha 9100 sqm situated on the territory of Bucharest municipality - district 5 and district 6. The area acquired through the property title that was the subject of the Civil Sentence was over time divided into several plots of land, including the land of 258,925.36 square meters, registered in the Land Book of the District 6 Bucharest no. 59472, having cadastral number 6515/6/1, at the present time, after two successive conveyances of property, owned by the Issuer (the "**Land**"). According to the Company's annual report for 2016, the value of the Land as at 31 December 2016 was RON 61,007,496. Currently, the Land is not mortgaged in favour of any third party.

The land is part of the Company's real estate development strategy (on short and medium term), and specific studies, projects, documentation being carried out in this respect; currently, the first real estate to be built on the Land, within the West District Project, is being approved and authorized. See also „*Overview of the activity of the Issuer and Group - Recent Developments in Business - West District Project*”.

Although the Issuer was not a party to the litigation that led to the issuance of the Civil Sentence and was not informed of its existence, the Civil Sentence may imply certain legal risks as to the validity of the Issuer's title, as subsequent owner, on the Land. Until now, the Issuer has not been notified in any way about the claim of any third person to recognize the ownership right over the Land and/or the cancellation of the Issuer's title to the Land and/or the registration of the ownership right of any third party over the Land in the land book and is unaware of the commencement or intent to start proceedings based on these claims.

Following the analysis of the above-mentioned situation and, inter alia, taking into account the expert opinions received in connection with the above, the Issuer believes that the acquisition in good faith of the ownership over the Land through the Agreement authenticated under no. 2781 of 31.08.2006, the undisturbed possession since 2006, as well as the legal provisions in the field of land laws, are reasonably likely to protect the Issuer's ownership right on the Land against third parties claims.

Furthermore, the Issuer intends to use its best efforts to protect the Issuer's title on the Land, including by initiating a declaratory action, in accordance with the decision of the Board of Directors dated 25 May 2017. Through this action, the Issuer intends to settle the situation of legal uncertainty created by the Civil Sentence and to eliminate any doubt as to the validity of the Issuer's ownership right on the Land, in order to allow the continued use of the Land in the interest of the Issuer and its shareholders. Until the date of this Prospectus, the Issuer has not yet initiated such declaratory action.

Any challenge to our ownership rights over the buildings, termination of lease agreements, delays to or cancellations of the development of real estate projects, disputes concerning the manner in which permits/authorizations were obtained or other types of disputes can have a substantial adverse effect on our business, financial condition, perspectives and results of our activity.

The publicity made to such trials, arbitration proceedings or disputes can substantially negatively affect our business, our financial situation and the results of our operations.

Moreover, there can be assurance that all permits necessary to legally own, develop and operate the properties owned have been obtained in compliance with the applicable laws. While we conduct due diligence to identify any issues related to such permits, we take all our precautions and try to take all steps necessary to remedy any problems with the permits, there can be no assurance that this can be achieved on time and that the competent authorities will not suspend the activities or impose the cessation of the relevant activities in relation to the properties if it is proven that the permits and authorizations have not been legally obtained or are not valid.

We may incur significant costs in complying with the laws on immovable properties.

The Issuer and its real estate assets will be required to comply with a variety of local, national and European laws and regulations and decisions/resolutions/orders of authorities regarding the planning, zoning, environment, occupational health and safety, tax and other aspects. If we fail to comply with these laws, we may be forced to pay damages. In addition, changes in existing laws or their new interpretation or enforcement, could lead to additional costs for ensuring the compliance with such laws, altering the investing strategy, operations or accounting and reporting systems or to reductions in the Issuer's profit.

Our immovable properties must have the requisite building permits, urbanism certificates and permits for the conduct of the commercial activities intended for the construction and development of buildings. In instances where the existing planning is not suitable or in which the planning is yet to be determined, we will need to apply for such determination and the required classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient.

We cannot be certain that the process of obtaining the building permits, urbanism certificates and other permits will be completed with sufficient speed and cost to enable our projects to be developed ahead of competing businesses without delays, or at all.

Opposition by local residents and/or non-governmental organisations to the granting of building permits, urbanism certificates and other permits may also cause considerable delays. The arbitrary changes to applicable planning may jeopardise projects which have already commenced. Therefore, if we do not receive planning approvals or if the procedures for obtaining such urbanism certificates and/or building permits are delayed, our costs will increase, which may have an adverse effect on our business, financial condition and results of operations.

We may incur environmental liabilities or costs.

The environmental laws of Romania impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. In such circumstances, the owner's liability is not limited under such laws and the costs of any required remedial, investigation or repair actions can be substantial.

The presence of such hazardous or toxic substances on, or in, any of our immovable properties, or the liability for failure to remedy property contamination from such substances, could adversely affect our ability turn into advantage such property or to borrow funds using such property as collateral, which could have an effect on our capacity to generate profit.

Furthermore, we may be required to comply with stricter environmental, health and safety laws or enforcement policies or become involved in claims and lawsuits relating to environmental matters. Meeting stricter compliance standards or defending potential actions may have a significant negative impact on our results of operations.

If the relevant authorities in Romania discover violations of applicable environmental laws, we may be subject to fines and other penalties. Any of these matters could have a material adverse effect on our business, financial condition, prospects and results of operations.

Changes in law could adversely affect our property.

Various laws and regulations, including fire and safety requirements, environmental regulations, disposal, rental laws, urban planning, construction codes, use restrictions and taxes affect our properties.

The implementation of laws or regulations in Romania, including of the European laws or the interpretation or enforcement of such laws may require us to incur additional costs or otherwise affect the management of our real estate portfolio, which could have material adverse effects on our business, financial condition and results of operations.

Even if our business is conducted in accordance with our interpretation of the current laws and regulations, there can be no assurance that our interpretation of such laws and regulations is correct, or that that interpretation will not change in the future.

Our future activities may not be in full compliance with all applicable rules and regulations at all times or with the new rules and regulations that may be enacted or with the existing rules that may be amended or more stringently applied, and any of these risks could affect our future development.

Although we use our best efforts so that our real estate portfolio fulfils all conditions imposed by the applicable laws and regulations, if our properties do not comply with any of these requirements, we may incur governmental fines or even face suspension or closing of certain properties, which in turn could lead to a decrease in or loss of profit.

Potential new laws or amendment of the existing laws rules could require significant expenditures that have not been anticipated by the Issuer and could restrict the development, construction or sale of our immovable properties. Such laws may also adversely affect our ability to operate, lease or resell the immovable properties.

Market quotations for the valuation of investments in real estate may be unavailable or difficult to obtain and we may be required to make assumptions, estimates and judgments regarding a number of factors. Property valuation is inherently subjective and uncertain and based on assumptions that may prove to be inaccurate or affected by factors outside of our control, and we may not be able to realise such values upon a disposal.

Market quotations for the valuation of investments in real estate may be unavailable or difficult to obtain. The valuation of real estate properties is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future revenues from the sale of that particular property and, in the case of real estate developments, the expectations as to the cost and timing of that real estate project and its ability to attract tenants. As a result, the valuations of real estate assets, which account for the vast majority of our assets, will be subject to a degree of uncertainty and will be made on the basis of assumptions such as that: (i) all documents, information, opinions and estimates provided by us or our representatives in relation to the valued property are correct; (ii) the property is in good condition; (iii) there are no adverse or unidentified soil or ground conditions and the load-bearing qualities of the immovable property are sufficient to support the building constructed or to be constructed; and (iv) any comparable sales data relied upon in the valuation are from reliable sources, etc. Incorrect estimates and assumptions may negatively affect the expected net operating income (and expected associated yield), and/or the value, of the assets in the current portfolio and thereby have an adverse effect on the financial condition and prospects. In addition, a change in the factors considered and assumptions used may cause valuation results to differ significantly. The valuation of our properties may not reflect the actual market value of our property, or the estimated yield and annual rent of any such property.

The Issuer may also be required to make good faith determinations as to the fair value of these investments on an annual basis in connection with the preparation of the financial statements and gross asset value determinations. These determinations will often be based on information that, in turn, may be based on estimates or assumptions in relation to the value of the underlying real estate assets.

In determining the fair market value of a real estate asset, it is necessary to start from certain assumptions. These assumptions include, but are not limited to, matters such as the existence of willing buyers and willing sellers in uncertain market conditions, title, absence of hazardous materials, existence and conditions of plant and machinery,

environmental matters, regulatory and territorial planning, etc. Such assumptions may prove to be inaccurate. Incorrect assumptions could negatively affect the value imputed to real estate assets and thereby have an adverse effect on the returns on investments. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked, as has been the case during recent years. In addition, these valuations speak only as of their valuation date, and market volatility since that date may cause significant declines in the value of real estate assets. Moreover, a change in the factors or assumptions underlying the appraisal and/or assumptions, including any deterioration in prevailing market or economic conditions, could also cause the fair value determined for the respective valuation date to result in a fair value loss. Under these circumstances, we would be required to recognise the negative change in value as a loss resulting from the fair value adjustments of investment properties for the relevant accounting period. If such losses are significant, they could have an adverse effect on our financial condition and results of operations.

There is no single standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. Because valuations, and particularly valuations of real estate investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a liquid market had existed. Even if market quotations are available for our investments, such quotations may not reflect the value that we would actually be able to realise because of various factors, including the illiquidity of the underlying assets, the speculative nature of real estate investments, future market price volatility or the potential for a future loss in market value based on poor real estate market conditions. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

For all of these reasons, it may be difficult to rely on the valuation reports for complete, accurate information regarding the value and potential future value of our portfolio.

Our balance sheet and income statement may be significantly affected by fluctuations in the fair market value of our properties as a result of revaluations.

Our real estate assets will be independently re-valued on an annual basis, in accordance with the applicable valuation standards and any increase or decrease in the value of these assets will be recorded as a revaluation gain or loss in our income statement for the period during which the revaluation occurs. As a result, we may have significant non-cash revenue gains and losses from period to period depending on the change in the fair market value of our real estate assets, whether or not such assets are sold. For example, in the event market conditions and the prices of comparable commercial immovable properties continue to be unfavourable or in the event unforeseen capital expenditures are required or in the event lease incentives above the market value are granted, revaluation losses from real estate assets may occur and continue in the future. Over the longer term, such revaluation losses, if substantial, could lead to noncompliance with covenants under the Bonds or other debt obligations we may incur. A substantial decrease in the fair market value of the real estate assets, over the longer term, could have an adverse effect on our business, financial condition and results of operations.

Moreover, our use of borrowings or other leverage may increase the volatility of such financial performance, and amplify the effect of any change in the valuation of the real estate assets on our financial position and results of operations.

Certain immovable properties owned jointly with other natural or legal persons may involve risks related to joint ownership and decision-making control over such immovable properties.

Some of the immovable properties in our portfolio owned jointly with other people. In the future, we may decide to acquire jointly-owned immovable properties or have direct or indirect rights over the immovable properties, together with other natural or legal persons. In this case, the immovable properties in which we invest would be partially owned, whether directly or indirectly, by third parties. We may have minority shareholdings and voting rights in the company holding the immovable property. Due to the nature of some of these co-investment arrangements, we may not retain complete control over all decisions regarding the immovable properties in which we invest, including decisions to sell or retain assets and, as a result, the co-investment vehicles, may take actions that are in the interests of the other co-

investors, but not in ours. Accordingly, we may not be able to resolve all the issues that arise with respect to such decisions, or we may have to provide financial or other benefits/incentives to our partners to obtain a resolution in our favour. In the absence of dispute resolution and expert appointment mechanisms provided for in the co-investment arrangements, major conflict with other co-investors may result in our inability to pursue our desired strategy or in exiting the joint venture or in concluding of another co-ownership arrangement on disadvantageous terms. For co-investment arrangements that we do not manage or control, we may not be able to make sole decisions as to the internal controls over financial and accounting systems of the co-investment vehicle, selection and application of accounting policies, restructuring of operations or liabilities, refurbishment or development of properties, reduction of inefficiencies, authorisation of disbursements, safeguarding of assets, etc. In circumstances in which we will not have access to the financial and accounting reports of a co-investment vehicle on a regular basis, we are exposed to an increased risk that controls may not be designed or operate effectively, which could ultimately affect the accuracy of financial information of the vehicle, as prepared by the controlling co-investors.

Various restrictive provisions and rights may govern sales or transfers of interests in co-investment arrangements. These may affect our ability to dispose of an immovable property at a time that we believe to be most advantageous, for example by giving the co-investors a pre-emptive right and/or requiring the approval of the co-investors for disposal to a particular purchaser. In addition, in certain circumstances, if we do not, when requested to do so, provide further funding to a co-investment vehicle, our interest in the ownership of and revenues from the co-investment vehicle may be diluted.

The bankruptcy, insolvency or severe financial distress of one of our co-investors could materially affect the assets held by the co-investment vehicle. If a co-investment vehicle has incurred certain obligations, the insolvency of a co-investor may, in certain circumstances, result in the Issuer assuming liability for a greater portion of those obligations than it would otherwise bear, or result in the winding up or sale of the co-investment vehicle.

In particular, the Issuer is currently in litigation with Cefin Real Estate Development BV S.R.L. regarding the severance of the land located in Barbu Văcărescu area, where the Issuer currently owns a 1/3 share of the immovable property and will develop a residential complex (see “*Overview of the business of the Issuer and Group - Recent Business Developments - Barbu Văcărescu Project*”) and, in the future, there is a risk of new litigation with third parties who have an interest in the assets or with a certain co-investment vehicle with whom the Issuer concluded an agreement. If, following the closing of the litigation regarding Barbu Văcărescu immovable property, the Issuer does not acquire a share of the immovable property that will allow it to develop its real estate project in good conditions, we may encounter difficulties in fulfilling our strategy. Moreover, any litigation or arbitration resulting from disputes of any kind may lead to an increase in our costs and distract our management from the efforts to meet our strategy. In certain circumstances, we may also be liable for the actions of such third parties.

We may not be successful in completing servicing, restoration or development projects as planned or on commercially favorable terms. It may be difficult for us to obtain all licenses, permits or other approvals necessary for the development of our projects, which, once obtained, may be modified, suspended or revoked or non-renewable.

The planning phase for the servicing, restoration or development of immovable properties may be extended for several years, and the time spent on planning and obtaining the permits and authorizations and on obtaining financing may vary significantly from one project to another. For large servicing, restoration or development projects, the costs of obtaining immovable properties, planning, demolition and/or building permits or other necessary permits and licenses, the costs of managing the relationships with third parties and dealing with third party claims may be significant.

We may also face other issues that could hinder the growth or consolidation at any level of the ongoing development projects, e.g.: (i) the inability to obtain favorable contractual terms, increase in the cost of materials, (ii) increase in the costs of workforce or in other costs, which could make the completion of the project unprofitable, (iii) force majeure or unforeseeable circumstances, such as earthquakes, floods that may damage or delay the construction of real estate projects, as well as the discovery of historical elements such as fossils, old coins, articles of value, antiquity and structures and/or other remains of geological or archaeological interest that could prevent or delay the development of real estate, etc.

In addition, the building methods or materials used may prove defective and where a construction company or a subcontractor used on a real estate development becomes insolvent, it may prove impossible to recover the damage

caused by such works or deficient materials. In addition, we may incur losses as a result of repairing the defective work or paying damages to persons who have suffered loss as a result of such defective work. Furthermore, these losses and costs may not be covered by our professional liability insurance of the Issuer, construction company or subcontractor.

The development of our real estate projects requires various approvals, authorizations or permits from national, regional or local government and/or regulatory authorities. These permits and authorizations may include endorsements, permits, authorizations or certificates required by law, necessary for planning, construction, demolition, lease of buildings, etc. (including, but not limited to, registration formalities, necessary operational or technical procedures, such as merger or de-merger of immovable properties, submission of letters, etc.). Obtaining such approvals, authorisations and permits may be a complex process and is often characterized by different practices and requirements applied by various regulatory authorities, which often results in inconsistencies and bureaucracy during the processes. Due to the difficulties inherent in these legal regimes, we have been facing and we may still face difficulties in obtaining some of these approvals and authorizations, which is why, in some cases, we may have to operate without the necessary authorizations and be forced to make considerable efforts and bear significant costs in order to implement appropriate alternatives or incur fines or other penalties imposed by regulators.

The entry into force of new legislation could have retroactive effects, affect ongoing contracts and, consequently, hinder the development of projects.

Also, obtaining these authorizations and permits under unprofitable or unfavorable conditions could result in increased costs and could require us to abandon the project entirely. This could have a material adverse effect on our business, prospects, results of operations and financial condition.

If we have to abandon the servicing, restoration or development projects that we have started, we may not be able to recover the costs already incurred. During any extended delays, the building costs and other project costs may exceed our initial estimates, which could make the project unprofitable. Although we generally enter into turnkey contracts with builders to protect us from extra costs, there can be no assurance that the projects will be completed and handed over in time, or that we will always be able to recover these costs in all situations.

Unfavorable tax decisions or changes to treaties, laws or tax interpretations could have a significant negative effect on the results of our operations and on cash flows.

The tax laws and regulations in Romania may be subject to changes and there may be changes in the interpretation and application of tax legislation. Such changes in the tax legislation and/or in the interpretation and application of the tax law can be difficult to anticipate and, consequently, we may not be prepared for these changes. As a result, we may face increases in the payable tax, if the tax rates are increased or if the tax laws or regulations are modified by the competent authorities in a manner that is unfavourable to us, which could have a material negative effect on the cash flows, business, prospects, results of operations and financial condition for any reporting period involved.

Any significant increase in the effective level of taxation could have a negative effect on the net results for the future periods and, as a result, could adversely affect our business, financial condition, prospects and results of operations.

Although our business is conducted in accordance with its interpretation of the applicable tax laws and regulations, and in accordance with advice received from our tax advisors, the possibility that our interpretation is incorrect, or that such laws and regulations change, possibly even with retroactive effect, cannot be excluded. Furthermore, future changes in applicable laws and regulations may affect the conditions of our business. The taxation system in Romania is not as well-established, compared to those in more developed economies and is under constant change. The lack of well-established jurisprudence and case law may result in unclear or incomplete regulations and in different or contradictory interpretations of the tax legislation.

Furthermore, we may be subject to inspections by the tax authorities, as a result of which tax obligations additional to the existing obligations are imposed on us, to which late or non-compliance penalties may be added.

We depend on contractors and subcontractors to restore, refurbish or construct our projects and on our suppliers of products and services in terms of the attractiveness of our projects.

We rely on contractors and subcontractors for all our restoration, refurbishment and construction activities. If we cannot enter into construction agreements and/or subcontracting arrangements on acceptable terms (or at all) or enter into a dispute with a contractor or subcontractor, we will incur additional costs which may have an adverse effect on our business.

The competition for the services of quality contractors and subcontractors may cause delays in construction, exposing us to the loss of competitive advantage. Contracts and/or subcontracting arrangements may be concluded under less advantageous conditions than those that would be available in another context, which may result in increased development and construction costs. By relying on contractors and/or subcontractors, we become subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects and the financial stability (including potential insolvency) of the contractors and/or subcontractors. A shortage of workers would also have a detrimental effect on our contractors and/or subcontractors and, as a result, on our ability to conclude the construction phase on time and within the anticipated budget.

Should our suppliers discontinue the provision of their products and services, be unable to provide services that meet our specifications or discontinue their services to us, either as a result of bankruptcy or otherwise, and we should we be unable to obtain satisfactory replacement services, these circumstances could have material negative effect on our business, results of operations and financial condition.

Also, the attractiveness of the real estate projects we develop depends also on the suppliers of products and services that we manage to attract and operate in the residential complexes we develop and the quality and usefulness of their products and services to customers.

We may be affected by the shortage or lack of construction materials or workforce.

The building industry may from time to time experience fluctuating prices and shortages in the supply of construction materials or other materials, as well as in terms of workforce. The inability to obtain sufficient amounts of construction materials and retain efficient employees on contractual terms acceptable to us may result in delaying the construction of a project and costs exceeding the project's budget and, consequently, may have a material adverse effect on our results of operations.

We may be insufficiently insured against all losses, damage and limitations of use of our immovable properties

The Issuer seeks to limit the risks to which investments are exposed in its projects by outsourcing these risks to insurers previously approved by the Issuer and, where appropriate, by the financing banks of each project, both during the construction period and after the delivery of the construction. Thus, the insurance policies for the works are concluded by the contractors appointed for each project, with insurers previously agreed by both the Issuer and the financing banks of each project, the risk related to the progress of works being closely monitored.

In particular, for the Greenfield Project, once the apartments become the Issuer's property, they are included in the property risk and property liability insurance program established with Uniqa Asigurari. The "All Nominated Risks" policy adds a series of clauses specifically tailored to this project, with minimum franchises.

However, damage resulting from the destruction or deterioration of one or more of our immovable properties may not be fully or, at all, by insurance policies. Certain types of losses, generally due to a natural disaster (such as earthquakes, floods, hurricanes, acts of terrorism or war) may be uninsurable. Furthermore, insurance policies may be subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events. Inflation, changes in construction regulations, environmental aspects and other factors, including acts of terrorism or war, as a rule, may not be covered, or may be covered in an insufficient way to offset repair costs or replacement of goods if they are damaged or destroyed.

If such a loss occurs, there can be no assurance that the insurance proceeds will fully cover our loss with respect to the affected properties. An uninsured loss or loss exceeding insurance limits could result in the loss of our capital invested in the affected property as well as the expected future revenue from that property. In addition, we could be liable to repair the damage caused by uninsured risks and remain liable for any debt or other financial obligation in respect of that property and/or to third parties having been implicitly affected by risks not covered by insurance. There can be no

assurance that the Issuer will be sufficiently and efficiently insured against all contingencies. If we suffer an uninsured loss or have to pay certain amounts as damages, this could have a material adverse effect on the business, financial condition and results of our operations

The real estate sector is susceptible to fraud.

Certain activities in the real estate sector have, from time to time, been subject to allegations of embezzlement or misappropriation in connection with arranging certain large real estate transactions. Although we are currently not aware of any such fraud taking place within our business and have taken appropriate precautions to reduce this risk as much as possible, we may become the target of such frauds or other unlawful behaviors in the markets in which we operate. This could have material adverse effect on our reputation and could affect our business, financial condition, prospects and results of our operations.

Failure to comply with certain obligations imposed by anti-corruption legislation could have an adverse effect on our reputation and our business.

Although we are committed to doing business in accordance with applicable anti-corruption laws, we face the risk that our shareholders, employees, managers, directors, agents or business partners may take actions or have interactions with persons that violate such anticorruption laws, and may face allegations that they have violated such laws. If any violations of anti-corruption, bribery or similar regulations take place, we may be held liable and, consequently, compelled to pay fines, penalties, comply with certain judgments, terminate existing contracts, we may be subject to certain restrictions or our licenses may be withdrawn, we may be compelled to pay criminal fines or the guilty persons may be sentenced to imprisonment. In addition, such violations could negatively impact our reputation and, consequently, our ability to attract clients for our real estate or invest in new properties. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage in attracting clients or when bidding for properties. The consequences that we may suffer due to the foregoing could have adverse effect on our business, financial condition and results of operations.

The level of transparency of issuers and public information is lower than in other European countries.

Although Romania is in a continuous process of transposing the provisions of the European legislation into the national legislation, Romanian practices in the field of reporting, accounting and financial-accounting records may differ in some respects from those applicable to companies from other EU Member States. The level of information available on the activity and financial situation of the companies admitted to trading on a regulated market in Romania is sometimes more limited than for similar companies in other European countries.

Risks related to the relationship with creditors.

Credit banks may request early repayment of the loans contracted by the Issuer under the terms of the credit agreements concluded by the Issuer, which may adversely affect the Company's financial position.

Risks related to transfer pricing.

The Issuer has the obligation to prepare the transfer pricing file. Failure to comply with the legal provisions on transfer pricing in affiliate transactions may result in additional tax obligations on the Issuer, which may affect its financial position.

Risks related to our financial situation

We may not be able to finance our future investments or meet our obligations under the concluded loan agreements

There can be no assurance that we will be able to generate or raise sufficient funds to meet future capital expenditure requirements in the long term, or be able to do so at a reasonable cost. The terms and conditions on which future funding or financing may be made available may not be acceptable or funding or financing may not be available at all. Moreover, if debt is raised in the longer term, we may become more leveraged and subject to additional restrictive financial covenants and ratios. Our inability in the longer term to procure sufficient financing for our projects could adversely affect our ability to expand our business and meet our performance targets and may result in our facing unexpected costs and delays in relation to the implementation of our project developments.

In addition, there can be no assurance that, in the event of unforeseen changes, our cash flows will be sufficient for repayment of our future indebtedness. A failure to make principal and/or interest payments due under the Bonds or our future loan agreements or breach of any of the covenants contained in our loan agreements could result in the execution of our guarantees, including the mortgages or the acceleration of our payment obligations or could make future borrowing difficult or impossible. In these circumstances, we could also be forced in the long term to sell some of our assets to meet our debt obligations. Any of the events described above could have a material adverse effect on our business, financial condition, prospects and results of operations.

We must observe certain financial ratios and covenants under the terms of the contracted loans.

The Bonds and all our credit facilities contain covenants that require the compliance with certain financial ratios. While we believe that the covenants contained in our credit facilities allow sufficient flexibility for us to continue our operations in the normal course of business and meet our debt servicing obligations, the need to observe such financial ratios and covenants could hinder our ability to incur additional debt and grow our business.

Any deterioration in the way the Company conducts its activity, including due to a worsening of the economic conditions or financial or business factors or any other factors, many of which are beyond our control, may materially adversely affect our cash flow and hinder our ability to service our indebtedness and result in covenant breaches under the Bonds and our credit facilities. While we are currently in compliance with all contracted credit facilities, if, in the future we fail to generate enough cash flow from our operations in order to meet our debt service obligations or if we breach our covenants and our creditors do not waive the rights arising from such breach, we will be required to refinance or restructure our debts, reduce or postpone the planned development activities or sell some assets to avoid default and acceleration of the payment deadline of the contracted loans. Our creditors could waive these rights only in exchange for applying a higher interest rate or waiver of rights commissions. We cannot guarantee that any refinancing or additional financing would be available at all or on acceptable terms in such a situation. If we default under one or more of our credit facilities and our creditors accelerate the debt, we may forfeit the property securing the indebtedness and our income may be substantially reduced. Any failure to meet our debt service obligations, to obtain waivers of covenant breaches or to refinance our debt on commercially acceptable terms in such a situation could lead to serious consequences for us, including the sale of properties to repay creditors and substantial retrenchment of our business.

We may be unable to raise the necessary financing or refinance the existing debt at maturity.

Any delay in obtaining or failure to obtain suitable or adequate debt financing (including on terms acceptable to us) may impair our ability to invest in real estate projects that are suited to our strategy.

Any delay in refinancing, or the inability to refinance on commercially acceptable terms, debt falling due in accordance with the maturity schedule of our indebtedness may result in an acceleration of such debt, and enforcement of any pledged or mortgaged assets in support of such debt, against the relevant entity. The factors that affect the availability of financing and financing costs, could have a material adverse effect on our business, financial condition, prospects and results of operations.

GENERAL RISKS ASSOCIATED WITH BONDS

Independent valuation and recommendations are necessary.

Each potential Bond Investor should establish, based on his/her own independent valuation and professional recommendations he/she deems appropriate under the circumstances, whether the acquisition of the Bonds is in full compliance with its financial needs, objectives and financial condition, with all policies, principles and investment restrictions applicable to it, and whether such acquisition constitutes an adequate, appropriate and timely investment for such investor, regardless of the clear and significant risks represented by the investment in or holding of such Bonds.

A prospective investor cannot rely on the Issuer, Intermediaries of the Offered Bonds or any of their affiliates to determine whether their Bonds acquisition or the other aspects mentioned above are legal.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Bonds are legal investments for it, the Bonds can be used as collateral for various types of borrowing

and/or other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should seek expert advice from their legal advisors or competent regulatory authorities in order to determine the appropriate treatment of the Bonds under any applicable risk-based capital or other similar rules.

There is a need for an investment opportunity assessment.

Each potential Bond Investor must determine the appropriateness of that investment in consideration of its own circumstances. Each potential investor should, in particular:

- have sufficient knowledge and experience to perform a qualitative assessment of the investment in the Bonds, of the benefits and risks related to the investment in the Bonds and of the information contained in the Prospectus or any supplement to the Prospectus;
- have access to and hold the necessary information, including appropriate analytical methods and tools, to assess, in the context of his/her specific financial condition, the impact of the investment in the Bonds on his/her overall investment portfolio;
- have sufficient financial and liquidity to bear all the risks of an investment in Bonds;
- fully understand the terms and conditions of the Bonds and know how any relevant financial indices and markets are evolving; and
- be able to assess (either on their own or assisted by a financial consultant) the possible scenarios of economic factors, the evolution of the interest rate and other factors that may affect the investment as well as its ability to bear the related risks.

Compliance with certain obligations imposed by the tax regime.

The potential buyers and vendors of Bonds should be aware that they may be required to pay taxes, fees or commissions in accordance with Romanian law. The potential investors are advised not to rely solely on the tax information contained in this Prospectus, but to seek advice from tax consultants on their specific tax obligations for the acquisition, holding, sale and redemption of Bonds. Only these consultants are in a position to properly assess the particular situation of each potential investor.

The information in the Prospectus does not represent legal and tax advice.

Every potential investor should seek advice from their own consultants on the legal and tax aspects and on other aspects regarding the investments in the Bonds. The effective yield on the Bond Holder's Bonds may be reduced by the taxation of the investment in the Bonds in of such Bond Holder.

The effective yield on a Bond Holder's Bonds may fall below the specified yield after applying the transaction costs.

Legislative changes or changes in the interpretations of the legal provisions may occur.

The terms and conditions of the Bonds (including any non-contractual obligations arising from or in relation to such Bonds) are based on the relevant laws in force at the date of this Prospectus. It cannot be guaranteed that there will be no possible judgments, legislative changes or applications or interpretations, whether or not official, of such laws or administrative practices subsequent to the date of this Prospectus and their impact may not be guaranteed.

Risks related to restrictions on the early redemption of the Bonds.

It is envisaged that the Bonds will be admitted to trading on the regulated spot market of the Bucharest Stock Exchange ("BVB"). Bond transactions will have to comply with the requirements of the capital market law, FSA's rules and applicable BSE's rules. The terms and conditions of the Bonds provide for certain situations in which Bonds may be partially redeemed prior to maturity, at the price agreed in the Terms and Conditions of the Bonds. As the Romanian Securities Act does not make any reference to such partial redemption in outside the BSE system, unless the applicable legislation is amended, alternative arrangements are required and investors will probably have to make additional efforts to partially purchase the Bonds before maturity, as set out in the Terms and Conditions of the Bonds. In the worst-case scenario, it is possible that Bonds cannot be partially redeemed before maturity.

Risks relating to the insufficient analysis of credit ratings and financial analysts.

One or more independent credit rating agencies may issue credit ratings for Bonds. These ratings may not reflect the potential impact of all the risks with regard to the structure, market, additional factors mentioned above and other factors that may affect the value of the Bonds. A credit rating does not constitute a recommendation to buy, sell or hold securities and may be modified or withdrawn at any time by the credit rating agency.

The trading of the Bonds is influenced by the studies and reports regarding the Issuer or its activity, which are published by industry analysts or capital market analysts. If one or more analysts downgrade the Bonds, then their market price may decrease. If one or more analysts cease to pursue the Issuer's activity or publish periodic reports thereon, the Issuer risks losing visibility on the financial markets, which could also lead to a decrease in the price of the Bonds or the trading volume.

Rights of Bondholders.

The terms and conditions of the Bonds contain provisions governing the convening of Bondholders' meetings to discuss issues that affect their general interests. The decisions of the general meetings of Bondholders may be taken by different majorities than the majority required for the adoption of equivalent judgments in other EU Member States. The decisions taken validly based on the aforementioned majorities are also binding upon all Bondholders, including for those who did not participate in and did not cast a vote in that meeting, as well as for the Bondholders who voted against the vote of the majority of the participants.

RISK FACTORS AFFECTING THE MARKET, IN GENERAL

There are risks with respect to the market value of Bonds.

There are risks with respect to the market value of the Bonds.

The market value of the Bonds will be affected by the Issuer's creditworthiness as well as by a number of additional factors, including fluctuations in market interest rates and Bond yields, as well as the remaining time until the due date of the Bonds.

The value of Bonds depends on a number of factors, including economic, financial and political events occurring in Romania or elsewhere in the world, including factors affecting capital markets in general and the market on which the Bonds are traded. The price at which a Bond Holder will be able to sell Bonds before maturity may be reduced as compared to the issue price or purchase price paid by that buyer and such reduction may be substantial.

Bonds may not be traded actively.

At the time of issue, Bonds may not have a defined trading market and also, it is possible that such a market never develops. However, if a trading market will be developed, it may not be very liquid. Therefore, Bondholders may not be able to sell their Bonds easily or at prices that will provide yields comparable to those obtained with similar investments that have developed a secondary market.

The Romanian bond market is relatively low compared to other markets in the European countries and the number of corporate bonds issued by Romanian companies is limited. There is no guarantee that the Bonds, even if they are expected to be listed on the regulated spot market operated by BSE, will be actively traded and the opposite would be likely to cause an increase in price volatility and/or have an unfavorable impact on the price of the Bonds.

The risk of not being able to list Bonds on the BSE.

The admission of Bonds to trading on the regulated spot market operated by BVB requires the approval of this Prospectus by FSA, which is the competent authority in Romania, according to the Prospectus Directive, the approval by the BSE of the request for admission of Bonds to trading on the aforementioned market which is subject to the fulfilment by the Issuer and the Bonds of certain requirements. The Issuer intends to take all necessary measures to ensure that the Bonds are admitted to trading on the regulated spot market operated by BSE as soon as possible after the issue of the Bonds. However, there is no guarantee that in the event of changes in admission conditions, all listing requirements will be met. There is no certainty that the Bonds will be admitted to trading on the regulated spot market operated by the BSE on the estimated date or at any other date.

There is a risk that Bonds would be suspended from trading.

BSE has the right to suspend from trading the listed Bonds if the Issuer does not comply with the stock market regulations (such as, for example, the specific disclosure requirements) or if such suspension is necessary to protect the interests of market participants or in the event where the proper functioning of the market is temporarily endangered. There is no guarantee that the trading of the Bonds will not be suspended. Any suspension of trading sessions could have a negative impact on the trading price of the Bonds. Moreover, if the Issuer does not meet certain requirements or obligations under the relevant applicable laws and regulations for companies whose securities are admitted to trading on the regulated spot market operated by the BVB, or if the trading on the stock exchange, security of operations on this stock exchange or interests of investors are undermined, Bonds may be excluded from trading. There is no certainty that such a situation will not occur in relation to the Bonds.

Foreign exchange risks and restrictive foreign exchange measures and changes in the interest rate on the market.

The Issuer will pay the face value and interest on the Bonds in EUR. This involves a series of foreign exchange risks if the investor's financial transactions are denominated primarily in a currency or currency unit (Investor's Currency) other than EUR.

This includes the risk of a significant fluctuation in the exchange rate (including changes due to the EUR devaluation or revaluation of the Investor's Currency) and the risk that competent authorities with regard to the Investor's Currency could impose or amend restrictive currency exchange measures. The assessment of the value of the Investor's Currency against the EUR would lead to a decrease in (1) the yield of the Bonds expressed in the Investor's Currency, (2) the equivalent value of the nominal value due on the Bonds expressed in the Investor's Currency and (3) the market value of the Bonds expressed in the Investor's Currency.

Government and monetary authorities may impose (as some of them have already done in the past) restrictive currency exchange measures that may adversely affect an applicable exchange rate. Therefore, investors may receive lower interest rates or nominal values than those expected.

Investment in Bonds involves the risk that subsequent changes in the market interest rate will negatively affect the value of the Bonds.

Inflation may reduce the amount of future principal payments and interest.

The value of future principal and interest payments could be reduced as a result of inflation, as the real interest rate on Bonds will be reduced to an increase in inflation and may become negative if the inflation rate exceeds the nominal value of the Bond interest rate.

INFORMATION IN RELATION TO THE ISSUER AND THE GROUP

History and development

Under the initial name SC Impact S.A., the Issuer was established in 1991 by public subscription, according to the Companies Law no. 31/1990 as a joint-stock company, Romanian legal entity. Initially, its main activities consisted in rental and maintenance of luxury villas in the Bucharest area.

In 1995, the Issuer introduced the concept of “residential compound” on the Romanian market, gradually turning into a real estate developer.

Starting from 1996, the Issuer is listed on the Bucharest Stock Exchange. In 2006, the Issuer’s shares were promoted to the first category of Bucharest Stock Exchange, this promotion being a first timer in real estate development and construction industries. From January 2015, the Issuer’s shares are traded in the Premium category according to the new segmentation of the local capital market.

Over the past 25 years, the Issuer completed 17 small and medium size projects, which included more than 3,000 residential units and over 25,000 square meters of office and commercial space. With the change of management, in April 2013, the Issuer started a stabilization, recovery and relaunch policy, and in 2014 resumed residential developments. As at 30 June 2017, the Issuer had ongoing residential developments in five cities in the country, each project having a different size and being in a different stage of completion.

Identification details

The Issuer is a joint-stock company, established and operating according to the Romanian law, having its registered offices in Șoseaua Pipera-Tunari no. 4C, Construdava Business Building, 6 and 7 floors, Voluntari, Ilfov, Romania (telephone 021 230.75.70/71/72). The Issuer is registered with the National Office of the Trade Registry attached to Ilfov Tribunal under registration number J23/1927/2006, having single identification code 1553483. The Issuer performs its activities under the legal name “Impact Developer & Contractor S.A.”, and uses the registered trademark “Impact” in its activity. According to its articles of incorporation, the Issuer has been established for an indefinite period.

Recent events which are relevant in determining solvency

To support its development activity and to fund its projects, the Issuer is committed to attract funding from the capital market by successive issuance of corporate bonds in RON and/or EUR, with a maturity of up to 7 years. A first step in this regard was made on 10 July 2017, when the Issuer offered for subscription 120 (one hundred and twenty) bearer bonds of A series, each of a nominal value of EUR 100,000 (one hundred thousand Euro) and of a total nominal value of EUR 12,000,000.00 (twelve million Euro), issued in certificated form, to two investment funds managed by Credit Value Investments Sp. z.o.o. who accepted the offer on the same date.

In terms of financial information, the latest consolidated and audited annual financial statements of the Group are indicating a positive economic performance. Thus, according to IFRS, the Issuer registered in 2016 gross profit of RON 29.61 million. Also, according to IFRS, long-term assets increased by 5% in 2016 as compared to 2015, from RON 5.73 million to RON 6.04 million, following the acquisition of a number of long term assets needed to be used in its operational activity. Cash availability increased by 2% at the end of 2016, from RON 17.27 million in 2015 to RON 17.63 million as at 31 December 2016. During 2016, the activity of the Group had an intensive cash flow. On one hand, there were significant inflows from the sale of properties in the Greenfield Project, loans contracted to fund the built phases, but also significant outflows to fund projects and repay loans.

As at 30 June 2017, the Group’s gross profit amounted to approximately RON 12.8 million, representing a 7% decrease as compared to the similar period in 2016, when the gross profit amounted to RON 13.7 million. Long-term assets grew by 6% as at 30 June 2017, reaching RON 6.14 million from RON 6.04 million as at 30 June 2016. The Group’s cash at hand decreased in the first 6 months of 2017 by 38% as compared to the same period in 2016, in the context of investments made for the new stages of development in Platanilor Compound. See “*General overview of the activity. Recent developments on the activity. The Greenfield residential compound.*”

At the same time, the Group's total liability decreased by 12% in 2016, from RON 107.93 million in 2015 to RON 95.03 million in 2016, on the reporting date the loans granted by credit institutions amounted 61% (RON 57.36 million) in total liabilities, while as at 30 June 2017, total liabilities amounted RON 107.3 million, representing a growth by 13% as compared to the same period in 2016, when total liabilities amounted RON 95 million. Thus, the indebtedness ratio slightly decreased from 23.2% in 2015 to 19.7% in 2016, and increased by 7.7% as at 30 June 2017 (21.7%) as compared to 30 June 2016 (to 20.2%).

Information on subsidiaries

The Issuer has five subsidiaries, organized as limited liability companies, namely Clearline Development & Management S.R.L., Actual Invest House S.R.L., Bergamot Developments S.R.L., Bergamot Developments Phase II S.R.L. and Impact Finance & Development S.R.L.:

- **Actual Invest House S.R.L.** is held directly by the Issuer in a percentage of 6.23% of its share capital, the remaining share capital being held by Clearline Development & Management S.R.L. (in its turn fully owned by the Issuer), having a major role in the diversification of the range of additional services to the sale of residential units. This subsidiary closely works together with the most important financial institutions in Romania to identify optimum and quick lending solutions for the clients interested in buying a residence. Furthermore, the subsidiary provides management services for the needs of the residential development and furnishing and interior decoration services in partnership with leading vendors, for good prices, using high quality materials: and
- **Clearline Development & Management S.R.L.** (former Lomb S.A.); the Issuer holds 100% of the share capital of this company, through which the "Lomb" residential compound was to be developed in Cluj-Napoca, in partnership with the local authorities. The project was not initiated in the context of misunderstandings with the project partner (the local authority). In order to recover the investment made by Clearline Development & Management S.R.L. in the Lomb Project in Cluj-Napoca (amounting to approximately RON 17,053,000, plus legal interest), the Issuer and Clearline Development & Management S.R.L. filed a claim in court against the local authority. The file in which Clearline Development & Management S.R.L. is plaintiff is currently pending with Argeş Tribunal, in the stage of providing evidence (including expert reports - urban planning and construction - ordered by the court in this file). See "*Judicial proceedings – Litigation related to the joint venture agreements concluded with Cluj Napoca Municipality for the development of Lomb residential project*".

The Issuer's Board of Directors decided, based on a resolution by the Extraordinary General Assembly of Shareholders held on 30 January 2017, to set up companies in which the Company should be a majority shareholder as follows:

- **Bergamot Developments S.R.L.**, having as main object of activity the real estate development (promotion), being set up for the development of Phases 1 and 3 with a total built surface of approx. 51,382 square meters, on a plot of land of approx. 16,231 square meters, of a residential compound of approximately 65,000 sqm built in total, on a plot of land of approx. 22,000 sqm in Bucharest, in the Expoziției-Domenii area. See "*Overview of the Issuer and Group activity – Recent developments – Domenii Project*". The purchase price was EUR 10,571,720 plus VAT (reverse charge) and was paid in full from the amounts borrowed by Bergamot Developments S.R.L. from the Issuer under the loan agreement concluded on 14 July 2017. See – *Events occurred after the date of the latest consolidated financial statements presented in the Prospectus. - Operations to finance the development and construction of residential projects through Bergamot Developments S.R.L.* The Company owns 99% of the share capital of Bergamot Developments S.R.L.
- **Bergamot Developments Phase II S.R.L.** is 99% owned by the Issuer and has as its main object of activity the development (promotion) of real estate, being set up in order to develop Phase 2 consisting of a built surface of 13,618 square meters, 130 apartments, on a land of 5,769 sqm of a residential complex which is comprised of a built surface of approx. 65,000 sq m, in total, on a 22,000 sq m plot of land in Bucharest, in the

Expozitiei - Domenii area. See "*Overview of the Activity of the Issuer and Group – Recent Activity Developments - Domenii Project*".

- **Impact Finance & Development S.R.L.** having as main business object activities related to financial intermediation, excluding insurance and pension funds activities, and was set up by the Company to offer its clients the best financing solutions. The Issuer owns 99% of the share capital of Impact Finance & Development S.R.L.

Actual Invest House S.R.L. holds 1% of the share capital of each of Bergamot Developments S.R.L., Bergamot Developments Phase II S.R.L. and Impact Finance & Development S.R.L.

DETAILS OF THE OFFERING

General information about the Offering

<i>Bonds</i>	<p>The Issuer offers for sale by means of public offering in Romania a number of 6,000 Bonds, having the maturity in 2022, in an aggregate nominal value of up to EUR 30,000,000.</p>
<i>Eligible Investors</i>	<p>According to the provisions of Art. 3(2) letters a) and b) of the Prospectus Directive, the Offering is addressed to:</p> <ul style="list-style-type: none">(i) persons in the member states of EEA who are “Qualified Investors” within the meaning of Article 2(1)(e) of the Prospectus Directive; in addition, in the United Kingdom, this offer is directed only at Qualified Investors (x) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order and are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, and (y) to whom it may otherwise lawfully be addressed; and(ii) less than 150 natural or legal persons in EEA states (including in Romania), other than Qualified Investors of each of the EEA Member States.
<i>Currency</i>	<p>The Bonds are denominated in EUR</p>
<i>Intermediaries</i>	<p>BT Capital Partners S.A. – Lead Manager and Bookrunner Swiss Capital S.A. – Manager and Bookrunner BRK Financial Group – Manager</p>
<i>Eligible Participants</i>	<p>Any intermediary (other than the Intermediaries) who is an investment company or a credit institution accepted as participants to the Bucharest Stock Exchange trading system and who signed an irrevocable and unconditional engagement regarding the compliance with the provisions of this Prospectus and applicable law, in the form provided by the Intermediaries, and submitted such engagement to BT Capital Partners S.A. (for this purpose, BT Capital Partners S.A., acting on behalf of all intermediaries).</p>
<i>Intermediation method</i>	<p>Best efforts method.</p>
<i>Maturity</i>	<p>12 December 2022</p>
<i>Nominal value</i>	<p>EUR 5,000</p>
<i>Aggregate nominal</i>	<p>Maximum EUR 30,000,000. The total nominal value of the Bonds issued within the Offering and the results of the Offering shall be announced by a notice published on the Closing Date or the Business Day immediately following such Closing Date, on the website of the Bucharest Stock Exchange, at www.bvb.ro website, and on the Issuer's website www.impactsa.ro.</p>

<i>Interest Rate</i>	The Bonds shall bear the fixed interest rate of 5.75% (annual interest, calculated as a percentage of the nominal value of each outstanding Bond). The final Interest Rate will be announced two days before the last day of the Offering Period, in accordance with the applicable legal provisions
<i>Offering Price</i>	Bonds are offered at the price of 100% of their nominal value, meaning EUR 5,000.
<i>Offering Period</i>	Subscriptions shall be made starting from 4 December until 8 December (the “ Closing Date ”) inclusive, namely, for 5 (five) Business Days (the “ Offering Period ”). The term “ Business Day ” refers to a day (other than a Saturday or a Sunday or any public holiday in Romania) on which the Central Depository is open for general business and on which banks settle payments in EUR in Romania. The Issuer may also extend the Offering Period or change other dates related to the Offering, in compliance with the applicable Romanian legislation, without any such change representing an amendment brought to this Prospectus.
<i>Minimum subscription</i>	EUR 50,000
<i>Maximum subscription</i>	EUR 30,000,000
<i>Withdrawal of subscriptions</i>	Subscriptions made within the Offering are irrevocable. If the Prospectus is subject to an amendment, subscriptions may be withdrawn within a maximum of two Business Days from the date when the respective amendment to the Prospectus was published. Investors may withdraw a subscription by filling in a revocation form at the unit where the subscription was made.
<i>Successful Closing</i>	The Offering will be considered successful if minimum 50 % of the initially offered Bonds (i.e. minimum 3,000 Bonds) are validly subscribed within the Offering. See section “ <i>Successful closing of the Offering</i> ” below.
<i>Rights of pre-emption, negotiability of subscription rights, treatment of subscription rights not exercised</i>	Not applicable
<i>Allocation Date</i>	8 December 2017, which shall be the same date as the Closing Date.

<i>Transaction Date</i>	8 December 2017, which shall be the same date as the Closing Date.
<i>Settlement Date</i>	The second Business Day after the Transaction Date when the settlement of transactions related to the Offer is processed through the Central Depository's system.
<i>Issuance</i>	The Bonds will be issued on Settlement Date.
<i>Depository</i>	Depozitarul Central S.A. (“ Central Depository ”)

Any Romanian or foreign investor, natural person or legal entity (with or without legal personality) may participate in the Offering, except for those investors whose subscription in the Offering would constitute a violation of any applicable law (including also persons under 18 years old).

Investors who intend to subscribe for the Bonds must be aware of, and comply with the laws, restrictions and limitations applicable to the Offering in their jurisdictions and the restrictions and limitations set out below. By acquiring Bonds, investors undertake any liability arising in the event that such purchase is deemed unlawful in their country of residence.

There are no tranches specially reserved to certain markets.

Successful Closing

If less than 50 % of the initially offered Bonds (i.e. less than 3,000 Bonds) are validly subscribed within the Offering, the Issuer will reject all the subscriptions, in which case the Offering will lapse and the Bonds will not be issued.

If the Issuer rejects all the subscriptions, the total consideration paid in advance for the Bonds will be returned to each investor, less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor, within five Business Days of the date of notification of the rejection of all subscriptions. No interest shall be payable to investors in respect of such amounts. If an investor has indicated more than one account for the reimbursement of any such amounts, the Issuer and the Intermediaries reserve the right to pay the whole amount to be reimbursed to only one of the accounts indicated by the investor in the Subscription Form. Payments to the investors' bank accounts will be made firstly for valid subscriptions and subsequently for the invalid subscriptions.

Allocation and settlement

The subscribed Bonds will be allocated to investors on the Allocation Date, which shall be the same as the Closing Date.

The Bonds will be allocated to investors who validly subscribed for the Bonds within the Offering, on Allocation Date, based on criteria established by the Issuer following consultation with the Intermediaries.

By applying for the purchase of Bonds in the Offering, investors acknowledge and agree that they may be allocated fewer Bonds than they have applied for or they may receive no Bonds at all. Investors also acknowledge and agree that they cannot refuse the Bonds allocated to them and shall have no right to contest or oppose such allocation.

Investors also acknowledge and agree that they will have no right to request, and the Issuer, or the Intermediaries shall have no obligation to disclose the reason for their allocation and take no responsibility in relation to each allocation. Eligible Participants shall not be involved in the allocation.

Investors will be notified by email or by other means agreed with the relevant Intermediary of the number of Bonds that they have been allocated as soon as practicable following allocation, and, in any event, they are expected to be notified by 8 December 2017, at 15:00. Each prospective investor will be contractually committed to acquire the number of Bonds allocated to it and, to the fullest extent permitted by law, will be deemed to have agreed that it will not be entitled to exercise any rights to revoke, withdraw or terminate or, subject to any statutory withdrawal rights, otherwise withdraw from, such commitment.

The sums paid in excess of the allocated Bonds will be returned to the investors to whom fewer Bonds than the number of Bonds validly subscribed under this Prospectus are allocated, within 5 (five) Business Days from the Closing Date. Any sums that are returned to investors under this Prospectus will be paid net of any bank transfer fees and any applicable commissions of market institutions (these fees shall be borne by such investor) into the current account indicated by each investor in the Subscription Form, in the financial investment services contract or as otherwise agreed with the Intermediary or the Eligible Participant through which the subscription is made, as the case may be.

Transaction and settlement

Trading orders corresponding to Bonds allocated to investors based on validated subscriptions will be registered in the Bucharest Stock Exchange system dedicated to public offerings, by the Intermediary or the Eligible Participant which received and validated the respective subscription, as applicable.

The settlement of the transactions made within the Offering shall be made through Target2-Securities platform, the access to this platform being ensured through the Central Depository's facilities. The Bonds may be traded only after their settlement and admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange.

Underwriting

There are no underwriting agreements with respect to the issue of Bonds.

Admission to trading and dealing arrangements

The Bucharest Stock Exchange has issued an approval in principal for the admission to trading of the Bonds on the regulated market managed by the Bucharest Stock Exchange. Upon the successful completion of the Offer, the Issuer intends to apply for final approval of the admission to trading of the Bonds on the spot regulated market of the Bucharest Stock Exchange. The Bucharest Stock Exchange's corporate bond regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Issuer shall announce the approval/rejection of the admission to trading of the Bonds in a nationwide spread newspaper within 3 Business Days upon reception of the notification from the Bucharest Stock Exchange regarding admission/rejection of admission to trading.

In case the application for admission to trading of the Bonds is rejected by the Bucharest Stock Exchange, investors may request the reimbursement of the amounts subscribed within maximum 60 days since the publication of the announcement regarding the rejection of the admission to trading. The amounts requested will be reimbursed in full to the Investors within three Business Days upon reception of the reimbursement application by the Issuer without any commissions being charged to investors.

There are no commitments by any parties to act as intermediaries in secondary trading, providing liquidity.

Depository

All classes of securities (other than derivatives) traded on a Romanian regulated market or alternative trading system, including the Bonds after the admission to the trading on the regulated market managed by the Bucharest Stock Exchange has occurred, are mandatorily deposited with the Central Depository for the purpose of ensuring that securities operations are performed in a centralized manner and that unitary records of such operations are maintained. All securities accepted in the Romanian Central Depository's system are dematerialised and evidenced by book entry.

The Bonds are issued in dematerialised and book-entry form and will be registered with the FSA and with the Romanian Central Depository. The Central Depository will maintain the record of the aggregate holdings of the Bonds.

The Central Depository is a joint stock company organized and functioning in accordance with Romanian law, having its registered office at 34-36 Carol I Blvd., 3rd, 8th, and 9th floors, Bucharest, 020922, 1st District, Romania, sole registration code RO9638020, registered with the Trade Registry under No. J40/5890/1997, which is authorized and supervised by the FSA and provides depository, registrar, clearing and settlement and other related services in connection with securities (other than derivatives) traded on the Bucharest Stock Exchange.

The ownership right over securities listed on the Bucharest Stock Exchange is transferred to the purchaser on the settlement date. The settlement is generally carried out on a T+2 basis by debiting/crediting the relevant accounts, on a delivery versus payment basis (i.e., the securities being delivered only if the corresponding purchase price is paid).

By way of exception, there are certain cases in which the Central Depository may operate direct transfers of ownership over securities listed on the Bucharest Stock Exchange, subject to the conditions set forth in the regulations of the Central Depository.

Although the foregoing sets out the procedures of the Central Depository which shall, in principle, apply to transfers of Bonds after their admission to trading on the regulated spot market of the Bucharest Stock Exchange, in certain cases, the Central Depository reserves the right to suspend or cancel the registration of an instruction, if there are any doubts with respect to its content, the authority of the person submitting such instruction or if it establishes that the provisions of its regulations or the related agreements have been breached, or to ignore instructions which contain errors or other vices or which are not duly executed by authorized persons. None of the Issuer, the Intermediaries, or their respective agents will have any responsibility for the performance or failure to perform by the Central Depository or other participants of their respective obligations under the rules, procedures and agreements governing their operations as at the date when such obligations are or should have been performed.

The Company will not impose any fees in respect of holdings of the Bonds; however, holders of Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the system of the Central Depository.

Paying Agent

Banca Transilvania S.A. will act as paying agent for interest and nominal amount in relation to the Bonds.

The Issuer reserves the right at any time to change the Paying Agent, under the applicable law and subject to a 30-day notice thereof given to the Bondholders in accordance with Part *Terms and Conditions of the Bonds – 20. Notifications*".

The Company shall act as calculation agent in respect of any amounts owed and payable in connection with the Bonds.

UTILISATION OF FUNDS

The Issuer will incur various expenses relating to the issuance of the Bonds, including, *inter alia*, fees related to brokerage fees, legal advice, brokerage fees, listing fees and consultancy fees in connection with the listing and audit costs of approximately EUR 910,000 (calculated at the maximum nominal value of the Bonds within the Offering and using the RON/EUR exchange rate of RON 4.5462/EUR 1). The net proceeds of the Offering, after payment of fees, commissions, charges and other relevant expenses in an amount of approximately EUR 29,023,000 (calculated at the maximum face value of the Bonds within the Offering and using the RON/ EUR exchange rate of RON 4.5462/EUR 1) will be used for the purpose of general financing of the activity and the projects of the Issuer.

The use of the funds attracted within the Offering focuses on the partial financing of three projects:

1. **Floreasca Project** - The Issuer intends to finalize the acquisition of the land on which Floreasca Project, a project that will be implemented in 2 phases, with a total built-up surface of 130,000 sqm, will be developed. See also "*Overview of the activity of the Issuer and Group - Recent Developments in Work - The Floreasca Project*".
2. **Domenii Project** - The project will be implemented in 3 phases and has a total built-up surface of approx. 65,000 sqm. Phase 1 will start in the last quarter of 2017 and will have a total surface of 24,800 square meters. Phases 2 and 3, with a built surface of 40,200 square meters, will start in March 2018 and September 2018, respectively. See also "*Overview of the Activity of the Issuer and Group - Recent Activity Developments - Domenii Project*".
3. **Greenfield Project** - The Issuer will continue its residential development in Greenfield 2 with Stage 7 of the Platanilor Assembly for the last 6 blocks in course of development and will start developing Greenfield Plaza by the end of 2018. In connection with this project, the reimbursement of the remainder of the financing facilities is also considered, in order to optimize cash requirements. See also "*Overview of the Activity of the Issuer and Group - Recent Actgivity Developments - Greenfield Residential Project*".

The Issuer also constantly evaluates other investment opportunities, both in Bucharest and in the most important cities in the country. If such opportunities correspond to the selection criteria, the Issuer will be able to answer them.

To the extent the funds attracted within the Offering are insufficient to finance all of the envisaged objectives, the additional amounts may be covered from (i) the available funds from the sale of the dwellings and the existing plots in the portfolio; and/or (ii) attracting capital market financing through additional bond issues; and/or (iii) attracting bank loans; and/or (in connection with Greenfield Project); (iv) the conclusion of partnerships with financiers who will be attracted in the facilities to be developed in Greenfield Project area of Bucharest, in the amount necessary to complete them.

OVERVIEW OF THE ACTIVITY OF THE ISSUER AND THE GROUP

Main types of activities

The Issuer is one of the first companies operating in real estate development in Romania, having as main business object real estate development (promotion), and has maintained a significant position on the real estate market in Romania over the years.

The Issuer's activity has focused around the idea of "residential compound" since 1995, the Issuer being the first to introduce this concept in Romania. This type of project has been central to the business interests of the Issuer in particular since April 2013, after a series of changes in the managerial structure, when a stabilization, recovery and relaunch policy was adopted. As at 30 June 2017, the Issuer had ongoing residential developments in five cities in the country (Bucharest, Constanța, Timișoara, Oradea and Ploiești), each project having a different size and being in a different stage of completion. The Issuer is thus one of the companies having the largest number of residential projects in Romania (16 residential projects in 5 cities).

Over its first 25 years of activity, the Issuer completed 17 small and medium size projects, which include more than 3,000 residential units and over 25,000 square meters of office and commercial space.

The Issuer mainly offers the following types of products and services:

Construction and sale of residential units and houses

As at 30 September 2017, the Issuer had a stock of 415 completed apartments and houses, with a gross building area of 47,158 sq. m and a book value of RON 102.5 million.

The construction of buildings focuses in the following period, inter alia, on the following investments:

- continued developments in the Greenfield residential project, located in Băneasa Forest, sector 1, Bucharest (the "**Greenfield Project**"), in particular by the development of Platanilor Compound;
- the initiation of a new project in the Expoziției-Domenii area, where the Group is going to develop a residential project including 9 blocks of flats with 630 units on a total area of 2.25 hectares (the "**Domenii Project**");
- the development of a new residential project in Bucharest, in the Prelungirea Ghencea - Blvd. Timișoara area, where the Issuer owns land of approximately 26 hectares (the current stage of the project being the drafting of technical documentation) (the "**West District Project**");
- the development of a new residential project in Bucharest, Barbu Văcărescu Blvd., a project which started in September 2014 by purchasing the title to a land of an area of 2.6 hectares (the Issuer is now taking the legal steps to remove the property from joint ownership) (the "**Barbu Văcărescu Project**"); and
- the construction of the Greenfield Plaza urban center, of a total area of 10,400 sqm, which will include a SPA treatment center, commercial and service areas of approximately 8,000 sqm and an administrative building of 2,400 sqm (the Issuer is now preparing the documentation to obtain the approval of the new PUZ) (the "**Greenfield Plaza Project**"); and
- the development of a new residential complex on a plot of land with a surface of 55,000 square meters, for the purchase of which the Issuer signed a letter of intent with NUSCO Imobiliare S.R.L., located in Bucharest – 2nd District, Floreasca area ("**Floreasca Project**"). To the extent that the land acquisition is completed, it is envisaged that the project will be implemented in 2 phases, comprising of to a total built surface of 130,000 square meters

Regarding the sale of residential units and houses, in 2016 the Issuer sold 439 properties (apartments and houses) and 530 parking lots, of an unfolded built area of 37,685 sqm, representing a growth by 19% as compared to the previous year. The Issuer's operational revenues were generated in 2016 mainly from the sale of property, the sales of Salcânilor Compound (within the Greenfield Project) totalling approximately RON 139,000,000.

Residential sales were achieved in:

- Bucharest - Greenfield 2 - Salcânilor Compound: 416 apartments
- Bucharest - Greenfield 1: 15 apartments
- other districts in the country: 8 houses (6 houses in Oradea, 1 house in Ploiești and 1 house in Constanța).

Compared to 2015, in 2016 was an increase of apartment sales in the Greenfield project, following the completion of residential developments started by the Issuer in the summer of 2015, namely the completion of stages 3 and 4 in the Salcânilor Compound (17 blocks of flats totalling 420 apartments). The increase was both in terms of number of units sold, by 22%, and in terms of value, the average value per transaction increasing by more than 18%.

The sales growth in the Greenfield Project (from 66 units in 2014 and 374 units in 2015 to 416 units in 2016) was stimulated by the increased appetite of buyers in the new post-crisis economic context, by the price adjustment to the new market characteristics, but also by a more intense promotion of the products, associated with the banks' increased interest in the provided funds.

As a trend of the Issuer's activity, it can be noted that the increase since 1 January 2016 of the value of residential units benefiting from a reduced VAT quota of 5% led to increased standards of purchasers, given that 4-piece apartments became more attractive. Sales of 2-piece apartments also increased beyond expectations, as an effect of an announcement that the Prima Casă lending programme will be stopped/changed and of passing the *datio in solutum* law.

With the increased number of units sold in 2016 as compared to 2015, the unfolded built area sold also grew by approximately 6,063 sqm (+19%).

In the first half of 2017, sales reached 175 units (apartments and houses) and 22 parking lots, totalling a total built area of 15,982 sqm, 10.31% more than during the same period of the previous year. Sales also increased by 1.74%, from 172 units sold (apartments and houses) as at 30 June 2016 to 175 units sold as at 30 June 2017. The average transaction value increased by more than 19%, from approximately EUR 69,200 in 2016 to EUR 82,300 in the first half of 2017.

On 30 September 2017, sales reached 246 properties (apartments and houses), 29 parking spaces, 5 plots of land and 1 terrace totaling a total built-up area of 22,007 sq. m., 25.9% less compared to the previous year (29,677 sq. m).

Sales fell by 30.3%, from 353 units at the end of the third quarter of 2016 to 246 units in the third quarter of 2017, while the average transaction value increased by more than 19%, from approximately EUR 70,895 in 2016, to EUR 82,952 in the third quarter of 2017.

Until September 30, 2017, 861 agreements were signed for Salcamilor Assembly (924 apartments) and 175 agreements were executed for Paltinilor Assembly (752 apartments).

In aggregate, on 30 September 2017, the total number of signed agreements for both projects within the new development of Greenfield quarter, launched in 2013, is of 1,037, of which 1,002 sold apartments and 35 promises and bookings.

Offering lots of land for sale to individuals and legal entities for the development of houses or small commercial spaces

This activity is experiencing a slower growth rate, according to the market trends, in the context of a decreasing appetite of buyers for this product and the difficult funding conditions.

In 2016, 6 plots of land were sold in Oradea, totalling 3,157 sqm, 3 plots of land in Constanța totalling 1,111 sqm, 1 plot of land in Ploiești of an area of 432 sqm and 1 plot of land in Voluntari, of an area of 17 sqm. As compared to 2015, the area of the plots of land sold was eight times smaller, the Issuer focusing on increasing the liquidity of the land portfolio in projects in progress in Oradea and Constanta (of an area of more than 28,000 sqm).

In the first half of 2017, 4 plots of land were sold, of which one in Oradea, of an area of 622 sqm, 1 in Voluntari, of an area of 431 sqm, 1 in Bucharest (Amber quarter) of an area of 407 sqm and 1 in Constanța (Zenit quarter) of an area of 287 sqm.

Also in the first half of 2017, the Issuer had a stock of 840,780 sqm of land available for the development of new projects or for sale, valued at EUR 75.5 million market value.

The Issuer will continue to offer plots of land for sale for the construction of houses in Voluntari, Constanța and Oradea, with areas between 200 and 1,000 sqm.

Rental of real estate and sale of rented units

The apartment rental activity has no longer been a priority for the Issuer in the past years. Most residential units whose leases were terminated in 2016 were sold, therefore the number of rented units decreased from 8 units at the end of December 2015 to 6 units at the end of December 2016.

As at 30 September 2017, there were only 5 rented units, which are to be sold upon termination of the corresponding leases.

Strategy

The Issuer's business strategy for the period 2017 - 2019 involves the following major business directions:

- reaching a 10% market share and becoming the leader of the residential development market;
- the sale of units completed by the Issuer in the previous years, valued, according to the reservations and approved price lists, at EUR 1.55 million, according to the reservations and approved price lists;
- investments in the development of utilities, according to the urban plans, and the sale of plots of land owned by the Issuer of an area of 114.000 sqm and an estimated value of EUR 7.5 million according to valuations;
- the development of the Greenfield Project, in particular by the development of Platanilor Compound, which by the end of 2018 is expected to reach 90,000 sqm built and sold, which will contribute over EUR 84 million to the Issuer's turnover. Consolidation of the Greenfield Project (Salcânilor and Platanilor Compounds) is planned to be an investment of more than 160,000 sqm built and sold, with a contribution of more than EUR 150 million to the Issuer's turnover, developed gradually, in several stages, until 2022;
- the initiation in 2018 and completion of the Greenfield Plaza Project, of a total area of 10,400 sqm, which will include a SPA treatment center, commercial and service areas of approximately 8,000 sqm and an administrative building of 2,400 sqm;
- the initiation of a new project (Domenii Project) in the mass-market and premium segment, for which the Issuer, through its subsidiary Bergamot Developments S.R.L., purchased in 2017 a plot of land in Bucharest, in the Expoziției-Domenii area, where the Group is going to develop a residential project including 9 blocks of flats with 630 units on a total area of 2.25 hectares;
- the completion in 2017 of the technical documentation for the development of a new residential project (the West District Project) in Bucharest, in the Blvd. Timișoara - Prelungirea Ghencea area, where the Issuer owns a land of approximately 26 hectares;
- the initiation in 2018 of the construction of Barbu Văcărescu Project, designed to unfold on an area of 2.7 hectares in three production cycles, including approximately 588 apartments, with a built surface of 90,000 sqm, of which approximately 63,500 sqm overground and 26,500 sqm for underground parking spaces and air-raid shelter; the project is currently in the design stage.

The development of the Floreasca Project will be also included in the Issuer's strategy, if the purchase of the land on which such project is to be developed is completed. The Issuer's activity and vision are also governed by the following guidelines:

- investing in high quality real estate properties, consisting either in existing buildings or in the development of low-risk real estate projects, with high sales potential and long-term/stable cash inflows at high yields, which are well ranked on the market, with a focus on real estate spaces for offices and residential compounds;
- the active management of the buildings in the Issuer's portfolio focuses on:

- improving the competitiveness of the Issuer's products by the development of apartment concepts adapted to the requirements of the residential market, at a very good price/quality ratio;
- adjusting the prices of existing units, to meet in a better way the market needs and to ensure the cash flows required by the Issuer;
- increasing the viability/division by lots of the plots of land for sale, identifying opportunities for the land in the Issuer's portfolio by attracting partnerships;
- contracting loans, while maintaining an optimum level of indebtedness at around 20%;
- accelerating production cycles and standardization of products, so that the Issuer's offering to be matched with the market's demand, in order to reach sales and margin targets;
- prudence in the size and object of the Issuer's portfolio, in particular as regards the buildings;
- monitoring the market evolution and providing an adequate response to any changes in demand, and quickly adapting to any market changes;
- investing in attractive properties, located in strategic areas, fit for the development of residential compounds;
- securing a leading position of the Issuer among the investors in Romania who are benefiting from a fully integrated real estate platform, with remarkable track records of sales and rental of real estate in Romania, and also are diversifying its activity on new markets.

With regard to the funding sources of the Issuer's activity, the Issuer envisages (i) the cash from the sale of residential units and plots of land in its portfolio; (ii) attracting funding from the capital market through the issuance of bonds; (iii) attracting bank loans; and (iv) concluding partnerships with financing parties attracted to the facilities that will be developed in the Greenfield Project area in Bucharest.

Competitive advantages on the relevant market

Wide portfolio

As at 30 June 2017, the Issuer held a vast portfolio of land and residential units.

Regarding the land portfolio, it included on 30 June 2017 an area of 84.1 hectares of a book value of EUR 60.5 million and a market value of EUR 75.5 million. The projects corresponding to the land included in this portfolio are: (i) the Greenfield Project (Bucharest), the largest project of the Issuer, (ii) the West District Project (Bucharest), (iii) the Barbu Văcărescu Project (Bucharest), (iv) the Zenit Project (Constanța) and (v) other projects in various cities in the country.

Regarding the portfolio of residential units built, as at 30 June 2017 the inventory indicated a stock of 488 fully built units, of a built area of 47,702 sqm, the Issuer thus being the real estate company with the largest number of residential projects at national level. The book (and market) value of the residential units built before 2010 (20 units) is EUR 1.55 million, while the book value of units built after 2014 amounts to EUR 22.9 million and their market value to EUR 40.6 million.

Proven experience over time

The Issuer's experience is mainly supported by its longevity on the market. Active since 1991 on the real estate market in Romania, as the first real estate company in Romania, the Issuer was also the first real estate company listed on the Bucharest Stock Exchange in 1995.

During all these years of operation, some of them extremely tumultuous given the fluctuations on the real estate market in Romania and, implicitly, the financial crisis, contributed to the development of a strong position of the Issuer on the market, who has always worked to adapt to its clients' needs and withstand the difficult market conditions.

Moreover, the large number of projects developed during these years is another indicator of the Issuer's experience. The Issuer is thus the real estate company with the largest number of residential projects at national level (16 residential projects in 5 cities in Romania).

Complete customer solutions

Quality, safety, lifestyle, innovation and value/price ratio are the main engines of the Issuer's business. Locations are also another competitive advantage, with the Issuer focusing on offering its customers premium locations.

The Issuer does not behave on the market as a mere real estate developer, but as a provider of complex services in the industry. For example, within the Greenfield Project, the Issuer is offering to its clients various opportunities to use value-added services such as, among other things, the development of a high-quality infrastructure and, through partner merchants with whom the Issuer has concluded rental agreements, shopping and sports areas.

Also, the Issuer is offering support on demand for execution works (design, authorization, execution and maintenance), in case a client decides to build his own house on one of the Issuer's plots of land. The Issuer sells land that includes infrastructure and projects developed by its architects.

Moreover, the concept of residential compound promoted by the Issuer aims at ensuring all the needs that may exist in a community such as those created by the Issuer, so that these needs are actively monitored in its action plan.

For this purpose, in the autumn of 2018 the Issuer will begin the authorization of a complex dedicated to the community in the Greenfield quarter, which shall include a SPA treatment center, football and tennis fields, pools, school and kindergarten, supermarket, restaurant, an events area and a new administrative building for the Issuer, measuring 1200 sqm, being an A class building with up to date technological equipment (the Greenfield Plaza Project).

Access to capital

Being a company listed on the regulated market of the Bucharest Stock Exchange, the issuer has a wider range of resources available to fund its projects.

The issuer took advantage of this position and of the advantages provided by the capital market, for the purpose of securing access to capital. Thus, in June 2014, the Issuer increased its share capital from 197.8 million shares to 277.8 million shares, launching an offer for 80,000,000 nominative shares, at a maximum price of RON 80,000,000.

Also, the Issuer's visibility and reputation at national level are higher among business partners and clients, also benefiting from listing-related publicity, from the attention of investors and analysts, and increased trustworthiness to clients and business partners, as well as the possibility to attract new partners on account of the company's increased transparency.

Experienced management team and staff with a high qualification

The members of the Issuer's Board of Directors enjoy the expertise and experience required to support and ensure the further development of the Issuer's projects. In this respect, Mrs. Iuliana Mihaela Urda, elected member of the board of directors since 2013, with her mandate extended in April 2017, has over 20 years of experience in management and Mr. Gabriel Vasile has been managing teams in the administrative, automotive, asset management, financial and reporting departments, in the real estate, transportation and telecommunications industries for more than 15 years.

Recent activity developments

Overview of the Issuer's evolution

As a result of the changes that have occurred on the real estate market in the recent years, in 2016 the Issuer has continued to make changes in its operational activity, aiming at a better adaptation to the current market conditions. Over the last four years, the Issuer's main priorities were to stabilize the Issuer's activity, to capitalize the assets in the portfolio as efficiently as possible, to develop the necessary documentation and to prepare future developments. The Issuer focused mainly on the sale of residential units, at the expense of renting them, in order to increase its liquidity. This explains the low number of rentals in recent years.

The economic situation in recent years has led to a decrease in the level of consumer confidence, together with an increase in consumer expectations regarding the quality of the environment in which they live. In this context, the Issuer has found solutions to respond to the new social values and the increasingly sophisticated habitat requirements, including in the developed projects, by attracting relevant commercial partners, various facilities and benefits as differentiation elements, such as: English language school, fitness and beauty center, pharmacy, grocery store, café and diverse playgrounds.

In 2016, the Issuer sought solutions to boost sales of plots of land for the construction of houses. In this respect, plots of land that have been made viable/were in process of being made viable for the construction of houses in Bucharest, Voluntari, Ploiești, Constanța and Oradea were put up for sale.

A plot of land of about 2 ha owned by the company in Constanța was dis-joined in 48 plots for houses that were already put up for sale in 2012. These plots are located in the immediate vicinity of the Boreal villas, developed by the Issuer (located on Tomis Boulevard, at the exit from Constanța city, having access to DN Constanța-Ovidiu).

The Greenfield residential project

The Issuer's activity is focused on the development of the Greenfield Residential District in northern Bucharest. The Greenfield project was started in 2006 and is in a continuous and gradual development until 2022.

The first phase of the project (Greenfield I) was developed between 2006 and 2010, covering a 10-hectare area, including 34 villas and 624 apartments in the five ensembles (Rubin, Topaz, Blue, Onix and Quartz). Approximately 97% of the units in the Greenfield I segment were sold.

The second phase of the Project (Greenfield II) includes the development of two residential compounds, namely the Salcânilor Compound and the Platanilor Compound. In November 2014, the Salcânilor Compound in the Greenfield quarter was launched, currently consisting of 35 blocks with GF + 5 floors, and 924 apartments with 2, 3 and 4 pieces respectively. The Salcânilor Compound generated the highest contribution to the Issuer's sales in 2016 (416 apartments, namely an unfolded built surface of 35.061), the Issuer contracting in 2016 credit facilities amounting to RON 78.6 million in order to complete these works. The 4 phases of the Salcânilor Compound thus reached a level of contracting of more than 91% of the total 924 completed apartments.

At the same time, in the same stage, the documentation was prepared and the construction was started on another 39 blocks, representing the Platanilor Compound, with 944 apartments to be completed in stages, starting in the first quarter of 2017. In the first quarter of 2017 stages 5 and 6 of Platanilor Compound were completed, namely 21 blocks, with 476 apartments (48,000 sqm unfolded built area). Also, works were started on another 12 blocks (of the 18 included in the project) in phase 7, namely 276 apartments to be completed in the last quarter of 2017. For the remainder of the project,

apartments are scheduled to be delivered as follows: (i) 28,000 sqm - to be delivered in November 2017 and (ii) 14,000 sqm – where works will start in the last quarter of 2017 and it is estimated that the apartments will be delivered during the second half of the year 2018. Platanilor Compound aims to extend the living area in an improved concept, adapted to the current market conditions, and to attract investors/operators to improve the facilities/services servicing the residential areas.

On 30 June 2017, the inventory of the stock of units in Greenfield 2 indicated the following:

- Salcânilor Compound (phase 1 + phase 2 + phase 3 + phase 4) - of a total 924 apartments, 87 were vacant, representing 9.4%;
- Platanilor Compound (phase 5 + phase 6) - of a total 476 apartments, 381 were vacant, representing 80%; and
- Platanilor Compound (phase 7) - project started in December 2016 and still uncompleted on 30 June 2017. The project will have 468 apartments to be completed as of the last quarter of 2017.

The third stage (Greenfield III) aims to build 65 blocks, with 3,155 apartments with GF + 5/GF + 9 floors. This stage will include 8 construction phases and is scheduled to begin in 2018. The documentation for this stage is currently being prepared/secured.

The new residential developments will benefit from all the advantages of the location communicated under the Greenfield brand (900 hectares of forest, near Băneasa forest, 5 minutes from Băneasa commercial area, plus immediate access to DN1 București-Ploiești, 10 minutes apart from the two airports: Băneasa and Henri Coandă).

A separate development phase of the Greenfield quarter aims at extending the living area in an improved concept, adapted to the current market conditions.

The development strategy of the Greenfield quarter is the following:

- it aims to create a new concept for the ground floor apartments - they have a garden next to them, which will be purchased with the apartment;
- each new residential development is assigned a parking area dedicated to visitors, so that each apartment is assigned an indivisible share of the visitors' car parks;
- the inner circulation roads of the assembly are allocated in the indivisible share of each apartment and are transferred to the future owners.

In the first semester of 2017 sales, reservations and sales promises were signed from Stages 1-7 of the Salcânilor and Platanilor Compounds. Thus, as at 30 June 2017 84 sale promises and reservations were signed for apartments in the Greenfield 2 quarter, namely 67 in Platanilor Compound and 17 in Salcânilor Compound. The pre-contracting rate of Stage 5 and 6 apartments put up for sale went above 14%.

A part of the Greenfield Project is also the construction of Greenfield Plaza urban center and attracting investors/operators in order to improve facilities/services servicing the residential area. The total area of this new project will be 10,400 sqm and it will include a SPA treatment center, commercial and service areas of approximately 8,000 sqm and an administrative building of 2,400 sqm. It is envisaged that the construction works will start on this compound in 2018 and the value of the estimated investment is EUR 5 million. The Issuer currently focuses on preparing the documentation necessary for the approval of the new Regional Urban Plan for this project.

Domenii Project

The Domenii project will be started in the fourth quarter of 2017 and is planned to be completed in the first quarter of 2020. One of the main advantages that this new residential compound offers is its excellent location in district 1 Bucharest, more exactly in the area between Expoziției Boulevard and Aviator Popișteanu Street. This position is providing a quick access to public transportation.

The project will be developed on an area of 2.25 ha and will comprise 9 blocks with 630 units, of which 11 studios, 131 studio apartments, 283 two-room apartments, 175 three-room apartments and 30 4-room and 5-room apartments. The residential complex will also include 731 parking spaces. The height regime will be GF + 8 / GF + 11 / GF + 12.

West District Project

In 2016, the Issuer started the technical documentation for the development of a new residential project in Bucharest, West District Project, in the Prelungirea Ghencea - Blvd. Timișoara area, where the Issuer owns land of approximately 259.000 sqm.

The size of this new project is approximately 2,434 apartments in 65 blocks, with a height regime of G+4/GF+9, representing more than 220,000 sqm built area, SPA treatment facility, commercial area, school and kindergarten. The project will be built in six production cycles, over a period of 4-5 years and will comprise two phases: Rozelor Residential Complex and Crizantemelor Residential Complex.

The concept, design and business model for this project are under development.

In 2017 was started the preparation of the authorization documentation for the beginning of the execution works for the first 8 blocks of this project, within an area of 34,000 sqm.

The Issuer is intending to accelerate the production cycles and standardization of products, so that the Issuer's offering to be matched with the market's demand, these being the main concerns of management now, in order to reach sales and margin targets.

See also "*Risk factors - There is a risk of becoming involved in litigation both as defendants and as claimants, regarding the ownership or using titles over the buildings, rental, sale, refurbishing or repositioning of them or regarding the quality of the construction works and it is not excluded that certain permits or authorizations regarding buildings to be obtained with the violation of the applicable legislation*" for a summary of the legal situation of the land that will be used in West District Project and the measures that the Issuer intends to take to ensure the regularization of the situation. Until the date of this Prospectus, no action to settle such situation has been taken by the Issuer.

Barbu Văcărescu Project

The Issuer purchased in September 2014, for a new real estate development, a plot of land located in Bucharest, in a semi-central area of Boulevard Barbu Văcărescu. For the moment, a share of 1/3 (representing approximately 26,400 sqm) of the title to the property consisting of 5 plots of land, of a total area of 78,970 sqm, has been purchased. For the remainder of the land, the Issuer is in litigation for dis-joinment of the land from the owner Cefin Real Estate Dezvoltare BV S.R.L. The first court hearing was set for 16 November 2017. See also "*Judicial proceedings – Litigation related to the removal from joint ownership against Cefin Real Estate Dezvoltare BV S.R.L.*", for additional information on such litigation.

The project aims at completing a number of 588 apartments (with 2, 3 and 4 pieces) in 6 blocks with a GF+11 height regime and a number of 750 parking spaces. The works calendar is 30 months in 2 production cycles, and the estimated cost of the construction (without VAT) is EUR 34.5 million, of which 7.5 million allocated to parking spaces (EUR 13.5 million for each production cycle).

The characteristics of Barbu Văcărescu Project include:

- excellent location, in the immediate vicinity of the business center in Romania, near the largest concentration of office buildings in Bucharest;
- a very good transport network, consisting in: (i) 2 metro stations available; (ii) quick access to the city center and the International Airport; and (iii) close to business centers in Bucharest;
- the proximity of Verdi and Floreasca parks and shopping centers.

Floreasca Project

On 16 October 2017, the Issuer signed a letter of intent for the acquisition from NUSCO Imobiliaria S.R.L. of a 55,000 sqm plot of land located in Bucharest – 2nd District, Floreasca area. To the extent that the acquisition is completed, the Issuer intends to develop a new residential complex on this land, to meet the increasing demand in the area. It is envisaged that the project will be implemented in 2 phases, amounting to a total built surface of 130,000 sqm.

Zenit Project - Constanța

The Issuer envisages the development of a new residential real estate project in Constanța, namely the Zenit Project. The land for this project has an area of 74,000 sqm and the development will take place in 2 phases, the concept, design and business model for this project being under development.

Budget construction principles

In line with the strategic vision imposed by the new management team of the Company, with the permanent adaptation to real estate market developments and maintaining the Company's efficiency, the Issuer targets objectives for this year which should provide an efficient response to the needs of the market, clients and contractual partners.

The general principles underlying the construction of the budget for 2017 and for the following years and of the action plan for the current year, thus governing the trends in the Issuer's activity, are, *inter alia*:

- focusing on the completion of the following construction stages in Greenfield, namely Platanilor Compound (stages 5, 6 and 7 which are included in the second phase of development);
- preparing the authorization documentation and the beginning of the execution works for the first 8 blocks of the Wsrt District Project, with an area of 34,000 sqm;
- developing the documentation necessary for the development of future stages in the Greenfield Băneasa quarter;
- identifying plots of land in Bucharest and in cities with more than 250,000 inhabitants to develop projects of 700 - 2,000 apartments;
- making land viable/division of land into lots for sale;
- identifying opportunities for collaboration/development/sale for the plots of land in the Issuer's portfolio;
- minimizing production and sale cycles of the properties built;
- carefully managing and increasing the liquidity of non-core assets (that are not necessary for the Company's core activity);
- contracting new loans, based on needs, up to a level of indebtedness of 35%;
- optimizing operating and administrative costs, controlling indirect costs;
- maximizing the return of the invested capital, minimizing the investment recovery terms;
- the principle of overlapping the budgeting system on the Company's authority system;
- implementing an efficient communication and transparency standard for the purpose of advertising to investors and analysts;
- the principle of reporting per each department; for each project, the works will be executed only based on a well documented and pre-established budget. Each contract should fit into the established budget;
- the principle of consistency with the human resources policy, to determine the motivation and adherence to the strategic objectives pursued by implementing an attractive motivation plan based on the regular assessment of employee performance and results;

- clear establishment of the structure and the teams responsible to develop each project, procedures and work flows; and
- increasing work productivity.

Information regarding the trends

At the date of this Prospectus the Issuer is unaware of any trends, uncertainties, requests, commitments or facts that may reasonably affect the relevant prospects of the Issuer.

Investments

The Issuer's management team is investing substantial resources in the identification of investment opportunities, which are subject to preliminary analyses, including the assessment of risks and potential gains, as well as the level of compatibility of the potential investments with the Issuer's investment policy.

Real estate investments

For the purposes of an accounting classification, real estate investments are including residential land and properties that are being held for the purpose of capital appreciation.

The Issuer's team devotes substantial resources for the identification of investment opportunities, which are then subject to a detailed analysis regarding their compatibility with the Group's strategy and investment policy. In case of a positive appreciation of this compatibility, the potential investments go through analytical phases from a legal, technical and financial perspective.

Depending on the Issuer's strategy, certain real estate investments are used to develop the Issuer's projects. Thus, in 2016, the Group's real estate investments decreased on account of the transfer of 101,787 sqm from Greenfield Project from the inventories account to raw materials for development. Again in 2016, a plot of land of 155,558 sqm of the land located in Ghencea - Timișoarei booked as real estate investment was transferred to the account of raw materials for the development of the Greenfield Drumul Taberei project (a project on which works were not started yet).

The plots of land that are being held for capital appreciation, amounting to RON 134,657,210 as at 31 December 2016 (down from RON 211,239,458 as at 31 December 2015), summing a total area of 429,185 sqm are representing 98% of the investment property on balance. These lands are located in Bucharest (367,163 sqm) and in the rest of the country (Constanța and Oradea).

In the first half of 2017, real estate investments stayed the same as at 31 December 2016.

Investments undertaken by the Group over the next period

In terms of investments envisaged in the next period, the Group aims to complete the acquisition of the land on which Floreasca Project will be developed, as well as to start the works or, as the case may be, to further develop Greenfield, Domenii, West District and Barbu Văcărescu Projects. See also "Recent Developments in the Issuer's Activity" above.

It is envisaged that the investments will be supported by (i) the net funds obtained under the Offering - in accordance with the "Utilization of obtained funds", (i) the available funds from the sale of the dwellings and of the existing plots of land in the portfolio; and/or (ii) attracting capital market financing through additional bond issues; and/or (iii) attracting bank loans; and/or (in connection with Greenfield Project) (iv) concluding partnerships with financiers that will be attracted in the facilities to be developed in the area of Greenfield Project of Bucharest.

Risk Management

Risk management is an integral part of the Issuer's investment management. *Inter alia*, the risk assessment is based on an internal control procedure of the Issuer, which implies that each decision is taken only after special procedures, involving evaluation and audit processes, and, finally, the decision of several bodies in the Issuer's organization. Again for the management of specific risks, the Issuer uses insurance and investment monitoring tools.

Insurance

The Issuer outsources the risks to which its investments are exposed, both during the construction stage and after the apartments have been delivered, by configuring complex coverages from top ranking insurers on the Romanian market.

Thus, insurance policies for works are concluded by the appointed contractors for each project with insurers that were previously agreed upon by the Issuer and, where the case may be, by the financing banks of each project.

In particular, in the case of the Greenfield Project, once the Issuer gains title over the apartments, they are included in the property risk insurance and civil liability insurance program designed with Uniqa Asigurari. The “all nominated risks” policy adds a series of clauses which were specifically tailored to this project, with minimum franchises, resulting in a complete and financially competitive coverage.

THE REAL ESTATE MARKET IN ROMANIA

General context

1 January - 31 December 2016 as compared to 1 January - 31 December 2015

According to data published by the National Institute of Statistics (NIS), in Romania, the volume of construction works decreased in 2016 as a gross series by 4.8% as compared to 2015. Per structural elements, decreases occurred in capital repair works, by 23.5%, and in new constructions, by 2.7%. Current maintenance and repair works increased by 1.5%. Per construction objects, the volume of construction works decreased in engineering works by 11.2%, in residential buildings increased by 12.1%, and in non-residential buildings by 1.1%. Also, in 2016 a number of 52,206 residential units were completed, representing a growth of 5,222 units as compared to 2015. Per residential environments, the analysis of the construction of new residential buildings, in 2016 as compared to 2015, outlines an increased weight in urban areas (53.4%) and a decreased one in rural areas (46.6%). The distribution of completed works per financing funds reveals that, as compared to 2015, in 2016 there was an increase of 5,291 units in the number of residential units built from private funds, while the number of residential units built from public funds decreased by 60 units.

The investments which resulted in the construction of new buildings amounted in 2016 to RON 3,150.2 million, representing 44.8% of the total amount, as compared to 44.5% in 2015 (Source: NIS).

Thus, after seven years of decrease, the real estate market continued its comeback started in 2015, 2016 being the year when apartment prices continued on a growing trend (with an average price growth between 3 and 10% in large cities). The end of 2016 indicates a market growth trend, with a higher number of residential purchases than in the previous year. The results of 2016 also indicate that the volume of transactions at national level was better in 2016 than in 2015. NIS data shows that the residential deliveries in 2016 exceed the number of deliveries in the maximum development period in 2008, when 10,192 units were completed.

1 January - 30 June 2017 as compared to 1 January - 30 June 2016

According to provisional data published by the NIS on 5 September 2017, the estimated GDP (seasonal adjusted series) for the first half of 2017 was RON 411,300.2 million current prices, on a growing trend - in actual terms - by 5.7% as compared to the first half of 2016. The estimated GDP (gross series) for the first half of 2017 was RON 360,856.5 million current prices, on a growing trend - in actual terms - by 5.8% as compared to the first half of 2016.

In the first half of 2017, investments resulting in the construction of new buildings amounted to RON 138.25,7 million representing 46.4% of the total value, as compared to 43.9% in the first half of 2016 (Source: NIS).

Generally, the increase in residential sales in 2017 shows that market trends improve as compared to the last year, and the real estate market begins to grow.

Developments and trends in the residential segment

1 January - 31 December 2016 as compared to 1 January - 31 December 2015

In 2016, as compared to 2015, the residential segment registered a 12.1% growth. Also, in 2016 a number of 52,206 residential units were completed, representing a growth of 5,222 units as compared to 2015. In 2016, the number of residential units built from private funds, which holds the largest weight of the total units built (97.6%) increased by 5,291 units as compared to the previous year (Source: NIS).

Most residential units built from private funds were built in urban areas (52.6%). There is also a decrease of the weight of construction of new residential units in rural areas (46.6%). Most residential units were built in the following counties: Ilfov (6,184 units), Cluj (5,221), Iași (3,851) and Bucharest (3,838) (Source: NIS).

According to NIS data, the housing stock continued on a growing trend in the past years, reaching 8,929.2 thousand units, at the end of 2016, representing a growth by 47.1 thousand units (+0.5%) as compared to the end of 2015. The mentioned growth occurred as a result of the construction of 52.6 thousand new units and the change of destination of other spaces, into residential units (0.4 thousand units).

In the structure of the housing stock in 2016, as compared to 2015, there was an increase of the number of residential units both in urban areas (+25.0 thousand) and in rural areas (+22.0 thousand) (Source: NIS).

1 January - 30 June 2017 as compared to 1 January - 30 June 2016

According to the NIS data published on 8 September 2017, in the first half of 2017 a number of 23,057 residential units were completed, decreasing by 1,049 units as compared to the first half of 2016.

Most residential units completed in the first half of 2017 were built from private funds, which account for 96.7% of the total completed units, but their number decreased by 1,619 units as compared to the first half of 2016. Per residential areas, in the first half of 2017, most units were commissioned in urban areas, representing 57.6% of the total units commissioned (Source: NIS).

Most residential units were completed in the following counties: Ilfov (2,991 units), Cluj (2,252), Bucharest (1,964) and Iași (1,533), and most units were commissioned in the development regions Bucharest - Ilfov, North-West, North-East, Central Romania and South-East (Source: NIS).

SELECTED FINANCIAL INFORMATION

Financial Statements

The financial information presented in this Prospectus is taken, as applicable, from (a) the audited Consolidated Financial Statements of the Issuer for the years ended on 31 December 2015 and 31 December 2016 (the "**Annual Audited Consolidated Financial Statements**") and from the unaudited Consolidated Financial Statements of the Issuer for the semester ended on 30 June 2017 ("**Half-Yearly Non-Audited Consolidated Financial Statements**") and, respectively, from (b) the audited Individual Financial Statements of the Issuer for the years ended on 31 December 2015 and, respectively, 31 December 2016 (the "**Annual Audited Individual Financial Statements**") and the unaudited Individual Financial Statements of the Issuer for the semester ended on 30 June 2017 (the "**Half-Yearly Non-Audited Individual Financial Statements**") and, respectively, for the nine-months period ended on 30 September 2017 (the "**Quarterly Non-Audited Individual Financial Statements**"). The information selected below should be read together with the financial statements mentioned before, where appropriate accompanied by their explanatory notes.

The Consolidated Financial Statements and the Individual Financial Statements were prepared in accordance with IFRS, with the Romanian leu (RON) as presentation currency. The Annual Audited Consolidated Financial Statements and the Audited Individual Financial Statements are audited by the independent auditor appointed by the Company. The Half-Yearly Non-Audited Consolidated Financial Statements, the Half-Yearly Non-Audited Individual Financial Statements and the Quarterly Non-Audited Individual Financial Statements are neither audited nor reviewed by an independent auditor.

Selected financial information extracted from the Consolidated Financial Statements

Consolidated statement of the financial position

The table below presents the consolidated statement of the Group's financial position as at 31 December 2015 and 31 December 2016, and as at 30 June 2016 and 30 June 2017:

	31 December		30 June	
	2016 <i>(audited)</i> <i>(RON)</i>	2015 <i>(audited)</i>	2017 <i>(not audited)</i> <i>(RON)</i>	2016 <i>(not audited)</i>
ASSETS				
Non-current assets				
Tangible fixed assets	6,038,745	5,727,176	6,417,397	5,975,488
Intangible fixed assets	245,075	131,555	218,932	189,675
Real estate investment	136,736,403	214,898,889	136,736,413	188,085,509
Financial assets	-	-	(1,391,060)	-
Trade receivables and other receivables	11,215,815	11,367,047	10,946,284	11,544,710
Total fixed assets	154,236,038	232,124,667	152,927,966	205,795,382
Current assets				
Stocks	295,687,776	190,758,661	306,235,148	232,604,860
Trade receivables and other receivables	14,874,354	25,552,083	23,205,415	15,139,586
Prepayments	179,397	164,016	194,029	137,936
Cash and cash equivalents	17,632,043	17,266,754	11,012,393	11,993,522
Total current assets	328,373,570	233,741,464	340,646,985	259,875,904
Total assets	482,609,608	465,866,131	493,574,951	465,671,286
EQUITY AND LIABILITIES				
Equity				
Share capital	285,330,158	285,330,158	285,330,158	285,330,158
Share premiums	84,175,480	84,175,480	68,760,070	84,175,480
Revaluation reserve	3,137,863	3,190,469	3,137,863	3,111,956
Other reserves	7,627,695	6,068,674	5,599,001	6,147,188
Retained earnings	22,300,222	(16,097,921)	10,856,816	(20,831,972)
Net profit/loss for the period	29,611,815	(4,731,999)	12,599,626	13,741,087

Total equity	387,582,789	357,934,861	386,283,534	371,673,897
	-	-	-	-
Long-term liabilities				
Loans	28,519,089	13,228,061	35,110,429	32,628,270
Trade payables and other liabilities	2,863,944	2,832,985	3,554,311	3,111,297
Deferred tax	13,814,127	13,826,334	13,826,334	13,826,334
Long-term liabilities	45,197,160	29,887,380	52,491,074	49,565,901
Current liabilities				
Loans	21,107,550	32,560,942	25,055,361	25,402,235
Commercial debts and other debts	28,715,491	25,655,309	29,738,364	17,642,635
Provisions for risks and expenses	6,618	19,827,639	6,618	1,386,618
Total current liabilities	49,829,659	78,043,890	54,800,343	44,431,488
Total liabilities	95,026,819	107,931,270	107,291,417	93,997,389
Total equity and liabilities	482,609,608	465,866,131	493,574,951	465,671,286

Source: For the periods ended on 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended on 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements.

Consolidated profit and loss statement

The table below presents the consolidated profit and loss statement of the Group as at 31 December 2015 and 31 December 2016, and as at 30 June 2016 and 30 June 2017:

	31 December		30 June	
	2016 (audited) (RON)	2015 (audited)	2017 (not audited) (RON)	2016 (not audited)
Income from the sale of residential properties stocks	144,906,803	107,032,653	69,444,573	52,107,621
Book value of the stock of residential properties sold	(92,333,577)	(72,606,379)	(45,110,884)	(33,744,483)
Profit/loss from the sale of residential properties	52,573,226	34,426,274	24,333,689	18,363,138
Income from leases	1,310,376	1,222,245	310,610	690,249
Operating costs invoiced to tenants	2,715,413	2,815,971	1,679,895	1,102,441
Operating costs related to the leased properties	(2,883,824)	(2,709,921)	(1,591,043)	(1,050,424)
Net income from re invoicing	(168,411)	106,050	88,852	52,017
Income from the sale of real estate investments	2,189,510	4,295,138	-	1,434,154
Book value of real estate investments	(1,917,666)	(4,238,327)	-	(1,304,721)
Profit/loss from the sale of real estate investments	271,844	56,811	-	129,433
Income from services provided	763,596	1,613,087	1,342,904	1,147,314
Raw materials and materials consumption	(2,641,460)	(4,763,579)	(498,620)	(794,092)
Services provided by third parties	(8,263,165)	(8,882,554)	(3,904,739)	(3,070,478)
Expenses related to employee benefits	(9,721,718)	(9,137,866)	(5,217,626)	(4,052,972)
Other operating income	1,228,185	1,003,836	(53,658)	(662,327)
Other operating expenses	(3,942,150)	(6,165,958)	(2,465,705)	3,976,834
Provisions for litigations	5,600,147	(17,200,000)	-	-
Other net operating income / (expenses)	(16,976,565)	(43,533,034)	(10,797,444)	(3,455,721)
Profit before the calculation of interest, tax, depreciation and amortization	37,010,470	(7,721,654)	13,935,707	15,779,116
Expenses related to depreciation and amortization	(670,308)	(630,871)	(378,320)	(303,148)
Impairment of assets, other than real estate investment	(5,678,347)	3,362,558	562,365	(1,098,420)
Recognized/reversed depreciation and impairment, other than those related to the real estate investments	(6,348,655)	2,731,687	184,045	(1,401,568)
Net gain / (loss) of the fair value of real estate investments	492,053	1,745,128	-	-
Profit before interest and tax	31,153,868	(3,244,839)	14,119,752	14,377,548
Financing costs	(1,452,346)	(1,344,045)	(957,482)	(493,626)
Financial income	31,856	20,971	(117,176)	12,722
Exchange rate differences	63,572	(77,321)	11,505	51,329
Other net financial items	(185,135)	(86,766)	(213,368)	(206,886)
Financial profit/ (loss)	(1,542,053)	(1,487,161)	(1,276,521)	(636,461)
Gross profit/ (gross loss)	29,611,815	(4,732,000)	12,843,231	13,741,087
Profit tax	-	-	(243,605)	-
	25,907	20,187	-	-
fDifferences from the revaluation of other tangible assets				-
Net profit / (loss) of the period	29,637,722	(4,711,813)	12,599,626	13,741,087

Source: For the periods ended on 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended on 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

Evolution of main financial indicators

Evolution of assets

The Group's total assets increased by 3.6% as at 31 December 2016, from RON 465.9 million as at 31 December 2015 to RON 482.6 million as at 31 December 2016, offsetting the decrease of real estate investment (by 36.37% at the end of 2016 as compared to the end of 2015) and of receivables in the non-current assets for the same period (by 1.33% at the end of 2016 as compared to the end of 2015). The Group's total assets continued to increase by 6% in the first half of 2017 as compared to the same period in the past year, from RON 465.7 million as at 30 June 2016 to RON 493.5 million as at 30 June 2017. The increase in assets as at 30 June 2017 is due to commercial receivables in the current assets, which increased by 65% during the first semester of the current year, as compared to 30 June 2016, the main reason being the lower collection rate on apartment sale contracts, a significant portion thereof being by bank loan and less from own sources. Also, the "Prima Casa" loans are settled in a longer period of time and the gap automatically shows in the statement of Group liabilities.

The weight of current assets in total Group assets was 68.04% as at 31 December 2016, growing by 17.87 percentage points as compared to 50.16% as at 31 December 2015. In the first six months of 2017, the weight of current assets in total Group assets was 69.02%, growing by 13.21 percentage points as compared to 55.81% as at 30 June 2016.

The Group's total inventories increased by 55% as at 31 December 2016, from RON 190.8 million as at 31 December 2015 to RON 295.7 million as at 31 December 2016. The Group's total inventories grew by 31.6% as at 30 June 2017, from RON 232.6 million as at 30 June 2016 to RON 306.2 million as at 30 June 2017. Increases in inventories in the first half of 2017 are mainly due to production expenses for the new development stage of the Greenfield quarter, phase 7.

The Group's long-term receivables registered a slight decrease of 1.34% as at 31 December 2016, from RON 11.4 million as at 31 December 2015 to RON 11.2 million as at 31 December 2016, and continued to decrease in the first six months of 2017, by 5.2% as compared to the same period of the previous year, from RON 11.5 million as at 30 June 2016 to RON 10.9 million as at 30 June 2017.

The current receivables decreased by 42% as at 31 December 2016, from RON 25.6 million as at 31 December 2015 to RON 14.9 million as at 31 December 2016. In the first half of 2017, current receivables increased by 53.6% from RON 15.1 million as at 30 June 2016 to RON 23.2 million as at 30 June 2017. The decrease of current receivables was mainly due to the collections from clients, but also to the decreasing end of contracts with payment in instalments in the past 3 years (contracts which no longer exists now).

Evolution of shareholders equity and debts

As at 31 December 2016, the Group's equity amounted to RON 385.4 million, representing a growth of 7.6% as compared to 31 December 2015, when the Group's equity amounted to RON 357.9 million. At the end of June 2017, the Group's equity amounted to RON 386.3 million, representing a growth of 3.9% as compared to 30 June 2016, when the Group's equity amounted to RON 371.7 million.

The equity/total liabilities ratio at Group level as at 31 December 2016 was of 79.9%, representing a growth as compared to 76.8% as at 31 December 2015. As at 30 June 2017, the equity/total current liabilities ratio at Group level was 78.2%, as compared to 79.3% as at 30 June 2016. Correlatively, the weight of debts in total current liabilities, at Group level, as at 31 December 2016, was 19.720%, decreasing from 23.217% as at 31 December 2015. As at 30 June 2017, the weight of debts in total current liabilities, at Group level, was 21.8%, representing a slight decrease as compared to 20.2% as at 30 June 2016.

Out of the total Group liabilities as at 30 June 2017, 31% are represented by trade liabilities and other liabilities, loans from credit institutions (amounting to RON 60.1 million), representing 56.1% of total liabilities. Also, other liabilities as at 30 June 2017 include dividends to be paid to shareholders amounting to RON 11.2 million.

As at 30 June 2017, liabilities to be paid in less than one year represent 51% of the Group's total liabilities.

Evolution of operational income

The Group's revenues generally vary depending on the development stages of the Group's projects. The resumption of production with new residential development stages in the Greenfield quarter was favourable to obtaining a competitive product which was appreciated on the market and therefore the company managed to significantly increase sales and revenues.

Total Group revenues from the sale of residential properties stock for the period ended on 31 December 2016 amounted to RON 144,906,803, as compared to RON 107,032,653 for the period ended on 31 December 2015, representing a 35.4% growth as compared to the same period of the previous year,.

Total Group revenues from the sale of residential properties stock for the period ended on 30 June 2017 amounted to RON 69,444,573 as compared to RON 52,107,621 for the period ended on 30 June 2016, representing a 29.43% increase.

The Group's main sources of revenue are represented by income obtained by the Issuer from the sale of residential properties (apartments and houses) and plots of land, from rents and from services provided. In addition, the Group also obtains revenues from utilities charged back to tenants.

The table below presents the simplified structure of the Group's operational revenues as at 31 December 2015 and 31 December 2016, and as at 30 June 2016 and 30 June 2017:

	31 December		30 June	
	2016	2015	2017	2016
	<i>(audited)</i>	<i>(audited)</i>	<i>(not audited)</i>	<i>(not audited)</i>
Income from the sale of stocks of residential properties	144,906,803	107,032,653	69,444,573	52,107,621
Income from leases	1,310,376	1,222,245	310,610	690,249
Income from the sale of real estate investment	2,189,510	4,295,138	-	1,434,154
Income from services	763,596	1,613,087	1,342,904	1,147,314
Other operational income	1,228,185	1,003,836	(53.65)	(662,327)

Source: For the periods ended on 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended on 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

Revenues from the sale of apartments and houses

In 2016, the revenues from the sale of residential properties increased by 35.39%, from RON 107,032,653 as at 31 December 2015 to RON 144,906,803 as at 31 December 2016, due to the start of the sales in Stage 3 and Stage 4 of Salcamilor Compound within the Greenfield Project.

Sales continued to register a slight growth in the first semester of 2017, by 1.7% as compared to the same period of the previous year, from 172 units as at 30 June 2016 to 175 units as at 30 June 2017, while the average value of the transaction increased by more than 19%, from approximately EUR 69,200 in 2016, to EUR 82,300 in the first half of 2017.

Revenues from the sale of land

Regarding the sale of land, sales decreased by 48.8% in 2016 as compared to 2015, from RON 4.3 million as at 31 December 2016 to RON 2.2 million as at 31 December 2015. In the first half of 2017, the Company did not sell any land, unlike in the same period of the previous year, when sales reached RON 1.4 million. The decrease of land sales is accentuated by the low appetite of purchasers for this product, plus the lack of funding.

Rental income

The apartment rental activity is no longer a priority for the Group in the past years. Rental income decreased by 55% as at 30 June 2017 as compared to 30 June 2016. Most residential units whose lease agreements were terminated since 2015 were sold, so that on 30 June 2017 the Group still rented only 6 residential units. Upon expiry of the leases, these will also be sold.

Evolution of operational expenses

The total operational expenses at the Group level for the period ended on 31 December 2016 amounted to RON 121,703,560, as compared to RON 125,704,583 for the period ended on 31 December 2015, representing a decrease of 3.3% as compared to the same period of the previous year,.

The total Group operational expenses for the period ended on 30 June 2017 amounted to 58,788,617 as compared to RON 44,679,497 for the period ended on 30 June 2016, representing a 31.6% increase.

The table below presents the simplified structure of the Group's operational expenses as at 31 December 2015 and 31 December 2016, and as at 30 June 2016 and 30 June 2017:

	31 December		30 June	
	2016 <i>(audited)</i>	2015 <i>(audited)</i>	2017 <i>(not audited)</i>	2016 <i>(not audited)</i>
	<i>(RON)</i>		<i>(RON)</i>	
Operational expenses	(121,703,560)	(125,704,583)	(58,788,617)	(44,679,497)
Book value of the stock of residential properties sold	(92,333,577)	(72,606,379)	(45,110,884)	(33,744,483)
Operational costs of rented properties	(2,883,824)	(2,709,921)	(1,591,043)	(1,050,424)
Book value of real estate investments	(1,917,666)	(4,238,327)	-	(1,304,721)
Services provided by third parties	(8,263,165)	(8,882,554)	(3,904,739)	(3,070,478)
Expenses on consumables	(2,641,460)	(4,763,579)	(498,620)	(794,092)
Expenses on employee benefits	(9,721,718)	(9,137,866)	(5,217,626)	(4,052,972)
Other operational expenses	(3,942,150)	(6,165,958)	(2,465,705)	(662,237)
Expenses with provisions for litigations	-	(17,200,000)	-	-

Source: For the periods ended on 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended on 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

Increases in expenses were registered in 2016 as compared to 2015 as concerns the operational expenses and expenses on employee benefits, the costs corresponding to each of these chapters having increased by 6.4% as compared to the same period of the previous year,. As at 30 June 2017, as compared to 30 June 2016, operational expenses corresponding to leased properties increased by 52.4% mainly because of existing stocks, while expenses with employee benefits decreased by 29%.

Expenses on raw materials and materials decreased by 44.5% as at 31 December 2016 as compared to 31 December 2015 and by 37.2% as at 30 June 2017 as compared to 30 June 2016.

A significant influence on operational revenues was the reversal of the provision established for the litigation registered in file no. 60772/3/2011, in which criminal decision no. 527/A of the Bucharest Court of Appeal was rendered (the civil party being the National Agency for Tax Administration - the General Directorate for Legal Affairs).

The Group has no significant capital expenditures, either current or projected.

Evolution of the result of the period

The Group's operational result before interest and tax registered a growth of RON 34,398,706, to 31,153,868 as at 31 December 2016 as compared to RON -3,244,838 as at 31 December 2015 (this last result being determined by fair value impairment of real estate investment, according to IAS 40). Real estate investment includes land and residential properties held for long-term capital appreciation. Also, residential properties included in real estate investments also include buildings leased to third parties. In the first half of 2017, the Group's operational result before interest and tax registered a decrease of 1.8% as compared to the same period of the previous year,, amounting to RON -257,796, to RON 14,119,752 as at 30 June 2017 from RON 14,377,548 as at 30 June 2016.

The Group's net financial result decreased by RON -54,892, to RON -1,542,053 as at 31 December 2016 as compared to RON -1,487,161 as at 31 December 2015, on account of increased expenses with interest corresponding to the signing of three new loans to fund Phases 5 and 6 of the Platanilor Compound - Greenfield. In the first half of 2017, the Group's net financial result registered a decrease of 100.6% as compared to the same period of the previous year,, amounting to RON -640,060, to RON -1,276,521 as at 30 June 2017 from RON -636,461 as at 30 June 2016, the decrease being due to higher financing costs.

The Group's gross profit as at 31 December 2016 is RON 29,611,815, growing by RON 34,343,814 as compared to the loss of RON -4,731,999 as at 31 December 2015. In the first half of 2017, the Group's gross profit registered a decrease of -6.6% as compared to the same period of the previous year,, amounting to RON -897,856, to RON 12,843,231 as at 30 June 2017 from RON 13,741,087 as at 30 June 2016.

In net figures, the Group's profit as at 31 December 2016 is RON 29,611,815, growing by RON 34,343,814 as compared to the loss of RON -4,731,999 as at 31 December 2015. In the first half of 2017, the Group's net result registered a decrease of 8.3% as compared to the same period of the previous year,, amounting to RON -1,141,461, to RON 12,599,626 as at 30 June 2017 from RON 13,741,087 as at 30 June 2016.

EPRA indicators

EPRA (European Public Real Estate Association) is an association whose mission is to promote, develop and represent the real estate sector in Europe, consisting in companies listed on the stock exchange.

Among other things, EPRA's specialized committees have made some recommendations to improve the presentation methods, transparency, relevance and comparability of results published by listed real estate companies. The Issuer supports this standardization initiative for performance reporting, ultimately translated into enhanced quality, and therefore includes in its annual reports the following EPRA indicators:

- EPRA Net Asset Value, determined based on the net book value of assets (determined according to IFRS), adjusted to include the market value of investments and to exclude certain items that are not expected to change into long term investment projects; and
- EPRA Net Asset Value per Share, being the ratio between EPRA Net Asset Value and the number of shares in circulation.

The table below includes the evolution of EPRA indicators for the years ended on 31 December 2015 and 2016, and for the half-years ended on 30 June 2016 and 2017.

	31 December		30 June	
	2016 (audited) (RON)	2015 (audited)	2017 (not audited)	2016 (not audited) (RON)
EPRA Net Asset Value	437,237,453	470,352,594	548,491,466	459,328,029
EPRA Net Asset Value per Share	1.57	1.69	1.96	1.65

Source: For the periods ended as at 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended as at 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

Cash flows position

The table below includes the consolidated cash flows from operating activities, consolidated cash flows used in investment activities and consolidated cash flows from (used in) financing activities, for the years ended on 31 December 2015 and 2016, and for the half-years ended on 30 June 2016 and 2017.

	31 December		30 June	
	2016 (audited) (RON)	2015 (audited)	2017 (not audited)	2016 (not audited) (RON)
Cash at the beginning of the period	17,266,754	3,653,180	17,632,043	17,266,754
Net cash flows from operating activities	(11,614,838)	559,524	(7,527,322)	(18,680,428)
Net cash flows from investment activities	534,550	4,010,639	660,270	689,907
Net cash flows from financing activities	11,445,577	9,043,412	247,402	12,717,289
Cash at the end of the period	17,632,043	17,266,754	11,012,393	11,993,522

Source: For the periods ended on 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended on 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

The decrease in the consolidated available cash by 31% at the end of the first half of 2016 as compared to the beginning of the year is determined by the payment to the National Agency of Tax Administration - General Directorate for Legal Affairs of the debt from the litigation in file no. 60772/3/2011, ended in March 2016 by criminal decision 527/A of

Bucharest Court of Appeal. The obligations established by the court in charge of the Issuer in the previously mentioned litigation were settled in full.

Selected financial information extracted from the Individual Financial Statements

The analysis of the balance sheet items

The table below includes an analysis of the Issuer's assets, at the date of reference 30 September 2017, as compared to the value of the same elements, at 31 December 2016:

	31 December 2016 <i>(audited)</i>	30 September 2017 <i>(unaudited)</i>	%
	<i>(RON)</i>		
ASSETS			
Tangible fixed assets	6,044,055	7,882,560	30%
Intangible fixed assets	232,663	179,580	-23%
Real estate investments	136,736,403	136,759,859	0%
Financial assets	14,377,226	14,400,196	0%
Fixed receivables	11,215,815	6,808,885	-39%
Total fixed assets	168,606,162	168,699,849	0%
Stocks	282,813,138	293,959,866	4%
Trade receivables and other receivables	15,652,318	71,836,993	359%
Prepayments	131,717	87,142	-34%
Cash and cash equivalents	17,432,180	17,583,161	1%
Total current assets	316,029,353	383,467,162	21%
Total assets	484,635,515	549,318,242	13%

Source: Quarterly Non-Audited Individual Financial Statements

At 30 September 2017, the Issuer's cash holdings remained approximately the same as in December 2016.

In the first nine months of 2017, trade receivables grew with 359%, the main reason being the loan agreement with Bergamot Developments, as borrower, and the Issuer, as lender. See – *Events subsequent to the date of the latest consolidated financial statement presented in the Prospectus - Operations in order to finance the development and construction of residential projects through Bergamot Developments S.R.L.*

Compared to the beginning of the year, the stocks grew by 4% due to the capitalization of production costs for the new phase of the development of Greenfield area, phase 7 and the final reception of the apartments corresponding to Phases 5 and 6, from March 2017.

The tangible fixed assets grew due to the transfer in assets (from stocks) of the land belonging to the park and purchases of various equipment (including IT) for the utilization of the new sales office (30%).

Total assets appreciated by approximately 13% compared to the level registered at the end of 2016.

The table below includes an analysis of the Issuer's liabilities, at the date of reference 30 September 2017, as compared to the value of the same elements, at 31 December 2016.

	31 decembrie 2016 <i>(audited)</i>	30 septembrie 2017 <i>(unaudited)</i>	%
	<i>(RON)</i>		
LIABILITIES			
Equity	390,776,564	391,763,350	0%
Loans	28,519,089	93,873,965	229%
Commercial debts and other debts	2,863,913	2,554,437	-11%
Deferred tax	13,000,347	13,000,347	0%
Long-term liabilities	44,383,349	109,428,749	147%
Loans	28,715,491	19,266,384	-33%
Commercial debts and other debts	20,753,493	28,853,141	39%
Provisions for risks and expenses	6,618	6,618	0%
Total current liabilities	49,475,602	48,126,143	-3%
Total liabilities	93,858,951	157,554,892	68%
Total equity and liabilities	484,635,515	549,318,242	13%

Source: Quarterly Non-Audited Individual Financial Situations

The Issuer's loans grew in the third quarter of 2017 due to the bond offering with the respective interest after the revaluation of RON 55,056,834 and to the new lines of credit obtained for the financing of phase 7 (Platanilor Assembly).

The Issuer's commercial debts grew by 33% due to the growing production expenses correlated with the withdrawals from the bank loans. At the same time, on the line of other debts at 30 September 2017 are also included the payable dividends to investors in amount of RON 11.2 million. Compared to the value of payable dividends at 30 September 2017, during October 2017 were paid in a proportion of 98%

Equity grew by 13% as compared to the level of the end 2016, due to the registered growth from loans at Q3 2017.

Analysis of result elements

During the third quarter of 2017, the Issuer recorded operating revenues of RON 101.9 million, 17% lower compared to the same period of the previous year, and a net profit of RON 13.5 million, 52% lower compared to the same period of 2016, when the gross profit was RON 27.9 million. The decrease of profit was influenced by a lower sales volume than the previous year (-19%) and due to the increase of the Issuer's financial cost (+153%) compared to 2016. The decrease was due solely to the closure of one of the access roads in the complex and to the intense unfavorable media coverage. In anticipation of this situation, the Issuer identified, as of 2016, three other alternative access solutions, for which it has finalized its land acquisition and related designing, the approval and authorization procedures being still in progress.

The principal financial indicators of the Issuer's financial situation as at 30 September 2017:

IFRS Indicators (RON)	2016_9 months	2017_9 months	Variation	3rd Quarter_2016	3rd Quarter_2017	Variation
	<i>(unaudited)</i>					
Operating income:	123,359,685	101,870,763	-17%	61,207,330	31,158,005	-49%
Income from the sale of residential property stocks	111,343,543	93,776,931	-16%	59,510,794	26,314,412	-56%
Income from leases and reinvoiced utilities to the tenants	2,891,635	6,661,296	130%	1,044,064	4,615,910	342%
Income from the sale of real estate investments	1,619,062	0	-100%	184,908	0	-100%
Other operating income	865,371	1,432,536	66%	348,053	227,683	-35%
Other operating income – NAFA litigation	6,640,074	0	-100%	119,511	0	-100%
Operating expenses, from which:	(95,973,364)	(84,284,414)	-12%	(47,410,256)	(27,358,449)	-42%
Book value of the sale of residential property stocks	(76,768,160)	(62,535,780)	-19%	(40,047,200)	(19,296,851)	-52%
Operating expenses regarding the leased and sold properties	(1,755,550)	(5,483,851)	212%	(708,782)	(3,894,418)	449%
Book value of real estate investments	(1,461,265)	0	-100%	(156,544)	0	-100%
Expenses regarding raw materials and material consumption	(617,606)	(658,495)	7%	(316,569)	(202,420)	-36%
Services provided by third parties	(6,147,701)	(5,037,777)	-18%	(2,857,470)	(241,066)	-92%
Expenses with employees benefits	(5,652,709)	(6,785,574)	20%	(2,249,546)	(2,387,166)	6%
Other operating expenses	(3,570,373)	(3,782,937)	6%	(1,074,145)	(1,336,528)	24%
Operating Result (EBITDA)	27,386,321	17,586,349	-36%	13,797,074	3,799,556	-72%
Expenses with the depreciation and amortisation	(474,704)	(565,762)	19%	(174,438)	(190,324)	9%
Loss of assets value, other than real estate investments	1,990,461	(337,410)	-117%	1,058,870	(683,003)	-165%
Earnings/ (losses) in the fair value of real estate investments	0	0	0%	0	0	0%
Operating result (EBIT)	28,902,078	16,683,177	-42%	14,681,506	2,926,229	-80%
Net financial costs	(950,801)	(2,404,748)	153%	(475,014)	(1,128,178)	138%
Gross profit/ loss (EBT)	27,951,277	14,278,429	-49%	14,206,492	1,798,051	-87%
Profit tax	0	(800,000)	100%	0	(556,395)	100%
Profit/ (loss) of period	27,951,277	13,478,429	-52%	14,206,492	1,241,656	-91%

Source: Quarterly Non-Audited Individual Financial Situations

At 30 September 2017, the sales reached an amount of 246 estates (apartments and houses), 29 parking lots, 5 land plots and 1 terrace, totaling a total build area of 22,007 sqm, 25.9% lower as compared to the precedent year (29.677 sqm).

Sales decreased with 30.3%, from 353 units at the end of 3rd quarter of 2016, at 246 units at the 3rd quarter of 2017, while the average transaction value grew with more than 19%, from approximately EUR 70,895 in 2016, at 82,952 in the 3rd quarter of 2017. Operating expenses decreased by 12% as compared to the similar period of 2016. Operating expenses related to the sold real estate at 30 September 2017 increased due to the expenses incurred for the start of the Domenii Project development, expenses reinvoiced to Bergamot Developments S.R.L.

Compared to an operating result of RON 27.39 million at 30 September 2016, in 2017 the operating result was RON 17.59 million (-36%).

Cash flow situation

At 30 September 2017, the cash flow situation of the Issuer was:

The decline in cash at the end of 3rd quarter of 2017 is based on the investments made in the phases 5, 6 and 7 in Platanilor Assembly (Greenfield Project).

	30 September 2016 <i>(unaudited)</i>	30 September 2017 <i>(unaudited)</i>
	<i>(RON)</i>	
<i>Cash flow at the beginning aof the period</i>	17,080,848	17,432,180
Net cash flows from operating activities	(4,925,706)	(46,602,785)
Net cash flows from investment activities	673,117	(2,217,610)
Net cash flows from financing activities	3,226,057	48,971,376
<i>Cash at the end of the period</i>	16,054,316	17,583,161

Source: Quarterly Non-Audited Individual Financial Situations

Status of loans

Status of bank loans

As at 30 September 2017, the status of bank loans was as follows:

Lender	Currency	Maturity date	Size of the facility, in the original currency
Piraeus Bank ⁽¹⁾	EUR	21.10.2017	12,807,270
Piraeus Bank	RON	28.07.2020	32,730,000
Banca Transilvania	RON	25.07.2018	4,047,000
Banca Transilvania	RON	25.07.2018	20,235,000
Banca Transilvania	RON	28.02.2019	3,861,180
Banca Transilvania	RON	28.02.2019	20,332,000
Libra Internet Bank	RON	23.09.2020	35,000,000

⁽¹⁾ The loan was repaid in full on 9 October 2017.

Bank loans are secured by the following assets (fair values):

31 December	30 June
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	2016	2015	2016	2017
	136,736,403	214,898,889	136,736,413	188,085,509
Investment property				
Commercial receivables and other receivables (of the category of the current assets)	14,874,354	25,552,033	23,205,415	15,139,586
	17,632,043	17,266,754	11,012,393	11,993,522
Cash and cash equivalents				

Source: Group

Loan agreements concluded in 2014 with Banca Transilvania including a pledge on all proceeds operated by the bank and on Salcamilor quarter, which is still under construction.

Please also see section “*Main agreements*” for a detailed description of significant bank loans of the Group.

Other financial obligations

2017 bonds issuance

On 10 July 2017, the company offered for subscription 120 bearer bonds of A series, each of a nominal value of EUR 100,000 and of a total nominal value of EUR 12,000,000, issued in certificated form, to two investment funds managed by Credit Value Investments Sp. z.o.o. (CVI), who accepted the offer on the same date. The bonds were initially offered at an issuance price of EUR 98,400 per Bond (i.e. EUR 11,808,000 for the total number of Bonds). The bonds were issued on 11 July 2017 and are due on the anniversary of 54 months from the date of issuance, provided that, after 42 months from the date of issuance, the Company buys back 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per year, to be paid twice a year.

The revenue from the bonds issuance has been used to finance the acquisition of land through the Issuer's subsidiary Bergamot Developments S.R.L. in order to develop and build residential projects. The bonds are mainly secured by a first ranking real estate mortgage covering the obligations arising from the Bonds, up to a maximum secured value of EUR 18,000,000 (eighteen million Euro), established on nine plots of land of a total area of 196,407 sqm located in Bucharest, Sector 1, Romania, which are exclusively owned by the Company, and on any accessories thereto. The company has an option to repurchase the Bonds before maturity, which may be exercised as from the second interest payment date, provided that the minimum repurchased value is at least EUR 1,000,000.

Financial risk management

Market risk

Market risk is the risk that market prices variations, such as exchange rates, interest rates and prices of equity instruments, affect the Company's revenues or the value of the owned financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters and to optimize the return on investment.

Interest rate risk

At the reporting date, the profile of exposure to the interest rate risk corresponding to interest-bearing financial instruments, as reported by the Issuer's management, was the following:

	Book value			
	2016 (audited)	2015 (audited)	2017 (not audited)	2016 (not audited)
<i>Fixed rate instruments</i>				
Financial assets	-	-	-	-
Financial Indebtedness	-	-	-	-
	-	-	-	-
<i>Floating rate instruments</i>				
Financial indebtedness	57,234,580	45,789,003	58,030,505	60,165,790
Total	57,234,580	45,789,003	58,030,505	60,165,790

Source: For the periods ended as at 31 December, the information was extracted from the Annual Audited Consolidated Financial Statements, while for the periods ended as at 30 June, the information was extracted from the Half-Yearly Non-Audited Consolidated Financial Statements

Sensitivity analysis of the fair value for fixed interest rate instruments

The Company does not account for financial assets and liabilities with the fixed interest rate at fair value through profit and loss and does not designate derivatives (interest rate swaps) as risk hedging instruments within a cost accounting model for the risk hedging of fair value. Therefore, a variation of interest rates as at the reporting date would not affect the profit and loss account.

The sensitivity analysis of the cash flows for floating interest rate instruments

A variation of interest rates by 100 base points as at the reporting date would have determined the increase or decrease of equity and profit or loss by RON 572,345 at the end of 2016 (2015: RON 457,890). This (hypothetical) analysis implies that all other variables, particularly exchange rates, remain unchanged.

Judicial proceedings

The Issuer is a party, as claimant or defendant, in various judicial proceedings pending before Romanian courts of law. The most significant (in terms of potential impact on the financial standing or profitability of the Issuer) are summarized below.

Litigation for termination of joint ownership against Cefin Real Estate Dezvoltare BV S.R.L.

The Issuer purchased in September 2014, for a new real estate development, a plot of land located in Bucharest, in a semi-central area of Barbu Văcărescu Boulevard, representing a share of 1/3 (approximately 26,400 sqm) of the title of ownership over the property consisting of 5 plots of land, of a total area of 78,970 sqm. For the remainder of the land, the Issuer is in litigation for the termination of co-ownership with the owner Cefin Real Estate Dezvoltare BV S.R.L. The litigation is pending before Sector 2 Court of Law, in the first phase of the trial, the first court hearing being set for 16 November 2017.

Litigation concerning the joint venture agreement concluded with Cluj-Napoca Municipality for the development of the Lomb residential project

Since 2012, Clearline Development & Management SRL and the Issuer have been involved in two disputes with Cluj-Napoca Municipality, by the mayor, regarding a joint venture agreement concluded with Cluj-Napoca Municipality, having as object the development of the Lomb residential project (the “**Joint Venture Agreement**”). The Issuer is a claimant in the dispute pending before Cluj Tribunal, and the project company has the capacity of claimant in the dispute pending before Arges Tribunal. The Issuer is a claimant in the claim having as its object the termination of the Joint Venture Agreement, with claims of RON 4,008,222. Clearline Development & Management SRL has the capacity of claimant in the dispute having as its object the contractual claims deriving from the Joint Venture Agreement, amounting to RON 17,053,000. Both disputes are in the judicial investigation stage at the first instance.

Litigation having as object challenges against taxation decisions issued by the National Agency for Fiscal Administration

The Company is involved in 2 (two) disputes having as object challenges against taxation decisions issued by the National Agency for Fiscal Administration (NAFA), pending with Romanian courts of law, in various procedural stages. The aggregate value of these litigations is RON 134,046.

Litigation against Floreasca Construction S.A. and Brooklyn Management S.A.

The Issuer is involved in 3 disputes with Floreasca Construction S.A. (former Summa Romania S.A.) and with Brooklyn Management S.A. In one of the litigations (File no. 23619/3/2009**) the Issuer is a claimant in an action to determine the occurrence of legal set-off for the amount of RON 7,602,000.

File no. 23619/3/2009*, having as its object: (1) the declaration of the non-existence of the right of Summa Romania S.A. (subsequently, Floreasca Construction S.A.) to receive from the Issuer the payment of the amount of RON 3,927,170.82, based on construction works contract no. 6/2007, as a result of the legal set-off of the mutual receivables of the Issuer and Floreasca Construction S.A. and (2) the declaration of the non-existence of the right of Floreasca Construction S.A. to receive from the Issuer the payment of RON 3,403,767.26 under construction works contract no. 42/2007, as a result of the legal set-off of the mutual receivables of the Issuer and Floreasca Construction S.A. At present, the transferee - Brooklyn Property Management S.R.L. (to which Summa Romania S.A. (subsequently, Floreasca Construction S.A.) assigned the receivables against the Issuer) is a party in the file, *in lieu* of Summa Romania S.A. Since it was finally and irrevocably established by the court that the assignment between Summa Romania S.A. (subsequently, Floreasca Construction S.A.) and Brooklyn Property Management S.R.L in connection with contract no. 42/2007 is not valid and has no effect, the Issuer may not claim against the transferee any set-off in respect of the

receivables arising from this contract. For this reason, an application for reduction of the object of the claim for off-setting the receivables was filed so that such set-off operates only in relation to receivables from Contract no. 6/2007.

Pending the final settlement of this file, all other litigations against the same parties are suspended.

In file no. 32874/3/2010 - SC Brooklyn Property Management SRL brought a legal action against the Issuer, requesting the court to order the Issuer to pay RON 9,138,139 (of which RON 3,483,959.66 is the equivalent value of the contractor works executed by SC SUMMA ROMANIA SA (subsequently, SC FLOREASCA CONSTRUCTION SA) and RON 5,654,180.32, the equivalent value of the penalties for delay)

The action is based on the fact that Summa Romania SA assigned to SC Brooklyn Property Management SRL the receivables arising from contract no. 6/18.05.2012 concluded with the Issuer.

This time, the court decided that the assignment of Summa Romania SA's receivables (subsequently, Floreasca Construction SA) against the Issuer under works contract no. 6/2007 is valid and effective.

The judgment is suspended until final and irrevocable settlement of file no. 23619/3/2009*.

File no. 45886/3/2009 has as its object SC Brooklyn Property Management SRL's request to order the Issuer to pay the amount of EUR 317,422.39, representing the equivalent value of the performance guarantee letter for contract no. 6/2007.

Judgment is suspended until irrevocable settlement of file 23619/3/2009 *.

Other litigation

The Issuer is a party in a number of other litigations pending before Romanian courts of law, among which:

- one litigation having as object a claim to rectify the land book and for the termination of a superficies right, initiated by the Issuer against MTS Leasing GMBH Germany and Chiriac Alexandru. The litigation is in the first instance, in the prior verification procedure, at Constanta Tribunal;
- certain litigation against natural persons, as follows:
 - (i) an action for the absolute nullity of several donation contracts, in which the Issuer acts as claimant; the litigation is in the first instance at the Bucharest Tribunal, in the prior verification procedure, the amount of the litigation being RON 1,281,278 and EUR 38,700;
 - (ii) The Issuer was a civilly liable party (in Romanian, *parte responsabilă civilmente*) in criminal file no. 60772/3/2011, since it was the successor in title of two acquired companies (Patagonia Invest S.R.L. and Fondamento Forte S.R.L.), through which Ms. Stegaru Ruxandra Maria (director) carried out certain real estate transactions for which she was convicted for tax evasion. The final civil judgment delivered in this file ordered the co-debtors – the Issuer, Stegaru Ruxandra Maria and SQRW Development (declared bankrupt) to pay the damage in an amount of RON 12,599,437. The Issuer paid the damage, being the only creditworthy co-debtor.

In this context, the Issuer initiated a series of disputes for the recovery of the damage, based on the following legal grounds:

- a. principal's recourse (Issuer) against the agent (Stegar Ruxandra Maria) guilty of perpetrating the act that caused the damage suffered by the Issuer.

In this respect, enforcement was initiated against Ms. Stegaru Ruxandra Maria for the recovery of RON 4,173,571. The amount was censored as a result of an assessment of the assets existing in the patrimony of debtor Stegaru Ruxandra Maria;

- b. since the Issuer acquired the capacity of a civilly liable party as a result of the acquisition by merger of the two companies mentioned above, the Issuer initiated a dispute also in relation to the breach of the warranty for eviction against the shareholders selling the shares of Patagonia Invest S.R.L. and Fondamento Forte S.R.L., with which the Issuer merged; and

Thus, a claim was filed against Mr. Tal Joshua Mosh and Ms. Stegaru Ruxandra Maria, requesting the court to order them to pay the sum of RON 3,710,386, representing the damage related to the breach of the warranty for eviction under the share sale-purchase contract concerning the acquired company -

- Patagonia Invest SRL – and concluded on 05.06.2006. The claim is the subject of file no. 28565/3/2017 pending before the Bucharest Tribunal; and
- a challenge against enforcement initiated against CEC Bank in the amount of RON 835,623. The Issuer challenges the real estate enforcement procedure initiated by CEC Bank regarding the property repossessed from its former natural person owners. Constanta Court of First Instance delivered a first court judgment admitting the challenge against enforcement filed by the Issuer. Such judgment may be appealed within 10 days of service of the judgment.

Information on accounting policies

The preparation of financial statements in accordance with IFRS requires the management to use professional judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, debts, income and expenses. Actual results may differ from the estimated values.

Estimates and assumptions underlying them are periodically reviewed. Revisions of accounting estimates are recognized in the period in which the estimate was revised and in future periods affected.

Valuation at fair value

Certain Company accounting policies and disclosure requirements require that fair value be determined for both financial assets and liabilities, as well as for non-financial assets and liabilities. The Company has an established control framework for fair value measurement. The Chief Financial Officer is responsible for overseeing significant fair value valuations, including Level 3 fair values. The Chief Financial Officer regularly reviews unobservable input data and significant valuation adjustments. If third-party data is used (e.g. quoted prices, provided by brokers or pricing services), the chief financial officer analyses whether these data meet the requirements of IFRS, including the level in the fair value hierarchy where such valuations should be classified

When assessing assets or liabilities at fair value, the Company uses as far as possible observable market information. The fair value hierarchy classifies inputs for the valuation techniques used to measure fair value on three levels as follows:

- **Level 1:** quoted (unadjusted) price on active markets for identical assets or liabilities that the entity may access on the valuation date;
- **Level 2:** inputs, other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** unobservable inputs for the asset or liability.

If the inputs for measuring the fair value of an asset or a liability can be classified on several levels of the fair value hierarchy, the fair value measurement is ranked in full on the same level of the fair value hierarchy as the lowest level of uncertainty that is significant to the fair value measurement as a whole.

The Company recognizes the transfers between levels of the fair value hierarchy at the end of the reporting period in which the change took place.

Basis of assessment

The financial statements are prepared at historical cost, except for the following significant items in the individual financial position statement:

- land and buildings are valued at their revalued amount;
- investment property is valued at fair value.

The Company has consistently applied the accounting policies presented in the financial statements.

Valuation of assets

Revaluation of land and buildings

On December 31, 2016 and December 31, 2015, the Company's buildings and land were revalued by independent external valuers, authorized by the National Union of Authorized Valuers in Romania ("NUAVR"), with recent experience regarding the location and the category of the evaluated property.

Fair value hierarchy

Based on the input data used in the valuation technique, the fair value of buildings and lands in the amount of RON 9,830,740 was classified at level 2 of the fair value hierarchy, the valuation being based on directly observable data on the active market of land and new residential buildings, adjusted insignificantly.

Valuation techniques

The following table shows the valuation techniques used to determine the fair value of buildings and land classified in level 2 of the fair value hierarchy.

Valuation approach	Key Input Data
Fair values are determined by applying the market comparison method. The valuation model relies on a price per square meter for both buildings and land, deriving from observable data on the market, deriving from an active and transparent market.	Prices per square meter for buildings (Bucharest: EUR 684 / sqm, other regions: from EUR 270 / sqm to EUR 600 / sqm). Prices per square meter for land (Bucharest: from EUR 52 / sqm to EUR 515 / sqm, other regions: from EUR 15 / sqm to EUR 60 / sqm).

Prices per square meter were determined based on observable prices in transactions with comparable properties, adjusted for location (from 5% to 30%) and condition (from 5% to 20%).

Inventories

The cost of inventories includes expenses incurred for the acquisition of inventories, production or processing costs, and other costs incurred in bringing inventories to their current location and condition. In the case of inventories produced by the Company on its own and in the case of production in progress, the cost includes the corresponding share of the administrative expenses related to the production on the basis of the normal operational capacity. The cost may also include the transfer from other items of the comprehensive income of gains or losses arising from cash flows hedges relating to the acquisition of inventories in foreign currency that qualify for hedge accounting.

The following techniques are used to assess the cost of various categories of inventories:

<i>Residential properties:</i>	specific identification
<i>Land:</i>	weighted average cost
<i>Other inventories:</i>	first in, first out (FIFO)

Inventories shall be measured at the lower of cost and net realizable value.

The net realizable value is the estimated selling price in the ordinary course of business minus the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as expense in the period in which the related income is recognized, including for sales in instalments. The amount of any write-down of inventories to net realizable value and all loss of inventories are recognized as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in the net realizable value, should be recognized as an increase in the amount of inventories recognized as income in the period in which the reversal occurs.

Tangible assets

Recognition and valuation

The cost includes costs directly attributable to the acquisition of the asset. The cost of the assets built by the Company on its own includes the following:

- the cost of materials and direct personnel costs;
- other costs directly attributable to the bringing of assets to the condition required for their intended use;
- when the Company has an obligation to move the asset and bring the corresponding land to its initial condition, an estimate of the costs of dismantling and moving the elements and bringing the land on which they were located to its initial condition; and
- capitalised borrowing costs.

The cost also includes transfers from other items of the comprehensive income of gains or losses arising from cash flow hedges relating to the acquisition of tangible assets in foreign currency that qualify for hedge accounting.

When certain components of a tangible asset have a different useful life, they are accounted for as separate items (major components) of tangible assets.

Any gain or loss on the disposal of an item of a tangible asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the individual statement of profit or loss and other items of comprehensive income.

Reclassification as a real estate investment

When the use of a property changes from real estate property used by the owner to real estate investment, the property is revalued at fair value and is reclassified as real estate investment. Any gain arising from revaluation is recognized in the individual statement of profit or loss and other items of comprehensive income to the extent that the gain reverses an earlier impairment loss on that property, the remaining portion remaining recognized as other comprehensive income and presented in the equity in the revaluation reserve, without being reclassified with the reclassification of the asset to which it relates. Any loss is immediately recognized in the individual statement of profit or loss and other items of comprehensive income.

Subsequent expenses

Subsequent expenses are capitalized only when they are likely to generate future economic benefits for the Company. Repairs and maintenance expenses are recognized in the individual statement of profit or loss and other items of the comprehensive income as they are incurred.

Revaluation

Buildings and land are revalued at sufficiently regular intervals to ensure that the carrying amount does not materially differ from what would have been determined by using fair value at the end of the reporting period.

Upon revaluation, any cumulative depreciation at the revaluation date is eliminated from the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

If the carrying amount of an asset is increased as a result of revaluation, then the increase should be recognized in other comprehensive income and accrued in equity as a revaluation reserve. However, the increase should be recognized in the statement of profit and loss of the period to the extent to which it offsets a reduction from the revaluation of the same asset previously recognized in the individual statement of profit or loss and other comprehensive income.

If the carrying amount of an asset is reduced as a result of a revaluation, that decrease should be recognized in the individual statement of profit or loss and other items of comprehensive income. However, the impairment should be recognized in other comprehensive income, to the extent that the revaluation surplus has a credit balance for that asset. The impairment recognized in other comprehensive income decreases the cumulative amount in equity as revaluation reserve.

The revaluation reserve, included in equity, related to an item of tangible assets is transferred directly to retained earnings when the asset is derecognized. This may involve the transfer of the entire surplus when the asset is decommissioned or disposed. Transfers from the revaluation surplus to retained earnings are not carried out through the individual statement of profit or loss and other items of comprehensive income.

Registration of receivables

The Company initially recognizes trade receivables and other receivables at the date they were generated. All other financial assets (including assets designated at fair value through profit or loss and other comprehensive income) are initially recognized at the date of the transaction when the Company becomes part of the contractual terms of the instrument.

The Company derecognizes a financial asset when the contractual rights on the asset-generated cash flows expire or when the rights to collect the contractual cash flows of the financial asset are transferred in a transaction whereby the risks and benefits of ownership of the financial asset are transferred to a significant extent. Any interest in the transferred financial asset that is created or retained by the Company is recognized separately as an asset or liability.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method less the value of impairment losses.

Financial assets and liabilities are offset, and the net amount in the individual financial position is presented only when the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and discharge the obligation at the same time. Any such compensation is made on the basis of the legal provisions and the agreement of the third parties involved.

The Company owns the following non-derivative financial assets: loans granted, trade receivables and other receivables, participation interests in affiliated entities, cash and cash equivalents and available-for-sale financial assets, respectively.

Events subsequent to the date of the latest consolidated financial statement presented in the Prospectus

Operations in order to finance the development and construction of residential projects through Bergamot Developments S.R.L.

On 10 July 2017, the Company offered for subscription 120 bearer bonds of A series, each of a nominal value of EUR 100,000 and of a total nominal value of EUR 12,000,000, issued in a material form, to finance the acquisition of land through the Issuer's subsidiary Bergamot Developments S.R.L., in order to develop and build residential projects.

On 14 July 2017, a loan agreement was signed between Bergamot Developments S.R.L., as the borrower and the Issuer, as lender. The loan amount is RON 54 million with an interest rate of 6.5% / year, with a maturity not exceeding 15 August 2017. The loan was swapped into share capital in October 2017.

Purchase of a plot of land by Bergamot Developments S.R.L. in order to develop a residential complex

The Issuer and Bluerose Ro Corporation S.R.L. have concluded the bilateral pre-sale-purchase agreement regarding a plot of land with an area of 22,982 sqm situated in Bucharest, 1st District, 68 Clăbucet Street (Expozitiei-Domenii Area).

By Agreement no. 1094 of 17 July 2017 and Addendum no. 1095 dated 17 July 2017, the rights and obligations arising from the abovementioned bilateral pre-sale-purchase agreement have been transferred from the Issuer to Bergamot Developments S.R.L.

On July 17, 2017, Bergamot Developments S.R.L. concluded with Bluerose Ro Corporation S.R.L. the sale-purchase agreement whereby Bergamot Developments S.R.L. acquired the land with an area of 22,982 sqm located in Bucharest, 1st District, 68 Clăbucet Street, for the purpose of developing the Domenii Project.

The purchase price was EUR 10,571,720 plus VAT (reverse charge). The price was fully paid from the amounts borrowed by Bergamot Developments S.R.L. from the Issuer under the abovementioned loan agreement concluded on 14 July 2017.

Operations to fund the expansion of the Greenfield Project

On 28 July 2017, the Issuer signed the mortgage loan agreement for real estate investments with the purpose of funding the construction, installation and interior design works on the collective residential compound “Platanilor Compound”, Greenfield II, Phases 7.2 and 7.3, located in Aleea Teișani no. 290-296, Sector 1, Bucharest, consisting in 12 blocks of flats with a height regime of GF+4 floors and GF+5 floors. The contract was concluded with Piraeus Bank Greece, London branch and has a value of RON 32,730,000 and a maturity of 36 months from the date of signing. In order to secure this loan, the Issuer established a series of securities, as follows: (i) first ranking immovable mortgage on the land and constructions (i.e. the buildings representing the Collective Residential Compound “Platanilor Compound” Greenfield 2, phases 7/2 and 7/3, located in Bucharest, Aleea Teișani no. 290-296, sector 1), (ii) movable security on the proceeds collected in and on the current accounts of the Issuer opened with PIRAEUS BANK ROMANIA S.A., at the value of the securing need, and (iii) assignment of receivables resulting from the sale of the properties (apartments, parking lots, jointly owned land) corresponding to 7.2 and 7.3 phases, with registration at the AEGRM, at the value of the securing need. *Purchase of land for the purpose of developing a new residential complex*

On 16 October 2017, the Issuer signed a letter of intent for the acquisition from NUSCO Imobiliaria S.R.L. of a 55,000 sqm plot of land located in Bucharest – 2nd District, Floreasca area. To the extent that the acquisition is completed, the Issuer intends to develop a new residential complex on this land, to meet the increasing demand in the area. It is envisaged that the project will be implemented in 2 phases, amounting to a total built surface of 130,000 sqm. See also “*Recent Developments in the Issuer’s Activity - The Floreasca Project*”.

Payment of dividends for 2016

Following Resolution no. 2 of the Ordinary General Meeting of the Shareholders dated 28 April 2017, the Issuer announced on 14 September 2017, that the dividends for the financial year 2016 through the Central Depository S.A. and BRD - Groupe Societe Generale - the selected paying agent – as of 16 October 2017, will be paid to the Issuer’s shareholders registered with the Central Depository S.A on 3 October 2017 (ex-date 2 October 2017),

The gross dividend is RON 0.404 per share and, where applicable, the related tax on dividends will be withheld in the quotas laid down by the law.

Start of a share buy-back program

Resolution of the Extraordinary General Meeting of Shareholders no. 3 of 15 June 2017, (“**EGMS Resolution**”), approved the program regarding the buy-back by the Company of its own shares, by acquisition in the market on which the shares are listed and/or by organizing public purchase offers, in accordance with the provisions of the applicable laws, under the following conditions: (i) a maximum 7,000,000 shares (representing a maximum of 2.52% of the subscribed and paid-up share capital at the date of the resolution), partly for allocation to employees and/or directors and/or managers of the company, and partly for canceling them and reducing correspondingly the share capital of the company; (ii) at the minimum price of RON 0.6 per share and a maximum price equal to the lower of: a) RON 1.5 per share and b) the highest value between the price of the last independent transaction and the highest price at that time of the purchase offer, according to Commission Delegated Regulation (EU) No. 2016/1052 of 8 March 2016, supplementing Regulation (EU) No. 596/2014 of the European Parliament and Council with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. The program runs as of 21 August 2017.

The program will run for a maximum period of 24 months of the date of publication of the EGMS Decision in the Official Gazette of Romania, Part IV.

Buy-back transactions may only have as their object fully paid-up shares and will be made only from the Company’s distributable profit or reserves, as recorded in the latest approved annual financial statements, except for legal provisions. The buy-back program will comply with the above-mentioned price conditions and the legal provisions. The aggregate maximum amount allocated to this buy-back program is RON 10,500.00 (excluding brokerage commissions and other acquisition costs).

The Company appointed SSIF SWISS CAPITAL S.A. as a buy-back agent in connection with the acquisition of shares listed on the Bucharest Stock Exchange.

The Company may buy-back a daily volume of shares of up to 25% of the average daily amount of company's shares traded on the regulated market in which the purchase is made, calculated according to the applicable law.

Approval of a new company

The Board of Directors of the Issuer decided, on the basis of the Resolution of the Extraordinary General Meeting of Shareholders held on 30 January 2017, to establish a new company majority-owned by Impact (99%), i.e. Bergamot Developments Phase II S.R.L. The company was established on 24 July 2017 and has as main object of activity the *Real Estate Development*, being established for the purpose of developing Phase 2 of Domenii Project. The land will be acquired from Bergamot Developments S.R.L. The director of the company is Mr. Gabriel Vasile.

In addition to the disclosures in this Prospectus, the Issuer states that there are no significant changes in its financial or trade position after 30 June 2017.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Members of the administrative, management and supervisory bodies

The Board of Directors of the Company is composed of:

- Iuliana Mihaela Urda,, president of the Board of Directors;
- Gabriel Vasile, director;
- Alina Ruxandra Scarlat, director;
- Daniel Pandeale, director;
- Laviniu Dumitru Beze, director.

The executive management of the Company is provided by:

- Bartosz Puzdrowski, general manager;
- Gabriel Vasile, authorised person.

The place of business of each member of the Board of Directors and executive management is at 172-176 Sos. Bucuresti-Ploiesti, Willbrook Platinum Business & Convention Center, Building A, 1st Floor, Bucharest. 1st District, post code 015016.

The members of the Board of Directors detain the following titles in the following companies, as detailed in the table below:

Name and first name	Company	Title in the respective company	Date from which the title is owned
Iuliana Mihaela Urda	Octogon Total Management S.R.L.	Executive Manager	1 November 2011
Gabriel Vasile	Revium Galeria Mall	Director	1 March 2014
	Bergamot Developments SRL	Director	28 April 2017
	Bergamot Developments Phase II SRL	Director	24 July 2017
	Clearline Developments SRL	Director	1 January 2014
Alina Ruxandra Scarlat	Cabinet de Avocat Scarlat Ruxandra- Alina	Associate Lawyer	1 January 2013
Daniel Pandeale	Doraly Mall SRL	General Manager and Director	1 January 2001
	Danielis Star Company SRL	Sole Shareholder	1 January 2008
	Cupa International SRL	Director and Shareholder	1 January 1995
Laviniu Dumitru Beze	Asociatia Investitorilor pe Piata de Capital	Founder and President of the board of directors	1 September 2008
	Beze Business Consulting	Shareholder and Director	8 January 2005

Conflicts of interest at the level of administrative, management and supervisory bodies

At the time of this Prospectus, there is no information in relation to any potential conflict between the duties towards the Issuer of any of the members of the administrative and management bodies of the Issuer and their private interests and/or other duties.

Also, at the time of this Prospectus there is no information in relation to covenants or agreements with main shareholders, clients, providers or other persons, on the basis of which any of the members of the management and administrative bodies of the Issuer has been elected as a member of an administrative, management and supervisory body or as a member of the superior management.

There is no restriction for the members of the administrative, management or supervision bodies in relation to the assignment, in a certain period of time, of their holdings in the share capital of the Issuer.

Corporate Governance

The Issuer complies with the applicable corporate governance rules in force under Romanian law.

The Audit Committee operates within the Issuer's Board of Directors. The Audit Committee assists the Board of Directors by preparing the matters falling within the competence of the Board of Directors, in particular with the aim of monitoring and assessing the adequacy and effectiveness of the Issuer's internal control processes and improving the Issuer's operation. The Audit Committee issues recommendations and offers advice in the field of the internal audit in favour of the Issuer's management and assists the Board of Directors, in particular, with regard to its oversight responsibilities in the financial reporting process, internal control system, internal and external audit process and process for monitoring the compliance with the laws and regulations and with the code of conduct of the Issuer.

The Audit Committee is made up of three members, appointed by the Board of Directors and selected from among its non-executive members, the Chairman and the majority of its members being non-executive independent directors.

MAIN SHAREHOLDERS

The issued and fully paid-up share capital of the Issuer on 30 June 2017 is RON 277,866,574, divided into 277,866,574 shares with a nominal value of RON 1 each. All shares issued are paid in full and each of them gives the right to a vote in the General Shareholders' Meeting of the Issuer.

The shares of the Issuer are ordinary shares, conferring upon the holders the rights and obligations provided by the applicable Romanian law.

According to the situation reported by the Central Depository and the reports transmitted to BVB, among the shareholders who owned over 10% of the shares of the Company as at 3 October 2017 are:

- Gheorghe Iaciu - 49,48%,
- Andrici Adrian - 15,24%,
- Swiss Capital S.A., SAI Swiss Capital Asset Management, FDI Active Dinamic and Sorin Apostol - 11,79%,
- other shareholders - 23,49%.

The main shareholders do not have different voting rights. The shareholders of the Company and the Company have the necessary means provided by the companies and capital markets legislation in order to prevent controlling position abuse from the persons which have or may acquire a controlling position in the Company

MAIN AGREEMENTS

As at 30 June 2017, the Issuer was a debtor in 6 loan agreements, in RON and EUR. The total value of the loan agreements in EUR is EUR 12,807,270. The total value of the agreements in RON is RON 83,465,180, as follows:

1. On 31 August 2006, the Issuer concluded with Piraeus Bank Greece, London Branch, a loan agreement amounting to EUR 12,807,270. The maturity date is 21 October 2017. On 30 June 2017, the amount outstanding under this agreement was EUR 928,701.54, the equivalent of RON 4,229,213.9. The amount was repaid in full on 9 October 2017 and, consequently, the loan agreement was closed.

The security package consists in (i) a first ranking immovable mortgage on a plot of land located in Prelungirea Ghencea no. 402-416; (ii) a security interest having as object the assignment of all future receivables of the Issuer, representing proceeds from sale-purchase agreements of at least EUR 1 million per year; (iii) 3 blank promissory notes marked without protest, to be filled in by Piraeus Bank Greece, London Branch in case of default on the loan agreement.

2. On 26 July 2016, the Issuer signed a loan agreement with Banca Transilvania S.A. (“BT”) amounting to RON 4,047,000. Its maturity date is 25 July 2018 and the loan can be repaid in advance only with a prior notice to BT. On 30 September 2017, the outstanding amount under this agreement was RON [2,361,999](#).

The loan agreement is secured by the following security package: (i) a first ranking immovable mortgage on the intra-muros land with an area of 30,993 sq. m located in Bucharest, sector 1, Aleea Teișani no. 274-288; (ii) a movable mortgage on the proceeds and balance of the account/sub-accounts opened by the Issuer with BT; (iii) assignment of receivable on the receivables resulting from the sale of properties (apartments, parking lots, jointly owned plot of land) corresponding to stage VI of Platanilor Compound.

3. On 26 July 2016, the Issuer signed a loan agreement with BT amounting to RON 20,235,000. The loan is due on 25 July 2018. On 30 September 2017, the outstanding amount under this loan was RON 12,093,014.

The loan agreement is secured by the following security package: (i) a first ranking immovable mortgage on the intra-muros land with an area of 30,993 sq. m located in Bucharest, sector 1, Aleea Teișani no. 274-288; (ii) a first ranking immovable mortgage on the future building representing the „Cartierul Platanilor” stage VI collective residential compound; (iii) a movable mortgage on the proceeds and balance of the account/sub-accounts opened by the Issuer with BT; (iii) assignment of receivable on the receivables resulting from the sale of properties (apartments, parking lots, jointly owned plots of land) corresponding to stage VI of „Cartierul Platanilor” collective residential compound;

4. On 4 May 2017, the Issuer signed a loan agreement with BT amounting to RON 3,861,180. The loan is due on 28 February 2019. On 30 September 2017, the outstanding amount under this loan was RON 2,175,320.

The loan is secured with the following security package: (i) a first ranking immovable mortgage on the property consisting in intra-muros land and constructions, with an area of 11,793 sq. m located in Bucharest, Sector 1, Aleea Teișani no. 290-296; (ii) an immovable mortgage on future buildings consisting in 6 blocks of flats to be erected on the land subject to the immovable mortgage under item (i); (iii) a first ranking immovable mortgage on the property consisting in intra-muros land and constructions, of an area of 1,496 sq. m located in Bucharest, sector 1, Aleea Teișani no. 290-296; (iv) a movable mortgage on the proceeds and balance of the account/sub-accounts opened by the Issuer with BT; (v) a movable mortgage on current and future receivables from the sale agreements/pre-contracts/promises for the units in the project to be erected on the mortgaged properties; (vi) a movable mortgage on the current and future receivables from construction contracts concluded for the development of real estate project Greenfield 2 phases 7/2 and 7/3, together with performance bonds, retention accounts and other guarantees offered to the Issuer.

5. On 4 May 2017, the Issuer signed a loan agreement with BT amounting to RON 20,322,000. This loan is due on 28 February 2019. On 30 September 2017, the outstanding amount under this loan was RON 11,564,903.

The loan agreement is secured with the following security package: (i) a first ranking immovable mortgage on the property located in Bucharest, Sector 1, Aleea Teișani no. 290-296, consisting in intra-muros land with an area of 11,793 sq. m; (ii) a first ranking immovable mortgage on the property located in Bucharest, sector 1, Aleea Teișani no. 290-296, consisting in intra-muros land with an area of 1,486 sqm; (iii) a first ranking immovable mortgage on future buildings consisting in 6 blocks of flats to be erected on the land mentioned under item (i); a movable mortgage on the proceeds and balance of the account/sub-accounts opened by the Issuer with BT; (iv) a movable mortgage on current and future receivables from the sale agreements/pre-contracts/promises for the units in the real estate project; (v) a movable mortgage on the current and future receivables from construction contracts concluded for the development of the real estate project, together with performance bonds, retention accounts and other guarantees offered to the borrower;

6. On 23 September 2016, the Issuer signed a loan agreement with Libra Internet Bank S.A. (“**Libra Internet Bank**”) amounting to RON 35,000,000. The loan becomes due on 23 September 2020. On 30 September 2017, the outstanding amount under this loan was RON 15,769,643.

The loan is secured with the following security package: (i) a first ranking immovable mortgage on the entire real estate project located in Bucharest, Str. Drumul Pădurea Neagră, no. 1-17, sector 1, consisting in land of an area of 33,071 sqm, and the future constructions to be erected on this plot of land; (ii) a movable mortgage on the bank accounts opened in the Issuer’s name with all units of Libra Internet Bank, and on any current or future amounts available in such accounts; (iii) a movable mortgage on the universality of receivables consisting in the receivables that will be collected from all sale pre-contracts (promises) and sale-purchase agreements concluded or to be concluded by and between the Issuer and third party individuals or legal entities for the sale of the properties mortgaged in favour of Libra Internet Bank, consisting in land and/or construction(s) erected or to be erected thereon, located in Bucharest, str. Drumul Pădurea Neagră, nr. 1-17, sector 1; (iv) the assignment in favour of the bank of the indemnification rights corresponding to the insurance policies/agreements for the movable/real estate properties used as collateral according to the agreement.

TERMS AND CONDITIONS OF THE BONDS

Potential investors should carefully analyse the information contained in this Prospectus and the information referenced in this section, as well as any other information that may be relevant in the context of the Offering. Therefore, the potential Bondholders are encouraged to consult their own legal and financial advisers to obtain information on the actual circumstances relating to the Bonds. The below information constitutes the terms and conditions applicable to the Bonds (the "Terms and Conditions"), which are the only terms governing the Issuer's obligations in relation to the Bonds, regardless of any other separate agreement that may exist between the Issuer and any of the Bondholders.

1. Interests of natural and legal persons involved in the issue

The Intermediaries and/or its affiliates have provided and/or may provide in the future various financial, investment, marketing and other services to the Issuer or its subsidiaries, to their shareholders or to their directors in exchange for which they have received or will receive a compensation.

Swiss Capital S.A. holds a minority interest in the Issuer's share capital, representing 7.1.% of its subscribed and paid-up share capital.

However, none of the above situations is likely to generate conflicts of interest regarding the Offer on the Intermediaries' side.

2. Reasons for the offer and use of proceeds

The funds resulting from the Offer, net commissions, fees and other expenses related to the issue, will be used for the general purpose of financing the Issuer.

The use of funds attracted within the Offer focuses on the partial financing of three projects:

1. Floreasca Project - The Issuer intends to finalize the acquisition of the land on which Floreasca Project, a project that will be implemented in 2 phases, with a total built-up surface of 130,000 sqm, will be developed. See also "Overview of the activity of the Issuer and Group - Recent Developments in Work - The Floreasca Project".

2. Domenii Project - The project will be implemented in 3 phases and has a total built surface of approx. 65,000 sqm. Phase 1 will start in the last quarter of 2017 and will have a total surface of 24,800 square meters. Phases 2 and 3, with a built surface of 41,200 square meters, will start in March 2018 and September 2018, respectively. See also "Overview of the Activity of the Issuer and Group - Recent Activity Developments - Domenii Project".

3. Greenfield Project - The Issuer will continue its residential development in Greenfield 2 with Stage 7 of the Platanilor Assembly for the last 6 blocks in course of development and will start developing Greenfield Plaza by the end of 2018. In connection with this project, the reimbursement of the remainder of the financing facilities is also considered, in order to optimize cash requirements. See also " Overview of the Activity of the Issuer and Group - Recent Actgivity Developments - Greenfield Residential Project".

The Issuer also constantly evaluates other investment opportunities, both in Bucharest and in the most important cities in the country. If such opportunities correspond to the selection criteria, the Issuer will be able to answer them.

To the extent the funds attracted within the Offer are insufficient to finance all of the envisaged objectives, the additional amounts may be covered from (i) the available funds from the sale of the dwellings and the existing plots in the portfolio; and/or (ii) attracting capital market financing through additional bond issues; and/or (iii) attracting bank loans; and/or (in connection with the Greenfield Project); (iv) the conclusion of partnerships with financiers who will be attracted in the facilities to be developed in the Greenfield Project area of Bucharest, in the amount necessary to complete them.

3. Information concerning the Bonds

The issue of 6,000 Bonds having the maturity in 2022 with an aggregate nominal amount of up to EUR 30,000,000 was authorised by resolution of the extraordinary general meetings of shareholders of the Issuer no. 1 dated 30 January 2017 and no. 3 dated 15 June 2017. The Issuer will enter into an agency agreement (the "Agency

Agreement”) on or about Transaction Date with Banca Transilvania S.A., as paying agent (the “**Paying Agent**”, which term shall include its successors from time to time).

4. **Type, class and rights entitlement date of the securities offered and intended to be admitted to trading**

The Bonds are negotiable debt instruments offered according to art. 3(2) letters a) and b) from the Directive regarding the Prospectus to (i) persons from member states of EEA who are Qualified Investors within the meaning of Article 2(1)(e) of the Prospectus Directive; in addition, in the United Kingdom, the offer is directed only at the Qualified Investors (x) who have professional experience in matters relating to investments falling within Article 19(5) of the Order regarding Financial Promotion and who fall within Article 49(2)(a) to (d) of the Order regarding the Financial Promotion, and (y) to whom it may lawfully be addressed and (ii) to less than 150 natural or legal persons in the European Economic Area (including of Romania), other than the Qualified Investors, from every Member State of EEA.

The Bonds are denominated in EUR, having a nominal value of EUR 5,000 each and an aggregate nominal value of up to EUR 30,000,000 and are due in 2022. The Bonds bear a fixed interest, which will be established according to these Terms and Conditions.

The Bonds are intended to be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on a date expected to fall on or around 15 December 2017. Once admitted to trading, the Bonds will be quoted under ISIN code: [ROIMPCDBC030](#) and symbol: [IMP22E](#).

5. **Governing law and jurisdiction**

The Bonds will be issued in accordance with the Romanian law, and the Terms and Conditions will be governed by the Romanian law, in particular, by Law no. 24/2017 on the issuers of financial instruments and market operations (“**Law no. 24/2017**”) and Regulation no. 1/2006 on issuers and operations with securities (“**Regulation no. 1/2006**”). Any litigation or disputes regarding the Offering, Bonds, Terms and Conditions or regarding other aspects related to the above shall be settled by the competent courts of Romania.

6. **Form of Bonds, Issuance, Delivery and Transfer**

- a) **Form.** The Bonds are intended to be issued on 12 December 2017 (the “**Settlement Date**”), as registered securities in dematerialised form, having a nominal value of EUR 5,000 each. The entity in charge with keeping the registers in which the Bonds are registered is the Central Depository, a Romanian joint stock company, with its registered office at 34-26 Carol I Blvd., 3rd, 8th and 9th floors, Bucharest, Romania. The title of the Bonds will be evidenced by book-entries in the Bondholders Register kept by the Central Depository and the transfer of Bonds may only be effected through registration of the transfer in such books. No physical document will be issued in respect of the Bonds.
- b) **Issuance:** The Bonds will be issued on the Settlement Date. On such date, application will be made for the Bonds to be registered with the FSA registry and registered in the books of the Central Depository, which will credit, at the option of the Bondholder, on the date of issue (i) the Bondholder’s individual accounts (*cont individual*) opened on behalf of the Bondholder with the Central Depository, (ii) the omnibus account (*cont global*) opened by a participant (as indicated by the relevant Bondholder) with the Central Depository or (iii) another account opened by the Bondholder, directly or indirectly, with the Central Depository.
- c) **Transfer:** The Bonds will be transferred in accordance with the applicable rules of the Central Depository and of the BSE. All costs in connection with the transfer will be borne by the relevant Bondholder.

No person may require the transfer of a Bond during the period from (and including) the Business Day immediately prior to the Reference Date falling immediately before the relevant Redemption Date up to (and including) the Redemption Date.

7. **Currency if the issue**

The Bonds will be denominated and traded in EUR.

8. **Ranking of the Bonds**

The Bonds are unconditional, non-convertible and unsecured obligations of the Issuer and ranked and will rank *pari passu*, without any preference among themselves and (subject to such exceptions as are from time to time

mandatory under Romanian law) with all other present or future unsecured and unsubordinated obligations of the Issuer.

9. Rights and restrictions attached to the Bonds and conditions for exercise of such rights

The Bonds entitle their holders to annual interest payments and will be redeemed at their par value on the Redemption Date, in accordance with the provisions of Section 13 (“*Redemption date and terms of redemption of the Bonds*”), unless previously redeemed before this date according to the provisions of the same section .

10. Interest

- a) **Yield.** The gross yield at the time of issue is equal to the Interest Rate, assuming that no early redemption is performed.
- b) **Interest Rate.** The Bonds bear interest from, and including, the Date of Settlement (the “**Interest Commencement Date**”) at a fixed interest rate of 5.75% per year (the “**Interest Rate**”), calculated as follows:

$$I = (i1 \times N \times NV) / i2 \text{ (“Interest Due”)},$$

where

“**I**” represents the value of the interest payable on each Interest Payment Date for each Bond

“**i1**” represents the Interest Rate

“**N**” represents the actual number of days of the Interest Period starting on and including the Interest Commencement Date, respectively, the immediately preceding Interest Payment Date, and ending on, but excluding, the first Interest Payment Date, respectively the Interest Payment Date for which the interest is calculated.

“**NV**” represents the nominal value of a Bond.

“**i2**” represents the actual number of days of the calendar year of the Interest Payment Date for which the interest is calculated.

- c) **Details on the payment of interest.** The Interest Due will be payable twice a year, on 12 June and on 12 December of each year (each an “**Interest Payment Date**”), commencing on 12 June 2018 and until the Redemption Date. The period, in number of calendar days, commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an “**Interest Period**”.

T

Interest Payment Date (previous)	Reference Date	Interest Payment Date (current)	Number of days of the Interest Period
n.a.	22 May 2018	12 June 2018	181
12 June 2018	21 November 2018	12 December 2018	182
12 December 2018	22 May 2019	12 June 2019	181
12 June 2019	21 November 2019	12 December 2019	182
12 December 2019	22 May 2020	12 June 2020	182
12 June 2020	23 November 2020	14 December 2020	184
14 December 2020	24 May 2021	14 June 2021	181
14 June 2021	22 November 2021	13 December 2021	181
13 December 2021	23 May 2022	13 June 2022	181
13 June 2022	21 November 2022	12 December 2022	181

e contains details on the payment of interest

- d) **Cessation of Interest accrual.** Bonds will cease to bear interest from, and including, the Redemption Date, unless the Issuer unjustifiably refuses to perform their redemption on such date. In such event, interest will continue to accrue on the nominal amount of such Bonds at the Rate of Interest until whichever is the earlier of (i) the day on which all amounts due in respect of such Bonds up to that day are received by or on behalf of the relevant holder or (ii) the day after the Paying Agent has notified the Bondholders in accordance with Section 20 (“Notices”) of receipt of all amounts due in respect of all the Bonds up to that day.
- e) **Fragmented calculation.** If interest is required to be calculated for a period shorter than the Interest Period, the interest will be calculated based on the actual number of days in the relevant period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last day).

11. Payments

- a) **Nominal value**

The payment of the nominal value shall be made on the Redemption Date, according to the provisions of this Section.

- b) **Interest**

The interest shall be paid on each Interest Payment Date, according to the provisions of this Section. The first Interest Payment Date will be 12 June 2018, and the last Interest Payment Date will be the Redemption Date.

- c) **Paying Agent**

Banca Transilvania S.A. shall be the paying agent (“**Paying Agent**”) in relation to the Bonds and will calculate and process the payments of the nominal amount and interest to the Bondholders. The Issuer reserves the right to modify the paying agent, under the applicable law. Any change in relation to the paying agent will be notified with 30 calendar days in advance to the Bondholders, in accordance with Section 20 (“**Notifications**”) below. The term “paying agent” or “**Paying Agent**”, in capital lettering, shall include also any successors of the paying agent, as may be appointed by the Issuer in accordance with these Terms and Conditions.

- d) **Method of payment**

The Paying Agent will process on behalf of the Issuer, payments of nominal amount and/or interest to the Bondholders.

Payments shall be made to the persons shown in the Bondholder Register maintained by the Central Depository at the close of business on the 15th business day before the due date for payment thereof (the “**Reference Date**”), and all payments validly made to such persons shown in the register on such Reference Date will constitute an effective discharge of the Issuer and the Paying Agent, as the case may be, in respect of such payments. Consequently, any person who acquires a Bond between the relevant Reference Date and the corresponding Interest Payment Date shall not be entitled to receive such payment notwithstanding that such person is shown on the Bondholder register maintained by the Romanian Central Depository on the relevant Interest Payment Date as the registered holder of the Bond.

The payment of the nominal value and/or interest in respect of the Bonds will be made in EUR by bank transfer into an EUR-denominated account specified by the payee opened with a bank in Romania as follows:

- i. for Bondholders who purchased Bonds by subscription within the initial Offering, payment will be made by bank transfer into the bank account specified in the relevant subscription form or into such other account as shall have been notified by the relevant Bondholder (or by the participants with whom the Bondholders opened the securities accounts) to the relevant Paying Agent, with at least 5 Business Days prior to the relevant interest payment date, as the case may be; and
- ii. for all the other Bondholders, payments will be made by bank transfer into such account as shall have been notified by the relevant Bondholder (or by the participants with whom the Bondholders opened the securities accounts) to the Paying Agent with at least 5 Business Days prior to the relevant Interest Payment Date or the Maturity Date, as the case may be.

Neither the Issuer nor the Paying Agent shall be under any obligation to make payment to a Bondholder unless and until the Paying Agent was provided with the adequate payment account details, to enable payment to be made in accordance with the Prospectus and no additional interest will be payable as a result of any late payment occasioned by the failure of the Bondholder to provide such adequate payment account details. Bondholders are required to ensure that the Paying Agent has all the necessary details for processing the payments of interest and/or nominal amount including, but not limited to: name, personal identification number, unique registration code, series and number of the identity card, bank account (IBAN format) and the bank name with whom the account was opened.

Payments of nominal amount and interest on the Bonds will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment and shall be made subject to the provisions of Section 12 („*Taxation*”) below.

No interest and/or nominal amount will be paid in cash, by cheque or postal order.

The Bondholders will not be entitled to claim against the Paying Agent for any penalties due to delay in payment. Any fees levied by the intermediary banks (which, for the avoidance of doubt, shall not include the Paying Agent) in respect of payments hereunder shall be borne by the Bondholders.

e) ***Payments on Business Days***

If any due date for payment of nominal amount and/or interest in respect of any Bond is not a Business Day (as defined below), then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and the holder shall not be entitled to any interest or other sums in respect of such postponed payment.

In these Terms and Conditions, “Business Day” means a day (other than Saturday or Sunday or any public holiday in Romania) on which the Central Depository is open for general business and on which the commercial banks settle payments in RON in Romania.

12. Taxation

- a) ***No gross-up.*** All payments of the nominal amount and interest made by or on behalf of the Issuer in connection with the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Romania or any authority therein or thereof having power to tax, *unless* such withholding or deduction is required by law. In that event the Issuer shall not be required to pay such additional amounts as would result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. Furthermore, the Issuer may make the payment without applying the tax deduction or withholding tax described above or by applying a deduction or withholding less than the maximum rate provided by the Romanian laws under a convention for avoidance of the relevant double taxation and subject to the fulfilment of the conditions set out in the applicable law and requirements relating to providing the Issuer with a valid tax residence certificate or other document issued by a non-fiscal authority which has responsibilities in the area of residence certification under the domestic law of that State, at least six Business Days prior to the scheduled date of that payment. For the avoidance of doubt, in case of failure to

provide a valid certificate of fiscal residence or another document issued by an authority other than the fiscal authority which has responsibilities in the field of residence certification under the domestic law of that State or in the case of late provision of such documents, any subsequent step to settle, or refund the tax paid in excess, will be the sole responsibility of the Bondholder.

- b) **Waiver.** The Paying Agent shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or amount of money in respect of any tax consequence for individual Bondholders, within the limits mentioned above.

13. **Redemption date and terms of redemption of the Bonds**

The Bonds may be redeemed exclusively in accordance with this Section. The date when the Bonds are redeemed in accordance with this Section, such date being the Maturity Date or the date of redemption in case of a redemption for fiscal purposes] or redemption in case of non-execution, according to the paragraphs below, is referred to in these Terms and Conditions as the “**Redemption Date**”.

Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their nominal amount on 12 December 2022 (the “**Maturity Date**”).

Redemption for taxation purposes

The Bondholders irrevocably agree that the Issuer may, but is under no obligation, by giving at least 30 days’ notice in accordance with Section 20 (“*Notices*”) and any applicable legal provisions (the “**Taxation Redemption Notice**”), redeem the Bonds at any time, in whole, and not in part, if the Issuer has or, on the following Interest Payment Date will, become obliged to pay additional amounts as provided or referred to in Section 12 (“*Taxation*”) as a result of any change in, or amendment to, the laws or regulations or of any authority of Romania having fiscal competence or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

The Taxation Redemption Notice will specify the detailed redemption procedure. This procedure shall, in accordance with the legislation and regulations concerning bond trades applicable at such time, specify the date when Bonds shall be redeemed (the “**Taxation Redemption Date**”). The redemption amount for taxation reasons shall consist of nominal value of the Bonds, plus accrued interest, if any, for the period, in calendar days, commencing on, and including, the last Interest Payment Date and ending on, but excluding, Taxation Redemption Date (the “**Taxation Redemption Interest Period**”) as follows:

Taxation Redemption Amount = Nominal Value of the Bonds * ((1 + (Taxation Redemption Interest Period / no. of days during the respective year)* Interest Rate))

Redemption in an event of default

The following events are considered as events of default (each, an “**Event of Default**”):

- a) *Non-payment:* the Issuer fails to pay any amount of nominal value and interest in respect of any Bonds within 5 Business Days of the date on which such payment would have been due, according to the Terms and Conditions; or
- b) *Breach of other obligations:* the Issuer defaults in the performance of any other obligation assumed in relation to the Bonds under the Terms and Conditions (including, for the avoidance of doubt, the obligations set out in Section 14 (“*Financial and information covenants*”) below, and such Event of Default shall not have been cured or waived within 90 calendar days of the date of receipt by the Issuer of a written notice of default (in accordance with the procedure described below); with regard to the financial covenants of Section 14 (“*Financial and information covenants*”) below, if, after the recalculation at the end or anytime during the remedial period, the financial covenant in question is complied with, the Issuer will be deemed to have fulfilled the relevant financial covenant at the relevant Calculation Date as if there had been no non-fulfilment of the respective financial covenant, and that breach will be deemed to have been remedied in accordance with this clause; or

- c) *Causes for early acceleration of obligations.* Any Financial Liability of the Issuer or of one of the Material Subsidiaries in excess of EUR 10,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, (i) (a) shall be accelerated as a result of any default and (b) the notice of such acceleration shall not have been withdrawn or waived within seven days of such acceleration or (ii) any such indebtedness shall not be paid when due at its stated maturity or, as the case may be, within any applicable grace period therefor (otherwise than for the purposes of reorganisation, merger, merger by absorption, where the successor entity assumes all the obligations of the Issuer in connection with the Bonds); or
- d) *Creditors' actions:* seizure, garnishment, enforcement or any other similar procedure in any jurisdiction is initiated based on an irrevocable judgment of the competent courts in relation to any asset, property or income of the Issuer or of any Material Subsidiaries, with an aggregate amount exceeding EUR 10,000,000 (or the equivalent of such amount in any other currency or currencies) and such actions are not withdrawn within 90 days of the date of their initiation; or
- e) *Enforcement of securities:* a mortgage or other security interest issued by the Issuer or by any of the Material Subsidiaries shall become enforceable in respect of assets in an aggregated amount which exceeds EUR 10,000,000 (or the equivalent of such amount in any other currency or currencies) and steps are taken to enforce it, including the taking of possession by a custodian, administrator, judicial liquidator or other person with similar competences; or
- f) *Insolvency.* (i) the Issuer or one of the Material Subsidiaries is in imminent insolvency; (ii) a decision is taken by a corporate body of the Issuer or of one of the Material Subsidiaries, or the any judicial or extra-judicial proceedings or other measures are initiated by the Issuer or one of the Material Subsidiaries in connection with the opening of the insolvency, bankruptcy or judicial reorganization proceedings regarding the Issuer or the relevant Material Subsidiary; (iii) the opening of insolvency proceedings against the Issuer or one of the Material Subsidiaries, based on the judgment of a competent court (except the case when the respective procedure is evidently frivolous, vexatious or represents a misuse of court proceedings); or (iv) the Issuer or one of the Material Subsidiaries apply for the appointment of the ad hoc mandate authorised person (*mandatar ad hoc*) for the purpose of opening the ad hoc mandate proceedings; or (v) a competent court issues a decision approving the preventive composition (*concordat preventiv*) regarding the Issuer or one of the Material Subsidiaries; (vi) a judicial liquidator, judicial administrator, administrator or other person with similar competences in relation to the Issuer or a Material Subsidiary or any of their assets is appointed, based on an irrevocable decision by a competent court; or (vii) the Issuer or one of the Material Subsidiaries is liquidated or dissolved, voluntary liquidation is initiated by the Issuer or one of the Material Subsidiaries, other than, in the case of the Issuer, for reorganization, merger or merger by absorption, and if the successor entity assumes all obligations of the Issuer in relation to the Bonds, or, in the case of a Material Subsidiary, for the transfer to, or otherwise for vesting the assets of that subsidiary, in the Issuer or in another Material Subsidiary or in another entity which, as a result of that transfer or vesting, becomes a Material Subsidiary; or
- g) *Expropriation.* The assets of the Issuer or of any of the Material Subsidiaries, whose aggregate amount exceeds EUR 10,000,000 are expropriated, nationalized or subject to requisition; or
- h) *Illegality.* It is or becomes unlawful for the Issuer to perform or to comply with any of its obligations under or in relation to the Bonds; or
- i) *Authorisation:* The Issuer does not perform an action, act or fact falling within its responsibility, required by the applicable law in order to enable the Issuer to fulfil its obligations in accordance with the Terms and Conditions; or
- j) *Other events:* in case of any event that, under the laws of any relevant jurisdiction, has an analogous effect to any of those referred to in the foregoing paragraphs.

Whenever an Event of Default occurs, a Representative or the General Assembly (each, as defined in Section 16 (“*General Assemblies of Bondholders*”)) or Bondholders representing at least 75% of the outstanding nominal amount of the Bonds may, by written notice to the Issuer and the Paying Agent, declare the Bonds to be due and payable at their nominal amount together with any interest accrued thereon until the date when such written notice is received by or on behalf of the Issuer and the Paying Agent.

Cancellation

All Bonds redeemed pursuant to Section 13 (“*Redemption date and terms of redemption of the Bonds*”) will forthwith be cancelled

14. Financial and information covenants

For the purpose of these Terms and Conditions:

a) *Financial covenants*

“**Total Assets**” means at any time the value of the Group's assets as presented in the consolidated financial statements of the Group (at the relevant reference date).

“**Financial Indebtedness**” means any indebtedness (including, both on- and off-balance items) arising from borrowed or attracted amounts of money, including any indebtedness for or in relation to: (i) borrowed amounts and debit balance with banks or other financial institutions; (ii) any amount attracted by acceptance under any acceptance credit facility or equivalent in dematerialized form; (iii) any amount attracted under any bond purchase or bond issue, debt instruments, loan instruments or any other similar instruments; (iv) the amount of any liability in respect of any agreement for the lease or rental of goods, which, according to the IFRS, would be treated as a liability; (v) receivables sold or reduced (other than any receivables sold without a right of appeal and which meet the requirements for de-recognition on the basis of the applicable accounting principles); (vi) any amount attracted on the basis of any transaction (including any forward sale-purchase agreement), which falls within a category not referred to in any other paragraph of this definition, with the commercial effect of a loan; (vii) any derivatives transaction concluded in order to ensure protection against, or benefit from, the fluctuation of any rate or price (and, in calculating the value of any derivatives transaction, only market value (or, if any actual amount is due as a result of the termination or closing of such derivatives transaction, the respective amount); (viii) any obligations of indemnity in respect of a guarantee, indemnity, bond, stand-by letter of credit or any documentary credit, or any other instrument issued by a bank or financial institution, and (ix) the amount of any obligation in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above;

“**Material Subsidiary**” means an entity (i) over which the Issuer exercises direct or indirect control or holds more than 50% of the voting capital or similar ownership, the term “control” meaning, in this respect, the authority to control the management and policies of the entity, whether such control is exercised through the right of ownership over the voting capital, through a contract or otherwise; and (ii) holding assets representing 10% of the Group's total assets calculated at the reference date of the latest available financial statements.

“**Guarantee**” means a mortgage, charge, pledge, lien, assignment for security purposes or some other form of security.

“**Debt Ratio**” means the ratio between (a) Total Net Debt and (b) Total Assets.

“**Interest Coverage Ratio**” means the ratio between EBITDA and the total interest expenses of the Group, determined in accordance with IFRS and included in the consolidated income statement of the Group (at the relevant reference date).

b) *Financial covenants*

As long as there are any outstanding Bonds, the Issuer shall ensure that:

- (i) the Debt Ratio is below or equal to 0.65;
- (ii) the amount of Total Assets not subject to Guarantees issued by the Issuer or its Material Subsidiaries is at least equal to or higher than the amount representing 120% of the nominal value of the issued and unredeemed Bonds; and
- (iii) the Interest Coverage Ratio is at least equal to or higher than 2.5.

The financial covenants set out at points (i) and (ii) above shall be calculated and tested annually starting from the date of approval of the financial statements for 2017, by reference to the most recent annual consolidated financial statements of the Group. The financial covenant set out at point (iii) above shall be calculated and tested annually starting from the date of approval of the financial statements for 2021, by reference to the

most recent annual consolidated financial statements of the Group. A certificate from the Issuer setting out (in reasonable detail) the computations as to the compliance with the financial covenants set out above and tested by reference to each of such financial statements will be delivered upon request.

c) ***Information covenants***

As long as there are any outstanding Bonds, the Issuer will be subject to ongoing transparency and disclosure obligations, as set out in Directive 2004/109/EC (also known as the Transparency Directive, as amended by Directive 2010/73/EU), as implemented in the Romanian law by the Law 24/2017 and Regulation 1/2006 on issuers and operations with securities (as amended), including (but not limited to):

- publication of an annual report, including the Issuer's annual financial statements, together with the report and a statement of the Board of Directors, as well as the independent auditor's report, within four months after the end of each financial year;
- publication of a half-year report, including the Issuer's half-year financial statements, together with the report and a statement of the Board of Directors, as well as the independent auditors' report, to the extent the half-year financial statements have been audited, within three months after the end of the first six months of each financial year; and
- publication of quarterly reports for the first and fourth quarter of the financial year, within 45 days of the end of each reporting period.

d) **Statute of limitations**

Claims against the Issuer for the payment of nominal value and interest in respect of these Bonds shall become prescribed within three years (in the case of nominal value) and three years (in the case of interest) of the due date for the payment thereof.

15. Purchases

The Issuer may at any time purchase Bonds, together with rights to interest relating thereto in the open market on which Bonds are traded or otherwise (including by means of any tender or exchange offer) at any price, subject to all applicable laws and/or regulations. All Bonds purchased by the Issuer may, at the option of the Issuer, be held, cancelled or resold, subject to laws and/or regulations applicable from time to time.

The Bonds purchased and held by the Issuer will not entitle it to vote in any General Meeting and will not be taken into account for the purposes of calculating the quorum and majority requirements in such General Meetings.

16. General Meeting of Bondholders

The Bondholders may meet in general meetings of the Bondholders (each, a "**General Meeting**") in order to take decisions in accordance with their interests.

The conduct and powers of the General Meeting will be governed by the provisions of Law no. 31/1990 on companies, as amended and restated from time to time (the "**Company Law**") and Law 24/2017 and Regulation 1/2006, as such may be amended or replaced from time to time. Any amendment of such relevant legal provisions may result in changes to rules detailed below or in force on the date of Terms and Conditions.

a) ***Calling of the General Meeting***

The General Meeting may be called at the request of one or more Bondholders representing at least one quarter of the nominal value of issued Bonds that have not been redeemed or cancelled, or after the appointment of the representatives of the Bondholders (each, a "**Representative**"), upon the request of such Representative.

The convening notice for the General Meeting shall be (i) published in the Official Gazette and in a newspaper of general circulation in Bucharest or (ii) served through registered post to the relevant Bondholders, at the addresses shown in the register of Bondholders, as well as, in either case, on the Issuer's website, at www.impactsa.ro and BSE website, at www.bvb.ro. The convening notice for the General Meeting shall be published at least 30 days prior to the date on which the General Meeting is scheduled to take place. The convening notice shall indicate the reference date, location and date of the General Meeting, as well as the

agenda. The convening notice may include the date and time for a second General Meeting, in the event that the first one cannot be validly held.

One or more Bondholders representing, individually or jointly, at least 5% of the nominal value of issued Bonds that have not been redeemed or cancelled have the right to add new items to the agenda of the General Meeting, within 15 days as of the date when the convening notice was published. The revised agenda must be published in accordance with the provisions for convening the General Meeting, at least 10 days prior to the date of the General Meeting.

The Bondholders may be represented by attorneys-at-fact, other than, as applicable, the directors, managers, members of the directorate, or members of the supervisory board, censors or employees of the Issuer. The powers of attorney shall be submitted, in original at least 48 hours in advance of the meeting or such other term as may be set forth in the articles of association of the Issuer at the relevant time. Failure to submit such original powers of attorney in the allotted time will result in the relevant Bondholder losing its right to vote in that General Meeting.

The resolutions of the General Meeting are adopted by open vote.

b) ***Representative(s)***

The General Meeting may appoint one Representative of the Bondholders and one or more substitute Representatives.

The Representative and the substitute Representative(s) cannot be involved in the management of the Issuer.

The office of Representative may be conferred on a person of any nationality.

In the event of incompatibility, resignation or revocation of a Representative, the General Meeting will elect a replacement representative, unless a substitute Representative exists which shall assume the role of Representative.

All interested parties will, at all times, have the right to obtain the name and address of the Representative(s) at the headquarters of the Issuer and at Willbrook Platinum Business & Convention Center, 172-176 Bucuresti-Ploiesti Road, 1st Floor, Building A, District 1, Bucuresti, postal code 015016. .

c) ***Powers of the Representative(s)***

The Representative(s) shall have the right to represent the Bondholders before the Issuer and the courts of justice. The Representative(s) may also be entrusted by the General Meeting to perform supervisory actions and to protect the common interests of the Bondholders.

d) ***Powers of General Meetings***

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representative and of the substitute Representatives and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting has the following powers:

- (i) to fulfil all supervisory actions and actions for the protection of the common interests of the Bondholders or to authorise the Representatives to fulfil such actions;
- (ii) to create a fund, which may be funded by the amounts representing interest to which the Bondholders are entitled, in order to cover the expenses associated with the protection of their rights, as well as establishing the rules for the management of such fund;
- (iii) to oppose any amendment of the articles of association of the Issuer or of the Terms and Conditions which may affect the rights of the Bondholders; and
- (iv) to pronounce itself on the issuance of new bonds by the Issuer.

General Meetings may take a valid decision on the appointment of the Representative and the substitute Representatives and on items (i) and (ii) above only with a majority representing at least one third of the issued

and outstanding nominal amount of the Bonds and which were not redeemed or cancelled. In any other case, the General Meeting may validly take a decision in the presence of Bondholders representing at least two thirds of the issued and outstanding nominal amount of the Bonds and which were not redeemed or cancelled and with a majority of at least four fifths of the issued and outstanding nominal amount of the Bonds and which were not redeemed or cancelled represented at the General Meeting.

The right of each Bondholder to participate in General Meetings will be evidenced by the registration in the register of Bondholders of the name of such Bondholder on the reference date mentioned in the notice calling the General Meeting.

Decisions of the General Meeting are binding on all Bondholders, including those who did not participate or vote at such meeting. The decisions of the General Meeting may be challenged in court, under the law, by Bondholders who have not participated in the General Meeting or who have voted against the decision and have asked for this aspect to be recorded in the minutes of the meeting.

e) **Information to the Bondholders**

As of the calling of the General Meeting, each Bondholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports (if any) which will be presented at the meeting, which will be available for inspection at the place specified in the notice of meeting.

f) **Expenses**

The Issuer will pay all reasonable expenses relating to the calling and holding the General Meetings.

g) **Notice of decisions**

The Issuer shall be informed of the decisions of the General Meetings within a maximum of three days as of their adoption. The Issuer shall thereafter comply with any reporting obligations it may have under applicable law in relation to such decisions.

17. Description of any restrictions on the free transferability of the Bonds

Subject to the selling restrictions set out in Part *Selling Restrictions*, there are no restrictions regarding the transfer of the Bonds.

18. Amendment and waiver

These Terms and Conditions may be amended without the consent of the Bondholders to correct a manifest error. In addition, the Issuer and the Paying Agent, as parties to the Agency Agreement, may agree to modify any provision thereof, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which does not adversely affect the interests of the Bondholders.

19. Further issues

The Issuer may from time to time, without the consent of the Bondholders and/or without a General Meeting being required, create or issue further negotiable bonds, notes or debt securities, under terms and conditions, identical with (including by supplementing the value of this issue, from time to time, in accordance with applicable legal provisions), similar to or different from these Terms and Conditions. The Issuer may sell any number of such bonds by any means at any price the Issuer deems fit, at its sole discretion.

20. Notices

Any notice to the Bondholders (except for a notice convening the General Meeting) will be deemed duly given to the Bondholders (i) by way of publication of the notice in a nationwide newspaper and in the Official Gazette or (ii) by being sent by registered post to each of the Bondholders at their respective addresses recorded in the Bondholders' register or (iii) by way of publication of the notice on the website of the Bucharest Stock Exchange, at www.bvb.ro.

Any notice to the Issuer shall be validly given if sent in the form of a registered letter to the correspondence address Willbrook Platinum Business & Convention Center, 172-176 Bucuresti-Ploiesti Road, 1st Floor, Building A,

District 1, Bucuresti, postal code 015016. Any notice is deemed to be received by the Issuer on the date of delivery of the letter.

Any notice to the Paying Agent shall be validly given if sent in the form of a registered letter to the correspondence address 74-76 Constantin Brancusi Str., Brancusi Business Center, ground floor, Cluj-Napoca, Cluj county, Romania. Any notice is deemed to be received by the Issuer on the date of delivery of the letter.

SUBSCRIPTION PROCEDURES

By subscribing under this Offering, every Investor confirms having read this Prospectus, having unconditionally accepted the terms and conditions stated in this Prospectus and having executed the subscription according to the terms included in the present Prospect and guarantees towards the Issuer and Intermediaries that it is an investor that can lawfully acquire the Bonds (without any restriction or limitation) in his residing jurisdiction. A subscription executed without observing the provisions of this Prospectus or the applicable law shall not be valid and thus annulled. Signing the Subscription Form consists unconditional acceptance of the Terms and Conditions of the Bonds and of the Prospectus in its entirety.

Subscription procedure

Subscriptions can be made within the entire Offering Period, starting with 4 December 2017 until 8 December 2017, on every business day, from 9:00 to 17:00, Romanian time and from 9:00 to 13:00, Romanian time on the Closing Date.

The Investors can make subscriptions to the Offering for acquiring Bonds only through Intermediaries and Eligible Participants, at their authorized registered offices.

“Eligible Participants” means any intermediaries (other than the Intermediaries), who are investment companies or credit institutions accepted as participants in the Bucharest Stock Exchange trading system and who (i) have signed an irrevocable and unconditional engagement to comply with the provisions of this Prospectus and applicable law, in the form provided by the Intermediaries and (ii) submitted such engagement letter to BT Capital Partners S.A. (for this purpose, BT Capital Partners S.A., acting in the name and on behalf of all Intermediaries).

Eligible Participants may not accept, record, process and validate Bond subscriptions before signing and submitting the engagement letter mentioned above, in original, to BT Capital Partners S.A. Each Eligible Participant must comply and make sure that its internal systems allows it to comply with the requirements set out in this Prospectus and in the engagement letter mentioned above, including, but not limited to, the requirements regarding the availability of funds and settlement of the transactions carried out after the acceptance of the subscriptions by such Eligible Participant, in the currency in which the Bonds (EUR) are denominated. Subscribers will not be liable for any non-compliance with the requirements set out in this Prospectus by any Eligible Participant..

No placement of subscription/buying order to participants which are not Eligible Participants will not be considered, and the Issuer and the Intermediaries will not be subject to any liability in this respect.

The minimum subscription of an investor will be at least 10 Bonds. No brokerage fee will be paid in relation to the subscriptions made by the investors.

Subscriptions for acquiring Bonds, made by the Eligible Investors, will be registered, within the Offering Period, with the Bucharest Stock Exchange electronic system of public offerings „The Public Offerings Market”, by the Intermediary or the Eligible Participant, as the case may be, which received and validated the respective subscription, under the condition that until the end of the last day of the Offering Period, the subscription form to be accompanied by the subscription documents mentioned hereunder (as the case may be) and by one of the following documents (each defined as the „**Payment Evidence**”):

- a) payment evidence of an amount equal to the nominal value multiplied by the number of Bonds indicated in the subscription form submitted by the relevant investor via:
 - bank transfer in the collection account of the intermediary
 - o BT Capital Partners S.A., IBAN RO45BTRL01304202925690XX, opened at Banca Transilvania;
 - or
 - o Swiss Capital S.A., IBAN RO14BTRLEURCRT0420335201, opened at Banca Transilvania; or
 - o BRK Financial Group S.A., IBAN RO72 BTRL 0660 4202 R181 40XX, opened at Banca Transilvania;(each of the accounts mentioned above are individually referred to as „Collection Account”)
 - bank or cash transfer, if the subscription is made through an Eligible Participant, depending on the internal procedures of the respective Eligible Participants, as applicable, as such procedures have been communicated by each Eligible Participant to the investors; or, if applicable,
 - bank transfer, into the client’s account opened with the Intermediary through whom the subscription for acquiring Bonds is being made, in case the relevant investor has concluded a valid investment agreement with the Intermediary,or
- b) a settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement; or

- c) letter of bank guarantee issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the Eligible Participant through whom the subscription is made; or
- d) written statement from Eligible Participant through whom the subscription is made whereby the Eligible Participant assumes responsibility for the settlement of the subscribed amount, in accordance with the limitations imposed by the FSA.

The payment order must contain the personal identification number / passport number / registration code of the investor. The account number to be filled in by an Investor in the application form must be the number of the account out of which the amount of the subscription is effectively transferred, except when the relevant amount is transferred directly in cash (in case of application subscription through an Eligible Participant who has internal procedures allowing cash payments). The amounts transferred by the investor in the relevant bank or client account will not bear interest in favor of such investor.

No cash deposit made directly to a Collection Account is accepted.

A subscription for acquiring Bonds by an investor cannot be covered by a mix of amounts available in the client account(s) and a payment orders directly into the bank account, for the remaining amounts and/or through a combination of deposits in more than one Collection Account. The existing cash from the client account opened with an Eligible Participant which is designed for the payment of Bonds cannot be used by the Investor for other transactions.

Each payment order is equivalent to a subscription and combining several payment orders for one single valid subscription is not possible.

Subscriptions for acquiring Bonds shall only be considered for the amount effectively transferred into the relevant Collection Account or client account(s) or validly indicated in the commitments mentioned under items (b)-(d) above.

If the amount transferred by an Eligible Investor into the relevant Collection Account or client account(s) or indicated in the commitments mentioned under items (b)-(d) above is higher than the nominal value multiplied by the number of Bonds indicated by that Eligible Investor in its subscription, the subscription will only be validated for the number of Bonds mentioned in the respective subscription and the investor shall be reimbursed the amount transferred by it in excess within maximum 5 (five) Business Days from the Closing Date.

If the amount transferred by an Eligible Investor into the relevant Collection Account or client account(s) or indicated in the commitments mentioned under items (b)-(d) above is lower than the nominal value multiplied by the number of Bonds indicated by that Eligible Investor in its subscription, or if the subscription procedures herein were not observed, the subscription of such Eligible Investor will be invalidated for the entire number of subscribed Bonds, and to the investor shall be reimbursed the amount transferred by it within maximum 5 (five) Business Days from the Closing Date.

The price for the subscribed Bonds will be paid without of any banking fees and/or commissions. No brokerage fees will be payable in relation to subscriptions made by any Investors. However, the investors will have to take into account any applicable capital market' fees and commissions.

Investors should also consider possible transfer fees and, if applicable, account opening fees.

Neither the Intermediaries nor the Issuer will be held liable if, for reasons outside their control, the relevant Collection Account or client account(s) are not effectively credited with the amounts representing the value of the subscriptions at the Closing Date.

Subscriptions that are not validated will not be considered in the allocation process. Investors whose subscriptions were not validated will be notified accordingly Any amounts reimbursed to investors according to this Prospectus will be paid net of any bank transfer fees and any applicable market institutions' fees (these fees being borne by the respective investor), to the current account indicated by each Investor in the Subscription Form, in the investment services agreement or as otherwise agreed with the Intermediary or Eligible Participant with whom the subscription is made, as the case may be.

Subscription Documents

In case an investor has concluded an investment services agreement with the Intermediary or with any Eligible Participant with whom the subscriptions may be made in accordance with this Prospectus, such investor may validly subscribe to acquire Bonds based on the orders given pursuant to such agreement or by any means of communication method provided by such agreement, without being required to submit application subscription form or other

documentation mentioned below, unless any changes occurred in relation to his/her/its identification details since the latest update sent to the Intermediary or relevant Eligible Participant, as the case may be.

In all other cases in which an investor has not concluded an investment services agreement with the Intermediary or an Eligible Participant with whom subscriptions may be made in accordance with this Prospectus, such investor may validly subscribe to acquire Bonds by filling-in and signing a subscription form (“**Subscription Form**”), in 2 (two) original copies, accompanied by the Payment Evidence and the documents mentioned below.

The Subscription form is available at the registered offices of the Intermediaries, at the branch network of the Intermediaries and of the Eligible Participants and must be accompanied by the following documents:

- | | |
|---|--|
| A. Resident individuals subscribing in their own name: | - ID (original and copy). |
| B. Resident individuals subscribing in the name of other individuals: | <ul style="list-style-type: none"> - ID (original and copy) of the representative and the ID (in copy) of the represented individual; - Notarized power of attorney given to the representative (original and copy). |
| C. Resident individuals with no legal capacity (impaired judgment) or placed under guardianship: | <ul style="list-style-type: none"> - ID (original and copy) of the resident individual subscribing for the represented individual and the ID of the person with no legal capacity (copy); - Passport (original and copy) and/or residence permit (original and copy) of the individual subscribing for the person with no legal capacity - applicable only to foreign citizens; - The guardianship legal document or, as appropriate, the trustee or the special trustee document. |
| D. Non-resident individual subscribing in their own name: | - Passport or ID issued by an EU/EEA member state (original and copy); |
| E. Non-resident individual subscribing through resident authorized representatives: | <ul style="list-style-type: none"> - Passport or ID of the represented individual issued by an EU/EEA member state (copy); - ID of the authorized representative (original and copy); - Notarized and, if necessary, apostilled power of attorney for the representative (original and copy). |
| F. Resident legal persons subscribing in their own name: | <ul style="list-style-type: none"> - Registration certificate issued by the Trade Registry (copy); - Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person); - Ascertaining certificate issued by the Trade Registry no longer than 30 Business Days prior to the date of subscription (in original); - Power of attorney/mandate in original for the person(s) signing the subscription form, issued as provided by the constitutive act, or proof that such person is legally representing the subscribing legal person, with individually representation right (if the company is collectively represented by two or more |

persons who all are present for the signing of the subscription form, such proof shall be presented for all such persons) (original power of attorney and any other documents certified for their conformity with the original by the legal representative of the legal person);

- ID (original and copy) of the person subscribing in the name of the legal person.

G. Non-resident legal persons subscribing in their own name:

- Registration certificate or the incorporation certificate issued by the trade registry or by an equivalent institution with incorporation competence, if existing (copy);
- Updated constitutive act (copy certified for its conformity with the original by the legal representatives of the non-resident legal person);
- Ascertaining certificate/certificate attesting the current status or equivalent documents issued by the trade registry or by an equivalent institution with incorporation competence or, in case no such institution is authorized to issue such certificate, any other document evidencing the legal representatives of the legal person (in original), issued no longer than 30 Business Days prior to the subscription date (in original);; such corporate document of the non-resident legal person shall set out clearly whether the legal representatives are entitled to act individually or jointly;
- In case subscriptions are made through a person other than the legal representative(s) of the non-resident legal person, the power of attorney/mandate signed by the legal representatives of the non-resident legal person empowering the respective person to subscribe Bonds on behalf of the non-resident legal person (in original and in copy);
- ID for the person making the subscription as legal representative or attorney in fact of the non-resident legal person: passport, ID (for citizens of EU/EEA) (copy).

H. Non-resident legal persons subscribing through a resident legal person:

- Registration certificate or the incorporation certificate issued by the trade registry or by an equivalent institution with incorporation competence, if existing (copy);
- Updated constitutive act (copy certified for its conformity with the original by the legal representatives of the non-resident legal person);
- Ascertaining certificate/certificate attesting the current status or equivalent documents issued by the trade registry or by an equivalent institution with incorporation competence or, in case no such institution is authorized to issue such certificate, any other document evidencing the legal representatives of the legal person (in original), issued no longer than 30 Business Days prior to the subscription date

(in original); such corporate document shall set out clearly whether the legal representatives are entitled to act individually or jointly;

- Registration certificate of the resident legal person representative issued by the Trade Registry(copy);
- Updated constitutive act of the resident legal person representative (copy certified for its conformity with the original by the legal representative of the legal person);
- Ascertaining certificate for the resident legal person representative issued by the Trade Registry no longer than 30 Business Days prior to the date of subscription (in original);
- ID of the legal representative of the resident legal person subscribing as representative on behalf of the non-resident legal person (original and copy);
- Power of attorney signed by the legal representative(s) of the non-resident legal person by means of which the resident legal person subscribing within the Offer is empowered.

I. International financial institutions (IFIs)

- Constitutive act of the IFI or a copy of the Romanian law whereby Romania accepts or adheres to the constitutive act of the respective IFI;
- Power of attorney/certificate empowering the person who will sign the subscription form for subscribing on behalf of the IFI (in original or notarised copy);
- ID of the person who will sign the subscription form on behalf of the IFI (copy)

J. Resident/Non-resident individuals represented by an asset management company by means of a portfolio management mandate. Documents for the asset management company:

- ID (copy), for the resident individuals;
- Passport or ID of the citizens of a state member of the EU/EEA (copy), for the non-resident individuals;
- Power of attorney (original and copy);
- Registration certificate issued by the Trade Registry (copy);
- Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person);
- Ascertaining certificate issued by the Trade Registry no longer than 30 Business Days prior to the date of subscription (in original);
- Power of attorney/mandate in original for the person(s) signing the subscription form, issued as provided by the constitutive act, or proof that such person is legally representing the subscribing legal person, with individually representation right (if the company is collectively represented by two or more persons who all are present for the signing of

the subscription form, such proof shall be presented for all such persons) (original power of attorney and any other documents certified for their conformity with the original by the legal representative of the legal person);

- ID (original and copy) of the person subscribing in the name of the legal person.

K. Entities managed by other resident/non-resident legal persons (eg. investment funds, pension funds)

- Documents mentioned below shall be presented for the legal person that manages the respective entity and shall be accompanied by the authorization obtained by the respective entity from the relevant supervising authority;
- Registration certificate issued by the Trade Registry (copy);
- Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person);
- Ascertaining certificate issued by the Trade Registry no longer than 30 Business Days prior to the date of subscription (copy);
- Power of attorney/mandate in original for the person(s) signing the subscription form, issued as provided by the constitutive act, or proof that such person is legally representing the subscribing corporate entity, with individually representation right (if the company is collectively represented by two or more persons who all are present for the signing of the subscription form, such proof shall be presented for all such persons) (original power of attorney and any other documents certified for their conformity with the original by the legal representative of the legal person);
- ID (original and copy) of the person subscribing in the name of the legal person.

The entity through which an investor subscribes is entitled to request any additional documents for the purpose of fulfilling its obligations to comply with the "know your customers" rules, in accordance with its internal customer identification rules and procedures.

All documents submitted by the investors in relation to their subscription of the Bonds shall be in English or Romanian, or accompanied by a notarized translation of such documents into English or Romanian.

The Intermediaries and Eligible Participants shall accept, validate, submit and execute purchase orders with the Bucharest Stock Exchange electronic system in accordance with their internal rules and regulations regarding the management of settlement risks and with the requirements provided in this Prospectus and the applicable law.

Within 5 (five) Business Days as of the closing of subscription period, the Issuer will notify the outcome of the subscriptions in the Offering in accordance with the applicable legal provisions. The notification will be published on the BSE website (www.bvb.ro).

TAXATION

The information presented within the current section regarding the tax implications of purchase, holding or sale of Bonds in Romania is of a general nature. The purpose of this section is not to provide an exhaustive description of all possible tax matters, which may be of relevance in respect of the decision of purchasing the Bonds. The following comments are rather of a general nature and included herein solely for information purposes. Specifically, the current section does not deal with any particular factors or situations that may apply to a certain investor. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the Romanian laws in force at the time of the current Prospectus, laws that may be amended from time to time. The information presented within this section is limited only to taxation matters connected to the investment decision, and therefore, the potential investors shall not apply the information below to any other business areas, including (but not limited to) the legal aspects of the Bonds transactions. This summary contains information only about the tax implications in Romania in connection with the purchase, holding or sale of Bonds, the tax implications in other states not being dealt with in this summary. Each prospective investor should consult its own tax advisor in each state on the tax consequences of any purchase, holding or sale of Bonds.

Pursuant to the provisions of Law no. 227/2015 regarding the Fiscal Code, as subsequently amended and supplemented (the “Fiscal Code”) and the related methodological norms (approved by Government Decision No. 1/2016 regarding the Methodological Norms of the Fiscal Code, as subsequently amended and supplemented) (the “Methodological Norms”), income derived from holding and trading corporate Bonds is generally taxable in Romania.

1. Definition of terms used

Under the provisions of the Fiscal Code, there are certain conditions that must be met in order for an entity to be subject to tax on income or on profit obtained in Romania. In determining the tax consequences in Romania, the following definitions will apply:

- a “**Romanian resident individual**” means any individual who fulfils at least one of the following conditions:
 - a) has his/her domicile in Romania;
 - b) his/her centre of vital interests is in Romania;
 - c) is present in Romania for a period or several periods exceeding in aggregate 183 days, during any twelve consecutive months, which ends in the calendar year concerned;
 - d) is a Romanian citizen who works abroad as an official or employee of Romania in a foreign state.
- a “**non-resident individual**” means any individual who does not fulfil any of the conditions stated above to be a “Romanian resident individual”, as well as any individual who is a foreign citizen with diplomatic or consular status in Romania, any foreign citizen who is an official or employee of an international or inter-governmental organism that is registered in Romania, any foreign citizen who is an official or employee of a foreign state in Romania and their family members.
- “**Social Health Insurance System (SHIS) taxpayer individuals**” within the meaning of investment income means:
 - a) Romanian citizens domiciled in Romania;
 - b) foreign citizens and stateless persons who have applied for and have obtained the right of temporary residence or domicile in Romania;
 - c) citizens of the Member States of the European Union, of the European Economic Area and of the Swiss Confederation who do not have insurance concluded on the territory of another Member State that has effects on the Romanian territory, who have applied for and obtained the right to stay in Romania for a period of more than 3 months;
 - d) persons from the Member States of the European Union, of the European Economic Area and of the Swiss Confederation who meet the conditions of a frontier worker and who are employed or self-employed in Romania and who reside in another Member State to which they usually return daily or at least once a week.
- a “**Romanian legal entity**” means any legal entity which has been incorporated and functions according to the Romanian laws.

- a “**legal entity established under the European legislation**” means any legal entity incorporated under the conditions and mechanism provided by the European regulations.
- a “**foreign legal entity**” means any legal entity which is not a Romanian legal entity and any legal entity incorporated according to European legislation which does not have a registered office in Romania.
- a “**resident**” in Romania means any Romanian legal entity, any foreign legal entity which has its place of effective management in Romania, any legal entity having its registered office in Romania, incorporated according to European legislation and any Romanian resident individual.
- a “**non-resident**” means any foreign legal entity, any non-resident individual and any other foreign entities, including undertakings for collective investment in securities, without legal personality, not registered in Romania, according to the law.
- “**interest**” is defined as any amount which must be paid or received for the use of money, regardless of whether it must be paid or received in relation to a debt, in connection with a deposit or in accordance with a financial leasing contract, instalment sale or other deferred payment sale.
- “**affiliated persons**” - a person is affiliated if the relation between such person and another person is defined by at least one of the following cases:
 - a) a natural person is affiliated with another natural person if such persons are spouses or relatives up to the 3rd degree inclusive;
 - b) a natural person is affiliated with a legal person if the natural person owns, directly or indirectly, including the holdings of the affiliated persons, at least 25% of the value/number of the shareholdings or of the voting rights held in the legal person, or if it actually controls the legal person;
 - c) a legal person is affiliated with another legal person if at least the former holds, directly or indirectly, including the holdings of the affiliated persons, at least 25% of the value/number of the shareholdings or of the voting rights held in the other legal person, or if it actually controls the legal person;
 - d) a legal person is affiliated with another legal person if a person holds, directly or indirectly, including the holdings of the affiliated persons, at least 25% of the value/number of the shareholdings or of the voting rights held in the other legal person or if it actually controls that person.

2. Taxation of Bondholders resident in Romania for tax purposes

Taxation of interest

(i) Romanian resident individuals

Interest income received by Romanian resident individuals on corporate Bonds is subject to income tax at the rate of 16%. The income tax is withheld at source by the payer of income (i.e. the Issuer) and the Romanian resident individual receives only the net amount. The tax is final, and no reporting obligation arises for the beneficiary individual.

SHIS taxpayer individuals deriving income from interest are required to pay also the individual social health insurance contribution (5.5%). However, as of February 2017, SHIS taxpayer individuals do not owe the individual social health insurance contribution if they derive other income for which such contribution is due (e.g. income from salaries or assimilated to salaries, pensions, unemployment allowances, independent activities). In these cases, the social health insurance contribution may be due only for January 2017 (for 1/12 of the gross income from interest obtained in 2017), capped at RON 861. If the income from investments (including income from interest) is the only income earned by SHIS taxpayer individuals, and their monthly level is below the national gross minimum base salary and does not fall into the categories of persons exempted from the payment of the contribution or in the categories of persons for whom the payment of the contribution is borne from other sources, the individual social health insurance contribution is due as follows:

- a) monthly, by applying the individual contribution rate (5.5%) to the calculation basis representing the national gross minimum salary, and the social health insurance contribution must be paid for a period of at least 12 consecutive months, starting with the month in which the income tax return is submitted for the purpose of determining the social health insurance contribution; or

- b) when accessing the services provided by the public social health insurance system according to the law, by submitting the income tax return for the purpose of determining the social health insurance contribution, by applying the individual contribution rate to the calculation basis representing 7 times the national gross minimum salary.

If applicable, the social health insurance contribution shall be paid by the SHIS taxpayer individual based on the tax decision issued by the tax authorities. The tax decision is issued based on the statement regarding the income obtained or on the statement regarding the computation and withholding of the tax for each income beneficiary filed with the tax authorities by the payer of income, as well as on the basis of tax records. The payment of the social health insurance contribution will be made by the SHIS taxpayer individuals within 60 days from the date of receiving the tax decision issued by the tax authorities.

(ii) Romanian resident legal entities

Interest received on the Bonds by Romanian resident legal entities represents taxable income in the calculation of the tax result that is subject to profit tax at the rate of 16%, at the level of said entity.

If the resident entity applies the micro-enterprises' income tax regime, then the interest income will be included in the taxable base (representing the gross income), to which a 1% rate is applied (if the entity has at least one employee) or 3% for the legal entities that do not have employees.

Holders who are resident legal entities will receive the gross amount of the interest in respect of the Bonds held.

(iii) Taxation of Romanian collective investment vehicles without legal personality and pension funds without legal personality, privately managed and set up in Romania through a civil society contract

No payment or declaratory obligations arise in respect of the interest derived from holding the Bonds by collective investment vehicles without legal personality set up in accordance with the Romanian legislation and by pension funds set up in accordance with the Romanian legislation, each associate/participant being subject of taxation within the meaning of profit or income tax.

Taxation of capital gains

Capital gains are not defined as such by the Romanian Fiscal Code. Generally, the taxable gain (tax loss) resulted from the transfer of securities is computed as the difference between the sale price and the tax value (acquisition/subscription price), less the costs related to the transaction, justified by appropriate supporting documents.

(i) Romanian resident individuals

Capital gains obtained by Romanian resident individuals from the transfer of Bonds are subject to a tax on income at the rate of 16%.

The tax is not withheld at source and the Romanian resident individuals need to declare the capital gains in the annual income tax return to be filed by the 25th of May of the year following the year when the income was derived. The annual tax due by individuals for the capital gains will be determined by the competent tax authority by means of a tax decision. The payment of the tax due will be made by individuals within 60 days from the date of receiving the tax decision issued by the tax authorities.

The annual net loss established in the income tax return is recovered from the annual net gains obtained over the next seven consecutive fiscal years, under the conditions provided by the Fiscal Code.

SHIS taxpayer individuals deriving capital gains are required to pay also the individual social health insurance contribution (5.5%). However, as of February 2017, SHIS taxpayer individuals do not owe the individual social health insurance contributions if they derive other income for which such contribution is due (e.g., income from salaries or assimilated to salaries, pensions, unemployment allowances, independent activities). In these cases, the social health insurance contribution may be due only for January 2017 (for 1/12 of the gains obtained in 2017), capped at RON 861. If the income from investments (including capital gains) is the only income earned by SHIS taxpayer individuals, and their monthly level is below the national gross minimum base salary and does not fall into

the categories of persons exempted from the payment of the contribution or in the categories of persons for whom the payment of the contribution is borne from other sources, the individual social health insurance contribution is due as follows:

- a) monthly, by applying the individual contribution rate (5.5%) to the calculation basis representing the national gross minimum salary, and the social health insurance contribution must be paid for a period of at least 12 consecutive months starting with the month in which the income tax return is submitted for the purpose of determining the social health insurance contribution; or
- b) when accessing the services provided by the public social health insurance system according to the law, by submitting the income tax return for the purpose of determining the social health insurance contribution, by applying the individual contribution rate to the calculation basis representing 7 times the national gross minimum salary.

If applicable, the social health insurance contribution shall be paid by the SHIS taxpayer individual based on the tax decision issued by the tax authorities. The tax decision is issued based on the statement regarding the income obtained or on the statement regarding the computation and withholding of the tax for each income beneficiary filed with the tax authorities by the payer of income, as well as on the basis of tax records. The payment of the social health insurance contribution will be made by the SHIS taxpayer individuals within 60 days from the date of receiving the tax decision issued by the tax authorities.

(ii) Romanian resident legal entities

Capital gains obtained by Romanian resident legal entities from the transfer of Bonds will be included as taxable elements in the calculation of the tax result that is subject to profit tax at the rate of 16%, at the level of said entity. Tax losses established through the income tax return can be recovered from the taxable profits earned over the next seven consecutive years.

If the resident legal entity applies the micro-enterprises' income tax regime, the income derived from the sale of the Bonds will be included in the taxable base (representing the gross income, excluding deduction of the acquisition cost), to which a 1% rate is applied (if the entity has at least one employee) or 3% for legal entities that do not have employees.

No tax is withheld at source in respect of capital gains.

(iii) Taxation of Romanian collective investment vehicles without legal personality and pension funds without legal personality, privately managed and set up in Romania through a civil society contract

No payment or declaratory obligations will arise in respect of the capital gains derived from the transfer of Bonds by collective investment vehicles without legal personality set up in accordance with the Romanian legislation and by pension funds set up in accordance with the Romanian legislation, each associate/participant being subject of taxation within the meaning of profit or income tax.

3. Taxation of Bondholders not resident in Romania for tax purposes

Taxation of interest

Generally, interest income obtained in Romania by non-residents is subject to withholding tax at the rate of 16%, if the interest is paid by a resident. The payer of income is required to withhold the tax.

Interest on instruments/debt securities issued by Romanian companies, incorporated as per the Romanian Company Law 31/1990, derived by non-residents from Romania, is tax exempt provided that:

- the instruments/debt securities are issued under a prospectus approved by the competent regulatory authority (Romanian Financial Supervisory Authority), and
- the interest is paid to a person who is not an affiliated person of the issuer of instruments/debt securities concerned.

(i) Non-resident individuals

Interest paid to non-resident individuals under the Bonds is tax exempt in Romania, and therefore no tax will be withheld at source, provided that the Bonds are issued under a prospectus approved by the competent regulatory authority (Romanian Financial Supervisory Authority) and the interest is not paid to an affiliate of the Issuer. No reporting obligation shall arise for the individuals, but only the obligation to obtain a tax identification number if they do not have a personal numerical code in Romania.

In the case of interest paid to an affiliated person, interest is subject to the 16% withholding tax. Tax may be reduced or eliminated based on a double taxation treaty. In order to benefit from the more favourable provisions of a double taxation treaty, the non-resident affiliate should obtain and provide the payer of income with a fiscal residency certificate (valid for the respective fiscal year) issued by the tax authorities of its country of residence.

If the non-resident individuals are SHIS taxpayers, they may be required to pay the individual social health security contribution, under the same rules applicable to the resident individuals who are SHIS taxpayers (please see point 2.i above).

(ii) Non-resident legal entities

Interest paid to non-resident legal entities under the Bonds is tax exempt in Romania, and therefore no tax will be withheld at source, provided that the Bonds are issued under a prospectus approved by the competent regulatory authority (Romanian Financial Supervisory Authority) and the non-resident legal entity is not an affiliate of the issuer.

An exception applies to interest paid to an affiliated company, where interest is subject to the 16% withholding tax. The tax may be reduced or eliminated based on a double taxation treaty. In order to benefit from the more favourable provisions of a double taxation treaty, the non-resident affiliate should obtain and provide the payer of income with a fiscal residency certificate (valid for the respective fiscal year) issued by the tax authorities of its country of residence. Under certain conditions, the exemption provided for interest payments by the EU Interest and Royalties Directive (2003/49/EC) may apply for payments between associated companies, in accordance with the provisions of the Fiscal Code transposing this Directive.

No reporting obligations shall arise for the non-resident legal entities, but only the obligation to obtain a tax identification number if they do not already have such a code in Romania.

(iii) Taxation of non-resident collective investment vehicles without legal personality and foreign pension funds without legal personality

Interest paid to non-resident collective investment vehicles without legal personality and to foreign pension funds without legal personality under the Bonds is not taxable in Romania, and therefore no tax will be withheld at source, if Bonds are issued under a prospectus approved by the competent regulatory authority (Romanian Financial Supervisory Authority), and the beneficiary is not an affiliate of the issuer.

As a general rule, the interest paid to pension funds, as defined in the legislation of the Member State of the European Union or in one of the countries of the European Economic Area, is exempt from withholding tax in Romania provided that there is a legal instrument based on which the exchange of information takes place.

No reporting obligations shall arise for the non-resident collective investment vehicles without legal personality and non-resident pension funds without legal personality, but only the obligation to obtain a tax identification number if they do not already have such a code in Romania.

Taxation of capital gains

(i) Non-resident individuals

Capital gains derived by non-resident individuals from the transfer of Bonds issued by Romanian residents are considered as Romanian-sourced income, regardless of whether the income is received in Romania or abroad, and thus is subject to taxation in Romania.

In this regard, the capital gains from the transfer of Bonds obtained by non-resident individuals will be subject to a 16% income tax. Depending on the country in which the non-resident individual has its tax residence, the capital

gains tax may be reduced or eliminated based on a double taxation treaty. In order to benefit from the more favourable provisions of a double taxation treaty, the non-resident should obtain and provide a fiscal residency certificate (valid for the respective fiscal year) issued by the tax authorities of its country of residence, accompanied by a certified translation in Romanian, and attach a legalised copy of the certificate accompanied by a certified translation of the annual income tax return. When the operations are carried out through a resident intermediary, the latter keeps the fiscal residency certificate and the certified translation into Romanian.

Irrespective of whether the income tax on capital gains is due in Romania, the beneficiary of the income is responsible for declaring the income based on an annual tax return, which must be filed by the 25th of May of the year following the year when the income was derived. If applicable, the annual tax due by individuals for capital gains will be determined by the competent tax authority by tax decision.

Non-residents having tax obligations in Romania must appoint a Romanian resident tax agent to obtain a fiscal identification number and declare any tax liabilities in the name and on behalf of the non-resident individual. This obligation also applies to individuals whose capital gains are tax exempt in Romania, but who have an obligation to report income in Romania. Tax residents in any Member State of the European Union/ state within the European Economic Area or in a state that is part of an international framework of mutual administrative assistance in tax matters and recovery of tax claims to which Romania is a party are not required to designate an agent, as they may represent themselves directly.

When operations are carried out through a resident intermediary, the latter has the obligation to request from the Romanian tax authority the fiscal identification code for the non-resident individual who does not have such a number.

If the non-resident individuals are SHIS taxpayers, they may be required to pay the individual social health security contribution, under the same rules applicable to the resident individuals who are SHIS taxpayers (please see point 2.i above).

(ii) Non-resident legal entities

The Fiscal Code does not contain express provisions on the taxation of capital gains obtained by non-resident legal entities from the transfer of Bonds issued by Romanian residents. However, by corroborating the provisions of art. 7, 12, 38 and 223 of the Fiscal Code, it can be interpreted that any capital gains obtained by non-resident legal entities from the transfer of Bonds issued by Romanian residents are not taxable income in Romania. Given the lack of a clear and express regulation applicable in this context, it is however recommended to potential investors to confirm the tax treatment applicable on a case-by-case basis.

(iii) Taxation of non-resident collective investment vehicles without legal personality and foreign pension funds without legal personality

Capital gains from the trading of Bonds by non-resident collective investment vehicles without legal personality and by any other non-resident assimilated vehicles without legal personality, recognised by the relevant regulatory body authorising their activity on that particular market, are non-taxable in Romania.

The Fiscal Code does not contain express provisions on the taxation of capital gains obtained by foreign pension funds from the transfer of Bonds issued by Romanian residents. However, by corroborating the provisions of art. 7, 12, 38 and 223 of the Fiscal Code, it can be interpreted that any capital gains obtained by non-resident legal foreign pension funds from the transfer of Bonds issued by Romanian residents are not taxable income in Romania. Given the lack of a clear and express regulation applicable in this context, it is however recommended to potential investors to confirm the tax treatment applicable on a case-by-case basis.

4. Considerations on the value added tax

Investment transactions with financial instruments, such as the Bonds, are generally VAT exempt without deduction right.

SELLING RESTRICTIONS

The distribution of this document and the offering of Bonds in certain jurisdictions may be restricted by law and therefore the persons who get in touch with this document should inform themselves about and observe any restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

European Economic Area

In relation to each Member State of the EEA (including Romania), no Bonds have been offered or will be offered, pursuant to the Offer, other than according to art. 3(2) letter a) and b) of the Prospectus Directive:

- a) to any legal person which is a Qualified Investor; or
- b) to a lower number than 150 natural or legal persons (other than Qualified Investors) of each EEA Member State;

so that no such offer of Bonds shall result to a requirement for the publication of a prospectus pursuant to Article 3(2), letters a) and b) of the Prospectus Directive or any measure implementing the Prospectus Directive in an EEA Member State.

For the purposes of this provision, the expression “offer to the public” in relation to any Bonds in any EEA Member State means the communication, in any form and by any means, of sufficient information on the terms of the offer and any Bonds which will be offered, in such manner to enable an investor to decide to acquire any Bonds, as this expression can be changed in that EEA Member State, by means of any implementing measure of the Prospectus Directive in that EEA Member State.

In the case of any Bonds are being offered to a financial intermediary, as that term is provided in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Bonds acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired for the purpose of being offered or resold to some persons, in circumstances which may give rise to an offer of any Bonds to the public, other than their offer or resale in an EEA Member State to Qualified Investors, as they are defined in this Prospectus.

United States

The Bonds have not been and will not be registered under the Securities Act.

The Bonds have not been and will not be registered under the Securities Act, as amended, or in accordance with any of the securities laws of any state or jurisdiction of the United States and may not be offered or sold, directly or indirectly within the United States or to, or in the name or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction which is not subject to the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to U.S. persons in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Canada

No prospectus in relation to the Bonds has been filed with the securities regulatory authority in any province or territory of Canada. This Prospectus is not, and under no circumstances is to be construed as, an announcement or a public offering of the Bonds in Canada. The Intermediaries represents and agrees that the Bonds may be offered, sold or distributed, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in compliance with the applicable securities laws of Canada or any province or territory of Canada. The Intermediaries will be required to accept that they will offer, sell or distribute the Bonds only pursuant to an exemption from the prospectus requirement in the province or territory of Canada in which such offer is made. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with the right to request remedies for rescission or damages if an “offering memorandum” such as this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit provided by the securities legislation of the purchaser’s province or territory. For more details concerning these rights, the purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), this document is exempt from the requirement that the Issuer and the Intermediaries can provide to Canadian investors with certain conflicts of interest disclosure in connection with this offering.

Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Bonds may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or to buy, the Bonds may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Bonds may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Bonds, each purchaser or subscriber of Bonds represents and warrants to the Company that such purchaser or subscriber is an Exempt Investor.

As any offer of Bonds under this Prospectus, under any supplement to the prospectus or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Bonds for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By subscribing for Bonds, each purchaser or subscriber of Bonds undertakes to the Company that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Bonds, offer, transfer, assign or otherwise alienate those Bonds to investors in Australia, except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Japan

The Bonds have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan. The Bonds have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or on behalf of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (a) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (b) in compliance with any other applicable requirements of Japanese law.

ADDITIONAL INFORMATION

Authorisation

The Bond Issuance has been approved by the resolutions of the extraordinary general meeting of the Issuer's shareholders number 1 of 30 January 2017 and number 3 of 15 June 2017. Cumulatively, the two resolutions of the extraordinary general meeting of the Issuer's shareholders approved the issue of bonds by the Company, in RON or in EUR, with an aggregate value of EUR 54,695,130 (using the exchange rate of RON 4.5462 / EUR 1)), of which, prior to the date of this Prospectus, the Issuer raised the amount of EUR 12,000,000 through the issue of bonds within a private placement – please see also „*Selected financial information - Status of loans – Other financial obligations – 2017 Bonds issuance*” ..

The Issuer has obtained or will obtain all the necessary approvals, statements and authorisations in relation to the issuance and the fulfilling of the obligations arising from the Bonds

Judiciary Proceedings and Arbitration

There is no governmental procedure, judiciary or arbitral (including such pending or imminent procedure at the Issuer's knowledge), which could have had or which had in the past 12 months before the date of this Prospectus, a significant effect on the financial situation or on the Issuer's profitability, except those presented in the section „*Selected financial information – Judiciary Procedures*”.

Significant/Important variation

Starting with 30 June 2017, the Issuers' perspectives have not been significantly altered and there have been no significant variations of its financial or commercial position, except for the events detailed in the present Prospectus.

At the date of the present Prospectus, the Issuer has no knowledge of any interest, including of a conflictual nature, relevant for the Offering.

Information from Third Parties

In this Prospectus, information from third parties have been accurately reproduced and, according to the Issuer's knowledge and as far as this fact can be confirmed based on the information published by the respective third party, there have been omitted no aspects that could render incorrect or misleading the respective information.

Information incorporated by reference

The Annual Financial Statements, together with the external auditors' reports, as well as the Individual Financial Statements, as they have been transmitted to the BSE and published on the Issuer's website, are incorporated by reference in this Prospectus.

Auditors

The Audited Annual Financial Situations have been audited for the financial year concluded at 31 December 2015 and 31 December 2016 by Deloitte Audit S.R.L. who had no objection to include its reports in this Prospectus in the form and context provided herein.

The Issuer organizes its internal audit according to the applicable legal provisions

Documents accessible to public

The Offering Prospectus is published in electronic format on the website of Bucharest Stock Exchange, www.bvb.ro, on the website of the Issuer www.impactsa.ro and on the Intermediaries' websites www.btcapitalpartners.ro, www.swisscapital.ro and www.brkfinancialgroup.ro.

The following documents are made available to the interested investors, on paper, at the Issuer's headquarters:

- a. The Prospectus;

- b. The Issuer's Constitutive Act;
- c. Historical annual consolidated financial statements of the Issuer for the financial years ended 31 December 2015 and 2016 and the audit reports regarding these financial statements and half-yearly consolidated financial information (non-audited and non-reviewed) of the Issuer for the semester ended on 30 June 2017;
- d. (Non-audited and non-reviewed) historical annual individual financial statements of the Issuer for certain financial years ended on 31 December 2015 and 2016 and the audit reports regarding such financial statements and individual half-yearly financial statements of the Issuer for semester ended 30 June 2017, as well as (non-audited and non-reviewed) individual financial information of the Issuer for the period of nine months ended on 30 September 2017;;
- e. The Subscription Form;
- f. The Revocation Form.

Issuer

Impact Developer & Contractor S.A.

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Ilfov County, Romania

Lead Manager and Bookrunner

BT Capital Partners S.A.

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Cluj County, Romania.

Manager and Bookrunner

Swiss Capital S.A.

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Manager

BRK Financial Group

119 Calea Moșilor
Cluj-Napoca, Cluj County, Romania

Paying Agent

Banca Transilvania S.A.

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Cluj-Napoca, Cluj County, Romania

Legal Advisor to the Issuer

Peli Filip SCA

246C Calea Floreasca, SkyTower Building, floor 15,
1st District, Bucharest, Romania

Independent Auditor

DELOITTE AUDIT S.R.L.

4-8 Nicolae Titulescu road, floor 3, Bucharest, Romania

