

Current Report according to: Law 24/2017, ASF Regulation no. 5/2018, BSE Market Operator Code
Report date: November 15, 2018
Regulated market on which the issued securities are traded: Bucharest Stock Exchange, Premium Category

To: BUCHAREST STOCK EXCHANGE

**FINANCIAL SUPERVISION AUTHORITY
Financial Instruments and Investments Sector**

Important Event: Availability of the Board Report and Q3 2018 Financial Statements

1. Summary of the Q3 2018 Board Report

The Q3 2018 results registered by SIF Moldova for the third quarter of 2018 and the objectives of the following period, are following the “2018 Activity Program” and “Investment strategy and policy”, approved in the General Meetings of Shareholders.

Portfolio Structure

The listed shares portfolio (CORE) holds the main weight of 73.4% of total assets under management, while the weight of the unlisted shares has been of 8.4%, based on the reorientation of investment policy.

There were maintained as main sectors in the portfolio the financial and energy sectors, with 41.7% and 18.3% in the total assets value. We have continued the restructuring process of SELL portfolio, reducing the holdings number by 9 in comparison to Q3 2017, through full sale of the holdings. At the same time there was registered an increase in the weight of the holdings per issuer, especially in the CORE portfolio, with positive effects on the performance of the entire portfolio.

Financial performance

The net profit registered in the Profit or Loss Account on 30th September 2018 is 62 million lei. The net gain from assets sale, reflected in the Reported Result is of 16 million lei – according to the accounting approach required by the application of IFRS 9. The net profit forecasted in 2018 Budget has been achieved up to 122%.

Securities investments have been of 107 million lei, representing 89% of the target set for 2018.

The total value of assets under management has reached 2.074 million lei, which represent an increase of 12% compared to Q3 2017. The net asset value per share (NAV per share) of 1.91 lei in Q3 2018, has increased by 13% compared to Q3 2017, while SIF2 share price has reached a value of 1.21 lei, at the end of Q3 2018, close to the level registered in Q3 2017. These evolutions have led to the increase of SIF2 price / NAV per share discount from 28% in Q3 2017 to 37% in Q3 2018.

Investment process - is run on the strategy set for the assets portfolios, namely:

- ✓ *Increase* for the Majority Holdings portfolio – “private equity” approach within the existent majority holdings (real estate, agriculture, other sectors);

- ✓ *Recalibration* for the CORE portfolio – listed portfolio that provides liquidity to SIF Moldova assets, representing the main income generator;
- ✓ *Restructuring* for the SELL portfolio – continuation of restructuring/sale of the “historic” share portfolio

We underline the significant evolutions in the development of the main projects started and run through the subsidiaries of SIF Moldova Group:

- ✓ *“Baba Novac Residence” real estate project, developed by Tesatoriile Reunite SA* – is running according to the set schedule, with the building of the residential complex comprised of 6 blocks having 363 apartments and 436 car parks (underground and over-ground). The sales are above the initial forecasts, so that about 80% of the apartments are contracted or have promissory engagements signed. A total of 121 apartments will be completed by the end of 2018 and it will begin their receiving by the buyers.
- ✓ *“Blueberry Farm” project developed by Agroitens SA* – the project regarding the extension of the cultivated and under preparation areas, of 67 ha, is under implementation. It is aimed to reach an area of 84 ha by 2020.
- ✓ *“Veranda Mall” Project (indirect holding through Professional Imo Partners SA and Nord SA)* – A new stage in project development follows targeting the extension of the trade center with about 6.300 square meters through the building of a multiplex cinema and increase of the commercial gallery area. The new spaces of the commercial gallery will be opened starting with November 2018, and the multiplex cinema will be functional in Q2 2019.
- ✓ *“Atria Urban Resort” Real-estate project* – a new project developed through Straulesti Lac Alfa SA. The project targets the construction of 1,400 apartments, in stages, on a land of 9 ha located in the northwest area of Bucharest. The architecture of the houses, the relaxation spaces, the Colosseum Retail Park neighborhood, the public transport and easy access to Victoriei Square and the northern area of the capital, together with the omnipresent and proximity of the Colentina river are the strengths of this project which is meant to be the „showcase” of a new, lasting urban life. The total investment of SIF Moldova, carried out in stages, will be of 8.3 million euros, of which 6.3 million euro have already been paid. The financing of the project is provided with both equity and bank loan and the estimated project achievement value is over 100 million euro. At the date of the report the project is under construction of the Phase 1- building 1.
- ✓ *Iasi real estate project* – It was successfully completed a complex transaction concerning acquisition via SIF Moldova’s Agroland Capital SA subsidiary of certain real estate assets belonging to IASITEX SA. Assets are located in downtown Iasi, an area of significant potential for real estate development in either residential, office or commercial use. Various land plots with a total area of approximately 30,000 sqm and an office building (ground floor + 8 levels) with a built area of 4,600 sqm were acquired. The total transaction value was 37 million lei. Our detailed analysis and forecasts have covered both the quality and the location of the acquired assets and the development potential of the real estate market in Iasi - the third urban development pole in Romania. Investment numbers aside, we are certain and do look forward with great interest to contributing to the development of the city of Iasi. We are positive that through open dialogue with the local authorities, we will develop yet another milestone real estate project, serving the demand for office, residential and related services alike. (current report of October 26, 2018)
- ✓ *“Hotel Sport” Project* – The regular activity reports provided information on the hotel modernization project and the necessary investments, as well as the large delays caused by the trials between Cluj-Napoca City Hall and Cluj Prefecture, regarding the procedure for modifying the General Urban Plan (GUP) regarding the framing of some land lots. These delays, independent of SIF Moldova’s control, have affected the initially estimated yield of the investment, and consequently lead to the decision on the exploration of the exit possibilities. We have therefore sold these holdings, in the conditions presented in SIF Moldova’s current report and the Opinion of the financial auditor Deloitte Audit of September 21, 2018.

2. Q3 2018 Board Report availability

In compliance with the 2018 financial communication calendar, we hereby inform the investors that starting with November 15, 2018, at 18:00 hours, it will be made available:

- ✓ “SIF Moldova’s Board of Directors Report for Q3 2018” drafted in compliance with the Law 24/2017, FSA Regulation 5/2018 and Norm 39/2015;
- ✓ “Special purpose financial information for the nine months’ period concluded on September 30, 2018, unaudited”

(www.sifm.ro / Regular Reports / 2018).

Claudiu Doros
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