

Spotlight: Impact - Budget homebuilder

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- Impact Developer & Contractor S.A. is a pioneering Romanian real estate company founded in 1991. It was the first real estate company to be listed on the Bucharest Stock Exchange and to issue corporate bonds in foreign currency. With more than 30 years of experience, Impact has a successful track record in developing over 17 real estate projects (mainly residential) in various cities in Romania.
- The company has a unique geographic presence in Romania with its developments spread across various cities (Bucharest, Constanta and Oradea) and is currently broadening its portfolio by venturing into a new project located in Iasi, Romania's third largest city. Furthermore, the management intends to expand in other major cities such as Timisoara, Cluj and Brasov in the forthcoming future.
- Impact stands out from its competitors thanks to its unique approach in the fragmented housing market in Romania. Unlike most developers, which focus on building small and medium-sized complexes in a single city, Impact has a broader geographic coverage and specializes in building large-scale projects (10-50 ha) on the outskirts of cities. These projects are designed to provide all the necessary amenities in proximity, making them both cost-effective and relevant for the company's primary target market of price-conscious buyers. On the other hand, Impact benefits from economies of scale in sourcing, construction and marketing thanks to its large projects, well-known brand and vertical integration.

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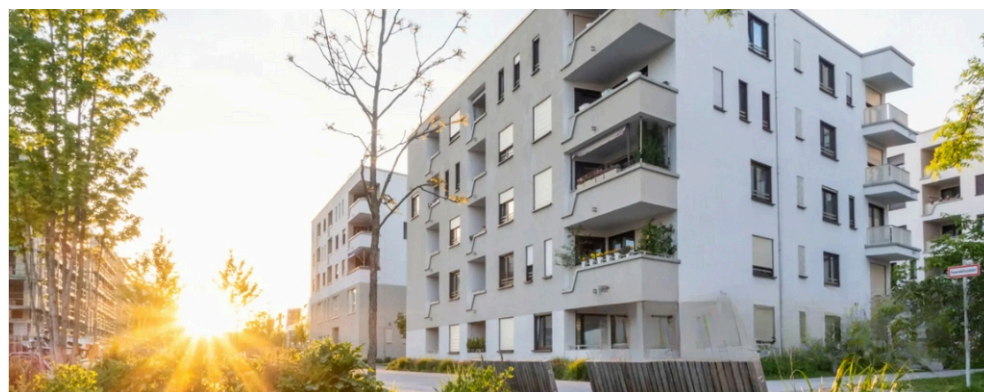
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Recent developments

Impact's revenues from the sale properties decreased by 34% yoy in the first half of 2023 due to fewer properties sold, despite a mid-digit increase in the price/sqm sold. This decrease can be attributed to two main factors: (i) the threshold for reduced VAT (5%) has been lowered from EUR 140k to EUR 120k and (ii) the impact of high interest rates on mass market real estate buyers (approx. 70% of Impact's clients purchase their properties with a mortgage). However, the current combination of a stable interest rate environment and the recent discussion suggesting that high interest rates are here to stay may serve as a catalyst for potential customers to take the plunge and purchase a home.

Company data

Last close price 7.11.2023	0.24 RON/EUR	4.9665
Year low/high (RON)	0.23/0.41	Index BETI
Shares outstanding eoy (mn)	2,365.7	Exchange Bucharest Stock Exchange
Market capitalisation (EUR mn)	113.8	ISIN code ROIMPCACNORO
Free float	29.5%	Bloomberg IMP RO
Free float (EUR mn)	33.6	Reuters IMP.BX
Avg. daily turnover (12M, in mn EUR)	0.01	Website www.impactsa.ro

Source: Bloomberg, Reuters, RBI/Raiffeisen Research

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Impact at a glance

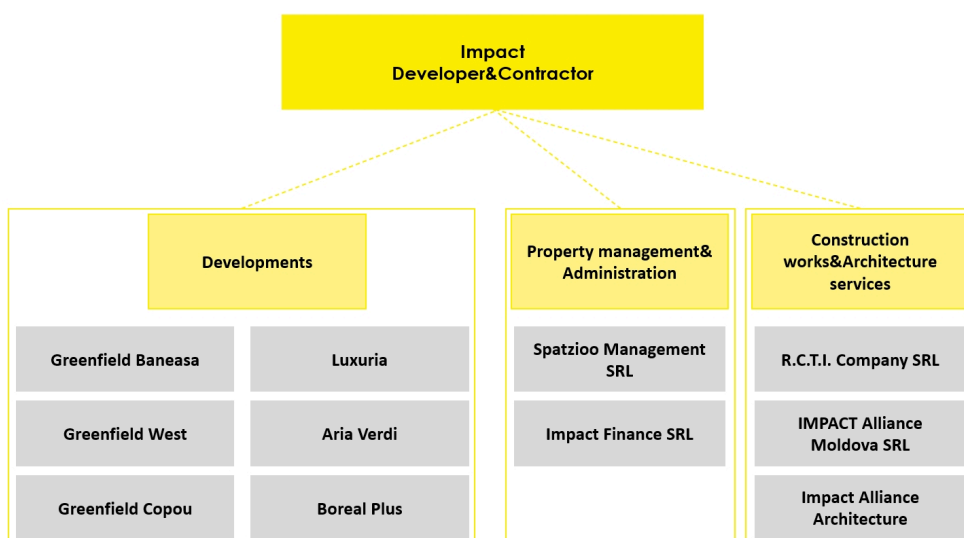
Impact Developer & Contractor S.A. (Impact) is a Romanian real estate company founded in 1991 as the first private real estate company of the post-communist era. The company made history when it became the first representative of the real estate sector to be listed on the Bucharest Stock Exchange in 1996. Impact specializes in the construction, development and sale of residential, office and commercial properties, as well as real estate management services. Impact's portfolio includes several brands such as Boreal Plus, Greenfield, Luxuria, Aria Verdi and a solid land bank supporting current and future projects in various locations in Bucharest, Iasi and Constanta. At the same time, the management team is committed to expanding the company's presence nationwide, focusing on major cities such as Timisoara, Cluj and Brasov. The company's exposure to one of the country's most sought-after cities makes Impact a unique player in the Romanian real estate market.

Impact's brands



Source: Impact, RBI/Raiffeisen Research

Group overview



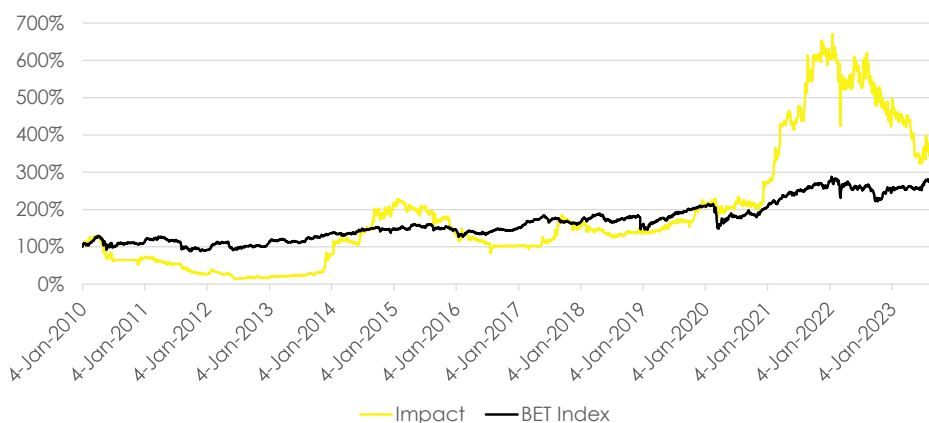
Source: Impact, RBI/Raiffeisen Research

Impact's evolution

1991	Impact is established, the first private real estate company from the post-communist era and the first company in the industry established by public subscription.
1995	Impact launches on the Romanian market the concept of "residential compound" when starting the construction of the ALFA Compound in Bucharest (40 luxury residential units). The company is listed on the Bucharest Stock Exchange, whereby Impact becomes the first representative of the real estate development and construction sector listed on the Bucharest Stock Exchange.
1996	
1997	Impact starts the residential development in the Northern area of the Capital – 10 residential compounds of over 1,000 villas to be completed by 2007.
2002	Impact starts the development of the Boreal compound in Constanta, of 151 villas, completed in 2010.
2004	Impact starts the works at the compounds Roua Residence in Ploiesti, Blume in Oradea and the first class A office building in Baneasa
2006	The company's shares are promoted to Cateoria I of the Bucharest Stock Exchange.
2007	The company starts the largest residential project in District 1 of the Capital – Greenfield Baneasa Residence.
2010	Impact completes the first phase of the Greenfield Baneasa project with an area of 10 ha and 680 apartments and villas.
2015	The company's shares are promoted to the Premium category of the Bucharest Stock Exchange + EUR 3 mn loan
2016	Impact completes phase two of the Greenfield Baneasa project Salcamilor Ensemble, with an area of 7 ha and 35 buildings with 924 apartments + EUR 13.2 mn loan
2017	EUR 13 mn loan + EUR 25 mn bonds
2018	Impact commences the project Luxuria Residence, a compound of 630 apartments + EUR 18 mn loan
2019	Impact completes the third phase of Greenfield Baneasa project, the Platanilor compound, with an area of 10 ha and 39 buildings with 944 apartments + EUR 28 mn loan
2020	Impact completes the first two phases of the Luxuria project with 500 apartments. Impact starts the Boreal Plus project with 673 apartment and 18 villas + EUR 12 mn loan and EUR 7 mn bonds
2021	The company starts the largest residential project in District 1 of the Capital – Greenfield Baneasa Residence + EUR 52 mn loan.
2022	Impact completes the first phase of the Greenfield Baneasa project with an area of 10 ha and 680 apartments and villas + EUR 16 mn equity + EUR 74 mn loan.
2023	Impact started construction for another 205 units in Greenfield Baneasa project and first steps for Aria Verdi permitting were done.

Source: Impact, RBI/Raiffeisen Research

Price evolution

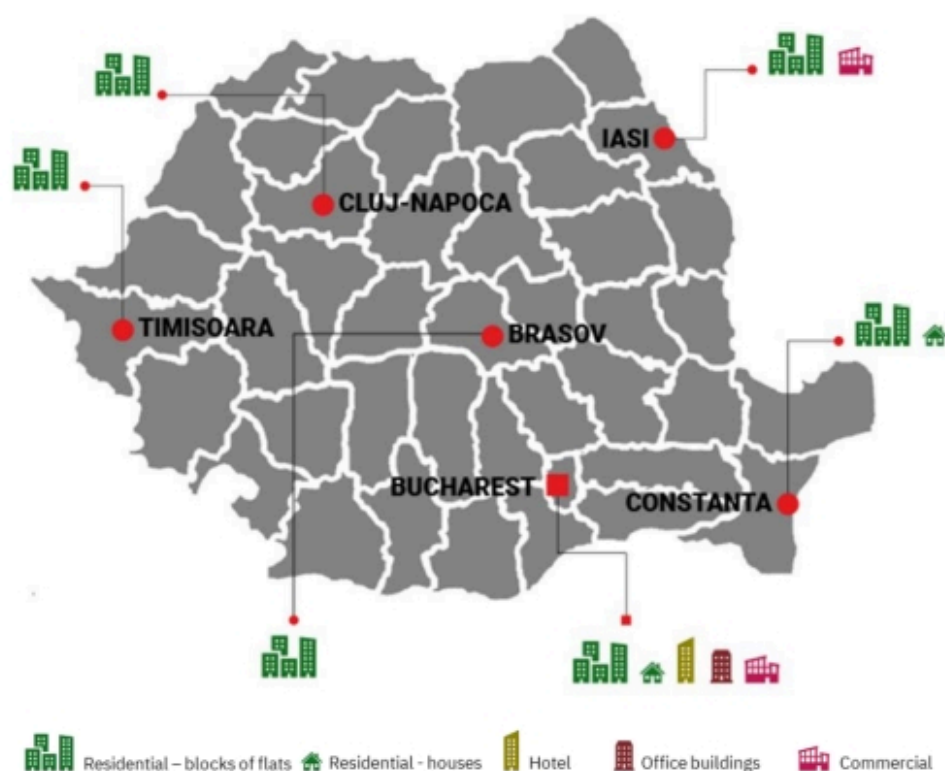


January 4, 2010 = 100%

Source: Bloomberg, RBI/Raiffeisen Research

Properties overview

Group's targeted city



Source: Impact

Impact has a solid land reserve that backs up its ongoing and forthcoming projects situated in attractive regions of Bucharest, Iasi and Constanta. Moreover, Impact is looking to expand its reach across the country by targeting major cities such as Timisoara, Cluj and Brasov and is actively seeking suitable land parcels for new developments.

Impact's land bank as of June 30, 2023

Location	Project	Area, ha	Book value, EUR mn	Market value, EUR mn
Baneasa - Bucharest	Greenfield Baneasa	37.5	68.6	85.0
Bvd. Timisoara - Bucharest	Greenfield West	25.9	32.4	32.4
Bvd. Barbu Vacarescu - Bucharest	Aria Verdi	2.5	36.9	36.9
Zenit - Constanta	Boreal Plus	3.2	1.7	6.4
Iasi	Greenfield Copou	5	7.6	11.6
Oradea, Neptun, Voluntari	n/a	11.8	1.8	3.8
Total		85.9	148.9	176.0

Source: Impact

According to management, of the total approx. 86 ha of land it owns, Impact can use about 71 ha to develop at least five new projects over the next decade. These include new phases of Greenfield Baneasa and Boreal Plus, along with the development of Greenfield Copou, Aria Verdi and Greenfield West. The market value of these projects is estimated by the company at roughly EUR 1.5 bn.

Business cycle



Source: Impact

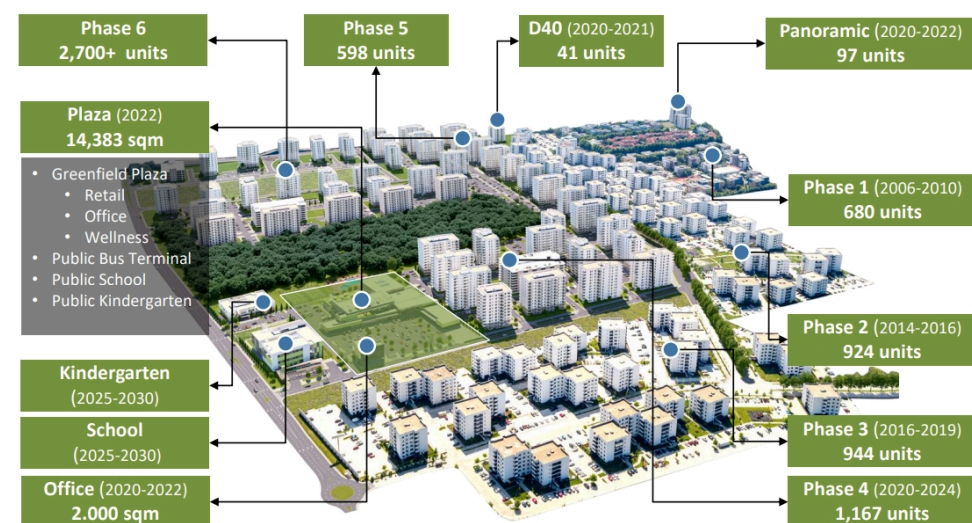
Due to the pandemic and the disruption of supply chains, the company faced challenges in implementing its projects and managing its costs. As a result, Impact returned to its original business model in 2022 by acquiring the construction company RCTI and creating a new construction company called Impact Alliance Moldova (for the project in Iasi). The company also partnered with an architecture firm to create a joint venture called Impact Alliance Architecture.

The company's vertical integration efforts have yielded positive results, as it has optimized three types of apartment blocks that will be replicated in upcoming projects. In addition, the company aims to reduce construction time by several months in the future through the use of prefabricated building elements such as bathrooms.

Developments portfolio

As of June 30, 2023, Impact had: (i) total assets of approx. RON 1.8 bn (adjusted to EPRA standards), (ii) a dwelling inventory with a market value of around RON 770 mn, (iii) 1,631 dwellings under construction (with building permits), of which 982 are in various stages of construction, and (iv) a balance of 403 pre-sale and reservation contracts with a total value of approx. RON 230 mn, which will result in sales upon completion of the apartments. At the same time, the company expects to deliver 732 dwellings in the next six months.

Greenfield Baneasa - Bucharest



Source: Impact

Greenfield Baneasa is the company's flagship project and was launched in 2007. The project is located in the northern part of Bucharest and is surrounded on two sides by 900 ha of forest.

Main features - new phases

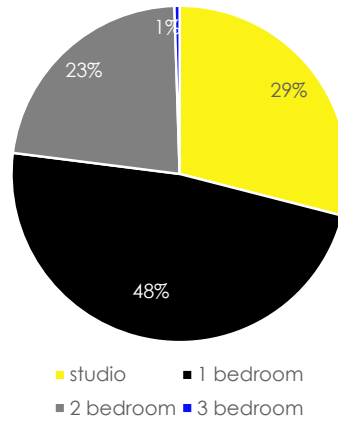
GDV	EUR 467 mn
GBA	254k sqm
Land cost	EUR 45 mn
Construction cost	EUR 264 mn
Sales fee	EUR 16 mn
Units	2,796
Average unite price	EUR 154k
Price per sqm	EUR 1,940
Land area	17 ha

Source: Impact

The Greenfield Baneasa development offers various facilities, including the newly built Greenfield Plaza Baneasa, one of the newest shopping and leisure destinations in the northern part of Bucharest. To provide better access to education, Impact donated land to the municipality for the construction of a public school and kindergarten in 2020. The building permit for the school was granted in September 2021, and in June 2023, the municipality initiated the construction auction process. The area is also connected to two bus lines, one of which goes to the Straulesti multimodal terminal. Facilities such as a church and nursery are also planned to be available to residents.

The project will include a total of 6,839 units, of which 2,686 units have been completed by June 30, 2023. Currently, there is a zoning permit for more than 3,700 apartments, out of which: 1,167 units with building permit and other 598 units in the final stage of acquiring the building permit.

Dwellings distribution



Source: Impact

Greenfield Baneasa's main characteristics

600,000 sqm	over 7,000	2007 – 2031	800 mil €	6 phases
LAND AREA Located in the northern area of Bucharest, in District 1, in the most idyllic landscape, framed on two sides of the forest: Baneasa Forest.	APARTMENTS Greenfield offers different types of 1, 2, 3 and 4 room flats. 2,686 houses have been built. More than 6,500 people already live in Greenfield.	CONSTRUCTION PERIOD Over 240,000 sqm have already been built and other 360,000 sqm are planned for residential buildings, using carefully selected materials and high-quality and efficient technical solutions.	PROJECT VALUE Greenfield, the largest residential development in Bucharest is the new reference in residential facilities.	DEVELOPMENT LEVEL The first 3 phases, including Panoramic, were completed by 2022. The next phases are about to be developed by the end of 2031.

Source: Impact

In the coming months, the management expects to continue the process of obtaining a building permit for the new phase of development in Greenfield Baneasa, which will consist of 598 dwellings with a total built area of 57,548 sqm and a market value of EUR 81 mn.

Greenfield Plaza

Main features

21,496	sqm Land Area
6,485	sqm Building Footprint
13,806	sqm Gross Lettable Area including 4,472 Outdoor Amenities Area
264	units Parking Spaces
4	units EV Charging Station
84	kWp Photovoltaic Panels
55	kW Solar Panels

Outdoor amenities don't include parking spaces

Source: Impact

Greenfield Plaza Baneasa is a strip mall, located in the Greenfield Baneasa development, with a market value exceeding EUR 25 mn, according to Impact's assessment. The shopping center covers 14,001 sqm of retail, wellness and office areas. The shopping gallery features a supermarket, pharmacy, beauty salon, cafes, restaurants and laundry services. The wellness club offers expansive sports and spa facilities for adults and children, including a semi-olympic indoor pool, a children's pool, an outdoor pool, a gym, group classes (such as cycling, pilates, yoga, zumba, stretching, children's classes, dances and martial arts), a squash court, a relaxation area with sauna and emotional showers and massage rooms. Additionally, Greenfield Plaza comprises a car wash and an office building, which is entirely occupied by Impact.

The company announced on September 26, 2023 that the occupancy rate of Greenfield Plaza is 89%. Management has stated that the property is for sale as it does not intend to lease it on a long-term basis.

Greenfield Plaza layout



The wellness area includes: a gym, tennis court, SPA, indoor and outdoor pools.

Source: Impact

Greenfield West - Bucharest



Source: Impact

Main features

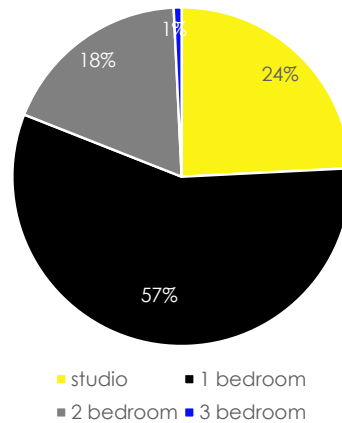
GDV	EUR 617 mn
GBA	358k sqm
Land cost	EUR 32 mn
Construction cost	EUR 383 mn
Sales fee	EUR 22 mn
Units	4,137
Average unite price	EUR 133k
Price per sqm	EUR 1,678
Land area	26 ha

Source: Impact

This new development will complete the housing supply in the area, with more than 4,000 units. The project has zoning in place and the procedure for obtaining the building permit has already started. Greenfield West will offer more than just residential units. The development will also include a community center (called Greenfield Plaza West) with a GBA of 14,981 sqm. In addition, the project will include a multipurpose hall, parking buildings, a kindergarten and school.

In the rapidly developing western part of Bucharest, where numerous high-rise buildings are currently being built, Greenfield West, the largest residential project in the area, will be developed.

Dwellings distribution



Source: Impact

Greenfield Copou - Iasi



Source: Impact

Main features

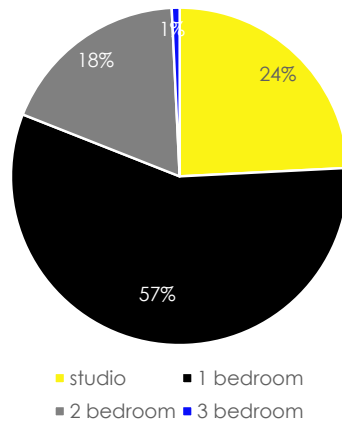
GDV	EUR 175 mn
GBA	103k sqm
Land cost	EUR 12 mn
Construction cost	EUR 103 mn
Sales fee	EUR 4 mn
Units	1,062
Average unite price	EUR 131k
Price per sqm	EUR 1,741
Land area	5 ha

Source: Impact

Greenfield Copou is one of the largest residential projects in Iasi, with a market value of EUR 175 mn and covering an area of approx 99,000 sqm. The compound features Greenfield Plaza Copou, a community center with commercial spaces, gym and wellness center, restaurant and spaces for other functions such as a kindergarten with a GBA of 4,328 sqm.

The development is located on Copou Hill and offers a panoramic view of the botanical garden and the city of Iasi. Greenfield Copou will have 15,000 sqm of green areas, providing recreational areas and playgrounds for children. In addition, the buildings are designed to consume almost zero energy, as they comply with the nZEB standard, which includes sustainable design, energy-saving technologies and the use of renewable energy sources such as photovoltaic panels. The company has stated that it has obtained the building permit for constructing 1,062 dwellings.

Dwellings distribution



Source: Impact

Luxuria - Bucharest



Source: Impact

Main features

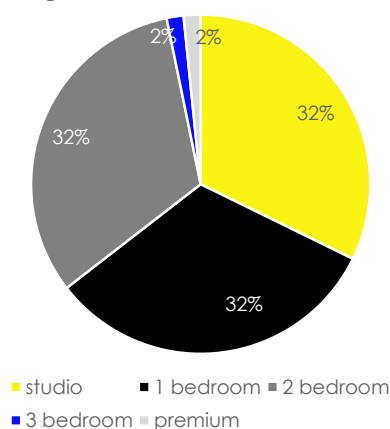
GDV	EUR 115 mn
GBA	66k sqm
Land cost	EUR 9 mn
Construction cost	EUR 63 mn
Sales fee	EUR 4 mn
Units	630
Average unite price	EUR 180k
Price per sqm	EUR 1,681
Land area	4 ha

Source: Impact

The first dwellings, consisting of three buildings and 232 apartments, was completed and delivered in May 2020 while the second delivery, comprising four buildings and 268 apartments, was carried out between September 2018 and December 2020. The final phase includes two buildings and 130 apartments, completed and ready for occupancy. Luxuria offers a modern lifestyle with a balance between urban and eco-friendly living. By the end of the first half of 2023, 80% of the total dwellings in Luxuria had been contracted.

Luxuria Residence is located in the northern part of Bucharest, between Expozitiei Avenue and Aviator Popestianu Street. This high-quality housing complex is the first in Bucharest to receive BREEAM Excellent certification, designed for energy efficiency and environmental friendliness.

Dwellings distribution



Source: Impact

Aria Verdi - Bucharest



Source: Impact

Main features

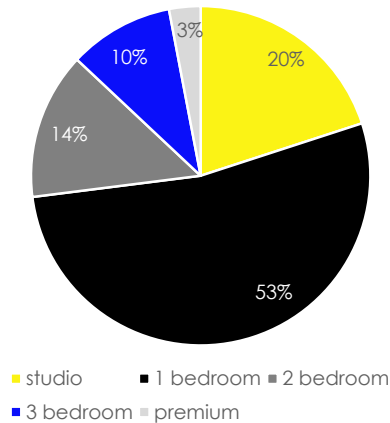
GDV	EUR 394 mn
GBA	109k sqm
Land cost	EUR 36 mn
Construction cost	EUR 192 mn
Sales fee	EUR 14 mn
Units	874
Average unite price	EUR 375k
Price per sqm	EUR 3,350
Land area	2.5 ha

Source: Impact

The project will also have commercial spaces with a GBA of 17,070 sqm. Aria Verdi strives for a lifestyle in harmony with nature, incorporating BREEAM Excellent and nZEB sustainability and wellness solutions. The project offers a range of amenities, including a high-end shopping gallery, green spaces and underground parking. In April 2023, an urban certificate was obtained, and the project is presently in the final concept development stage, with plans to commence the building permit process.

Located near Bucharest's business hub on Barbu Vacarescu Boulevard, Aria Verdi is anticipated to have a market value exceeding EUR 350 mn, according to Impact's estimates. The preliminary concept includes around 900 units with a GBA of approx. 100k sqm.

Dwellings distribution



Source: Impact

Boreal Plus - Constanta



Source: Impact

Main features

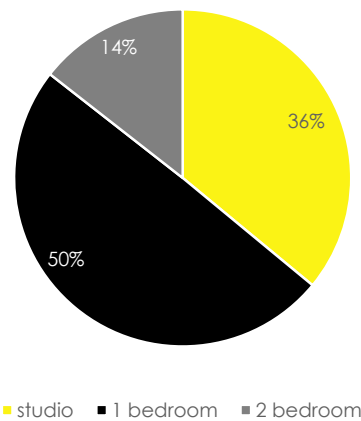
GDV	EUR 52 mn
GBA	45k sqm
Land cost	EUR 6 mn
Construction cost	EUR 36 mn
Sales fee	EUR 1 mn
Units	464
Average unite price	EUR 104k
Price per sqm	EUR 1,326
Land area	3 ha

Source: Impact

Boreal Plus offers quick access to the highway, city center, beach, educational institutions, hospital, shopping centers and overlooks Lake Siutghiol. Out of the 691 units with building permits, 18 houses and 209 apartments were completed in 2021 and 2022, respectively. The apartments in Boreal Plus offer a panoramic view of the Black Sea and Lake Siutghiol, with a focus on safety, durability and comfort. The development will feature amenities such as parks, kindergarten and convenience stores. The management aims to plan and commence construction works for Phase 2 of Boreal Plus in the near future. This phase will include 132 residential units, covering a total built area of 13,111 sqm and an estimated market value of EUR 15 mn.

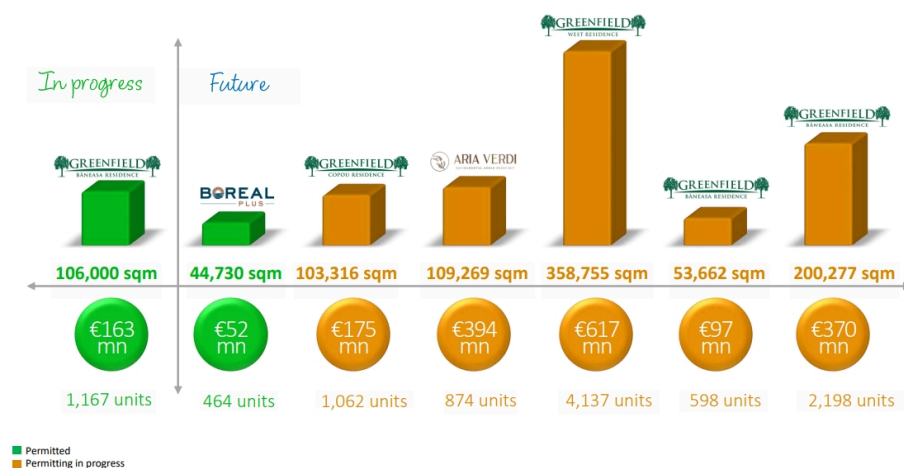
Boreal, a residential complex located north of Constanta, has been a great success, with 150 families calling it home. Following this success, Impact is now building, in the immediate vicinity, Boreal Plus.

Dwellings distribution



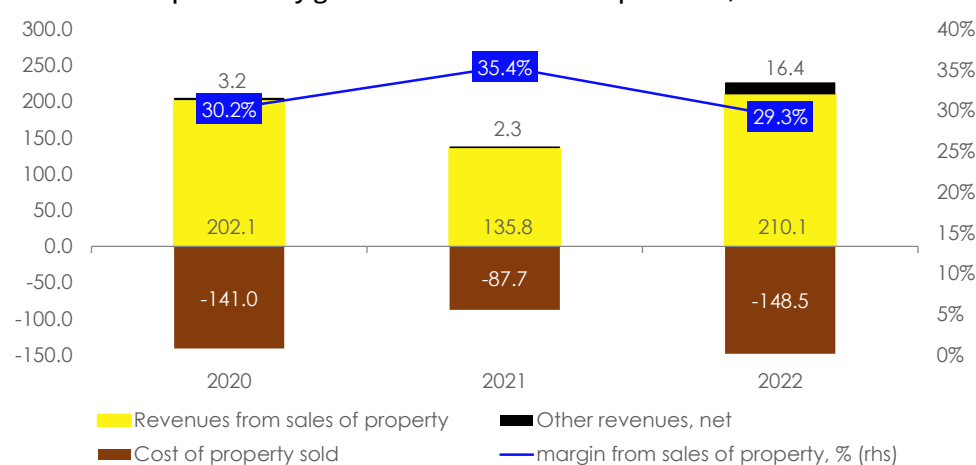
Source: Impact

Projects



Source: Impact

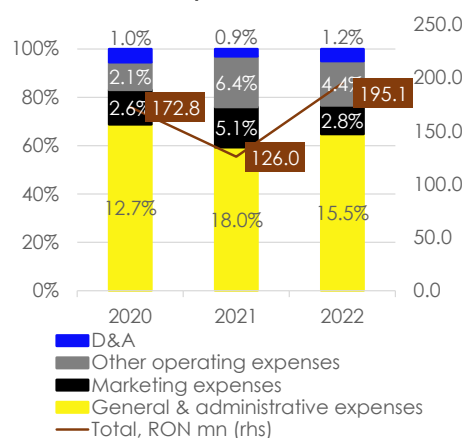
Revenues and profitability generated from the core operations, RON mn



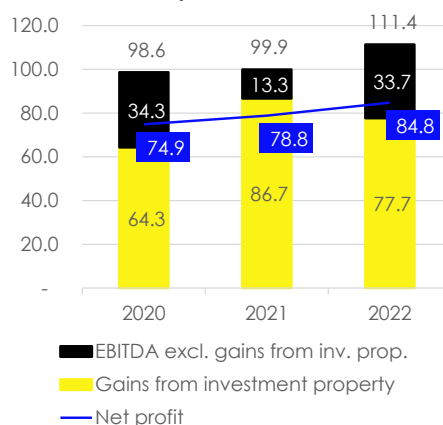
Source: Impact

In 2021, market conditions (especially low interest rates) led to high demand for real estate, resulting in a very good gross margin for the company. However, in 2022, the margin decreased by approximately 6pp due to the increase in building material prices and interest rates (which put pressure on buyers). According to management, Impact targets a gross margin of at least 30% per project. On the other hand, the significant increase in other revenues in 2022 is due to the expansion of Spatzioo (the group's property management company), which has signed new management contracts with the owners' associations of the projects delivered by Impact. Management anticipates an upward trend in other revenues due to the handover of new apartments and the management of the wellness and spa center in Greenfield Baneasa, opened in December 2022.

Breakdown of expenses*, %



EBITDA and net profit, RON mn



*difference to 100% is represented by Cost of property sold: 81.6%, 69.6% and 76.1% in 2020, 2021 and 2022, respectively

Source: Impact

Source: Impact

The sale of 183 apartments in 2021, compared to 368 in 2020 and 275 in 2022, resulted in a decrease in variable costs (such as construction costs). Consequently, the share of fixed costs in total costs increased for 2021. In addition, favorable macroeconomic conditions for real estate and the acquisition of new building permits led to positive revaluations effects in the period 2020-2022.

Capital and debt

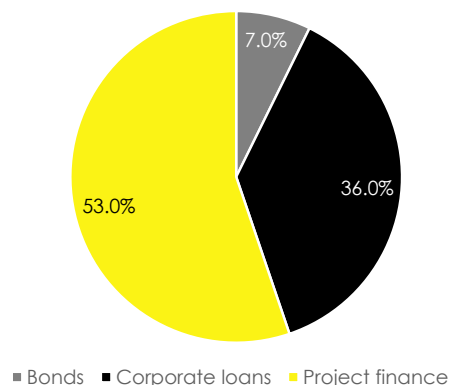
Throughout the first half of 2023, Impact maintained a robust liquidity position, holding RON 52.4 mn in cash and achieving a debt to asset ratio of 29%, which represented approx. 2pp increase compared to the end of December. The outstanding loans totaled RON 436.6 mn as of June 30, 2023.

October 2, 2023: In order to finance the ongoing activities and the upcoming residential projects, such as Iasi - Greenfield Copou, Constanta Boreal Plus Phase 2 and Greenfield Teilor Phases 4 & 5, Impact has offered 80 bonds for subscription, each with a nominal value of EUR 100,000 and a maturity of 48 months. These bonds have been allocated to institutional investors (a consortium of several investment funds managed by CVI Dom Maklerski sp. z o.o.). The security administrator is the Polish company CVI Trust sp. z o.o. The bonds are mainly secured by a first-rank real estate mortgage on a plot of land located in Bucharest, which is exclusively owned by the company.

The company plans to issue new bonds and increase its share capital (up to EUR 25 mn). The surplus cash, together with additional funds from banks, will be used to acquire land plots and replenish the land bank for future projects.

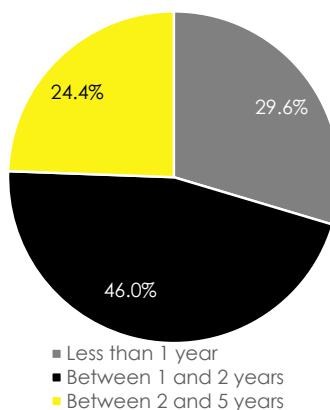
Impact's targeted debt ratios are as follows: (i) total debt should not exceed 40% of total assets, (ii) the average debt to EBITDA ratio should be 3.5 and (iii) the maximum loan-to-value of the project (including land value) should stand at 65%.

Debt as of June 30, 2023, %



Source: Impact, RBI/Raiffeisen Research

Debt maturity as of June 30, 2023, %

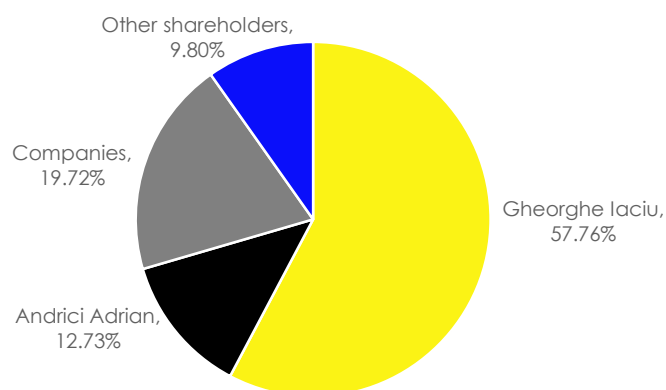


Source: Impact, RBI/Raiffeisen Research

Dividends

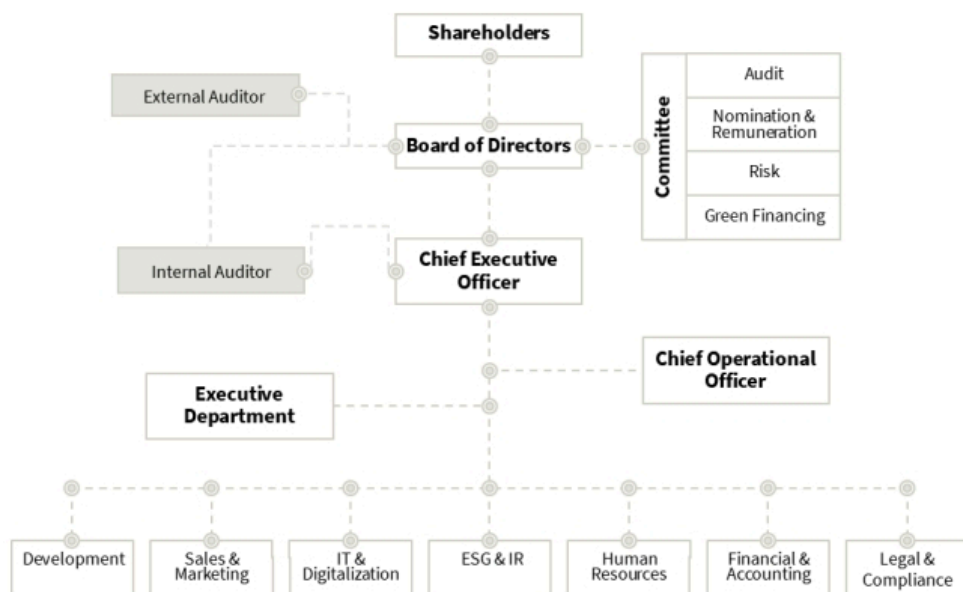
2020 was the last year in which cash dividends (i.e. RON 10.7 mn) were paid to shareholders (related to the result obtained in 2019). Meanwhile, in 2021 and 2022, due to changes in share capital, free shares were distributed as dividends as follows (i) 2021 in a ratio of 1:2 and (ii) 2022 in a ratio of 2:5.

Shareholder structure, as of June 30, 2023



Source: Impact, RBI/Raiffeisen Research

Organisation structure



Source: Impact

Management team

 <p>CONSTANTIN SEBEȘANU CEO</p> <p>25+ years of experience in top management, projects and assets management</p>	 <p>CLAUDIU BISTRICEANU CFO</p> <p>20+ years of experience in business advisory with BDO, a top consultancy firm</p>	 <p>SORIN APOSTOL EXECUTIVE DIRECTOR</p> <p>20+ years of experience in the financial and capital market field</p>	 <p>CRISTOVAO ROCHA DEVELOPMENT DIRECTOR</p> <p>17+ years of professional experience, out of which 8 in Real Estate and infrastructure projects</p>
 <p>LOREDANA ROȘU MARKETING MANAGER</p> <p>19+ years of activity specialized in marketing and financial</p>	 <p>GINA PĂTRINOIU HEAD OF LEGAL</p> <p>17+ years of experience in the Real Estate Law area</p>	 <p>DACIAN MICU HR DIRECTOR</p> <p>18+ years of experience in Human Resources</p>	 <p>OVIDIU GRINICI SALES & MARKETING DIRECTOR</p> <p>10+ years of experience in Real Estate</p>

Source: Impact

ESG

Impact's commitment on green



Source: Impact

In the coming years, Impact will focus on expanding its successful housing concepts to various areas in Bucharest and other major cities in Romania. These projects are designed to meet the BREEAM Excellent certification criteria and incorporate sustainable principles.

Moreover, Impact is committed to green building and aims to have at least 80% of all new projects achieve BREEAM sustainability certification with a minimum rating of Very Good from 2022. In addition, all new buildings licensed after January 1, 2021 will meet the nZEB standard.

BREEAM Excellent certification specifications:

- Architectural design which enhances the well-being of residents;
- Green terraces and facades that provide aesthetic benefits and additional insulation to the building;
- Use of strategic sustainability and integrated solutions for smart design, starting with the technical concept phase;
- Use of sustainable and healthy materials in the selection of building solutions;
- Improving the location of buildings and the design of windows and terraces to make better use of natural daylight.

nZEB standard specifications:

- At least 30% of energy from renewable sources;
- Insulation of the building envelope is made with the best materials;
- Intelligent use of energy supply;
- Reducing the consumption of fossil fuels through the development of intelligent technical solutions;
- Protection of the environment and reduction of consumption costs.

Financials

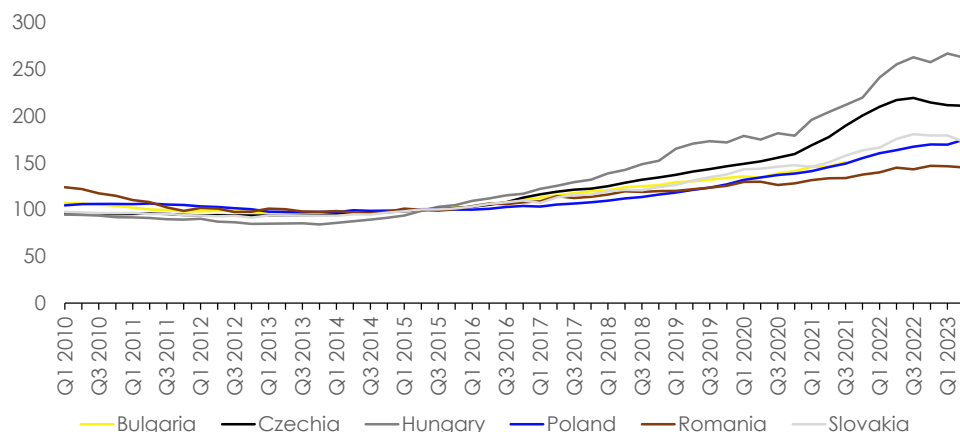
Income statement (RON mn)	12/2020	12/2021	12/2022
Total revenues	205.3	138.1	226.5
EBITDA	34.3	13.3	33.7
EBIT	32.5	12.1	31.4
Financial result	58.9	83.2	71.4
Earnings before taxes	91.4	95.3	102.8
Net profit before minorities	74.9	78.8	84.8
Net profit after minorities	74.9	78.8	85.6
Cash flow statement (RON mn)			
Cash flow from the result	30.8	12.3	34.0
Change in working capital	-34.5	-64.5	-84.3
Operating cash flow	-3.8	-52.2	-50.3
Capex PPE and intangible assets	-8.6	-40.6	-50.3
Investing cash flow	-19.8	-38.3	-55.7
Financing cash flow	-34.0	-90.5	-28.3
Balance sheet (RON mn)			
Property, plant and equipment	7.6	15.2	65.7
Right of use assets	0.0	0.0	4.3
Investment properties	457.7	571.9	653.7
Intangible assets	0.1	0.2	0.5
Goodwill	0.0	0.0	3.5
Other financial assets	2.2	0.0	0.0
Total non-current assets	467.6	587.3	727.8
Inventories	434.7	538.9	617.7
Prepayments and other current assets	10.7	17.0	17.2
Receivables	15.9	19.1	25.6
Cash and cash equivalents	59.0	42.0	55.1
Total current assets	520.3	617.1	715.6
Total assets	987.9	1,204.4	1,443.4
Share capital	272.5	401.2	598.9
Share premium	65.7	-4.5	40.5
Own shares	-2.7	-0.8	-0.3
Other reserves	16.3	17.3	43.3
Retained earnings	289.0	303.7	197.4
Shareholders' equity	640.8	716.9	879.8
Non-controlling interests	0.0	0.0	9.9
Loans and borrowings from banks	19.1	117.6	236.3
Issued bonds	148.4	32.6	32.6
Trade and other payables	1.9	6.9	8.5
Deferred tax liabilities	55.3	68.5	81.1
Total non-current liabilities	224.7	225.5	358.4
Loans and borrowings from banks	88.4	119.7	118.9
Issued bonds	0.0	67.2	0.0
Trade and other payables	34.0	75.1	76.4
Total current liabilities	122.4	262.0	195.4
Total equity and liabilities	987.9	1,204.4	1,443.4

Source: Impact, RBI/Raiffeisen Research

Market environment and drivers

According to Deloitte's Property Index, Romania leads Central and Eastern Europe (among the countries surveyed) in terms of affordability of buying a new home. With a value of 6.3 gross annual salaries, Romania also ranks 6th overall in Europe, indicating that buying a new home in Romania is relatively affordable compared to other countries in the region and beyond.

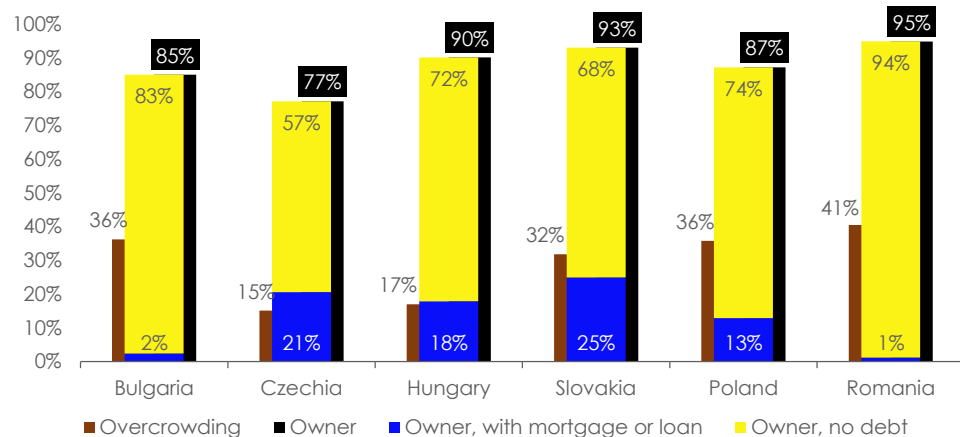
House price index, 2015 = 100, quarterly data



Source: Eurostat

Romania boasts one of the highest property ownership rates globally, and the highest in the European Union. Despite this, the country still records the second highest overcrowding rate in the EU, which stood at 41% in 2022 (down from 52% in 2010).

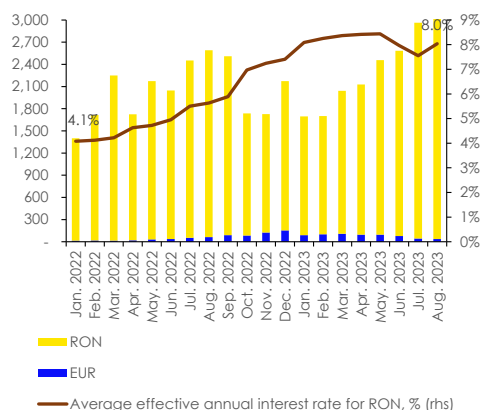
Houses, percentage of ownership and overcrowding*



*according to Eurostat's definition of overcrowding, based on ratio of rooms to household members

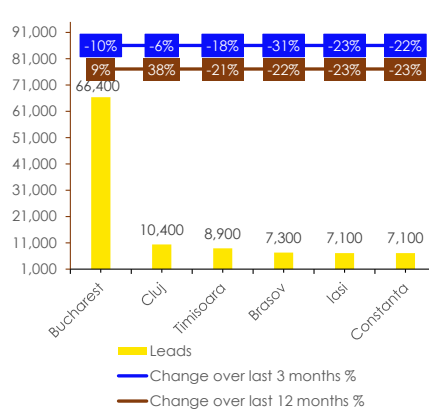
Source: Eurostat

New mortgages granted to households, RON mn



Source: NBR, RBI/Raiffeisen Research

Demand*, houses and apartments, main cities as of Q2 23

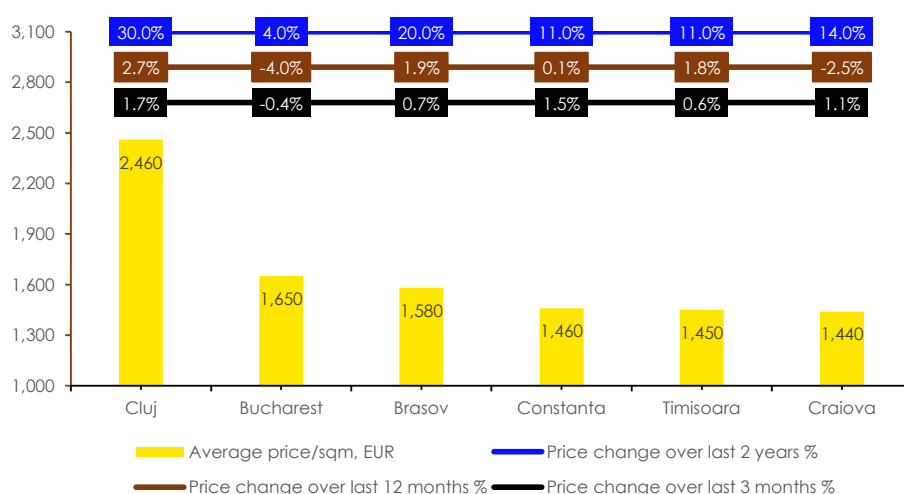


*potential buyers who generated leads on imobiliare.ro; a lead is recorded when a visitor performs an action (views the phone, sends an email to request more details, prints or saves the ad).

Source: Imobiliare.ro

According to imobiliare.ro, Cluj-Napoca, with a value of EUR 2,460 per sqm, remains at the top of the ranking of the highest prices (average) requested for apartments in the main cities of Romania. Prices in Cluj recorded an increase of 1.7% qoq in the second quarter of 2023. Bucharest is the second most expensive, with an average price of EUR 1,650 per usable sqm, after a decrease of 0.4% qoq in the second quarter of 2023. At the same time, after +0.7% qoq, Brasov reached an average price of EUR 1,580 per sqm, ranking third among the most expensive cities in the country.

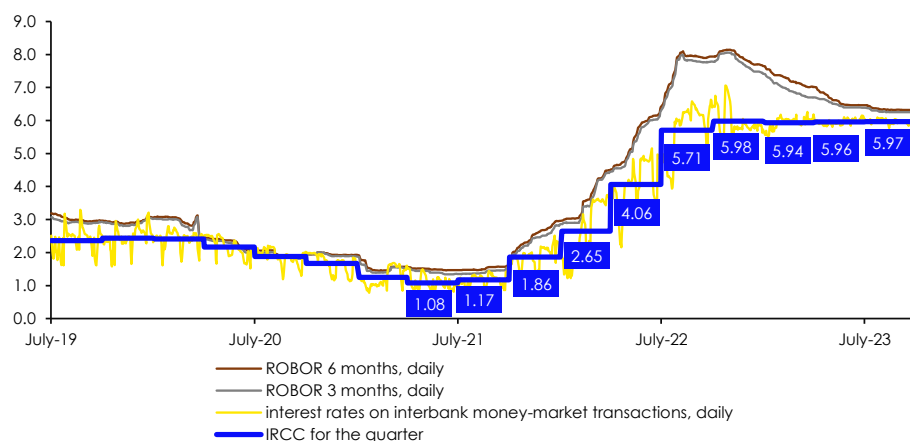
Price evolution for apartments, Romania's main cities as of Q2 23



Source: Imobiliare.ro

The latest data shows that the reference index, IRCC, used for variable credit calculation for mortgages and consumer loans has remained stable in recent quarters. Currently (in Q4 2023), it stands at 5.96% and is estimated to marginally increase to 5.97% in Q1 2024. This stability may encourage some people to purchase a house, which could ease the market to some extent.

IRCC evolution, %



Source: Bloomberg, NBR, RBI/Raiffeisen Research estimates

New burdens imposed by the state

As of January 1, 2023, the threshold for the reduced VAT rate of 5% has been reduced from RON 700k to RON 600k for real estate with a usable area of less than 120 sqm (including land). In addition, this year the government made another amendment to the law, raising the VAT rate from 5% to 9% for real estate properties with a usable area of less than 120 sqm (including land) and a price of less than RON 600k (excluding VAT), starting January 1, 2024. However, if the contract is concluded or the advance is paid by the end of this year, the VAT will be 5%, which we believe will support the market in the coming period. At the same time, rising construction costs due to the government's decision to increase the minimum gross wage for the construction sector from the previous RON 4,000 to RON 4,582 per month from November 2023 could pose a new challenge.

Annex 1

Impact's holdings as of June 30, 2023

Clearline Development and Management SRL	Real estate development	100%
Spatzoo Management SRL (former Actual Invest House SRL)	Property management	100%
Bergamot Development Phase II SRL	Real estate development	100%
Bergamot Development SRL	Real estate development	100%
Impact Finance SRL	Administration	100%
Greenfield Copou Residence SRL	Real estate development	100%
Greenfield Copou Residence Phase II SRL	Real estate development	100%
Aria Verdi Development SRL	Real estate development	100%
Greenfield Property Management SRL	Real estate development	100%
R.C.T.I. Company SRL	Construction works	51%
Impact Alliance Architecture	Architecture services	51%
IMPACT Alliance Moldova SRL	Construction works	51%

Source: Impact

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