

Abstract of BD report H1 2017

The results recorded by SIF Moldova at the end of H1 2017 and period objectives are in agreement with the “2014-2018 *Investment policies statement*” and “2017 *Activity Program*” approved in the General Meetings of Shareholders.

Portfolio structure

The listed shares portfolio holds the main weight, 72,9% of total assets managed, while the weight of unlisted shares is 12,3% based on the reorientation of the investment policy under the given market policies.

We have kept the financial sector (43,6%) and energy sector (19,2%) as main sectors in the structure of listed portfolio, reported to total assets value. At the same time, we have continued the process of reducing the number of portfolio holdings, registering the exit of 3 issuers from the historic portfolio, and increase of exposure per issuer, so that we can directly generate positive influences on portfolio performance.

Financial performance

The net profit registered in H1 2017 is 72,2 mil lei (76% reported to REB 2017 forecasts). The net earnings from assets sale is 52,6 mil lei, and investments in securities have been of ,4 mil lei (23% reported to 2017 target). The total value of managed assets has been of 1.836 mil lei, an 17% increase in comparison to H1 2016.

The investment process

The investment process is run on the coordinates of the strategy defined for the assets portfolio, namely:

- ✓ *Increase* for the Majority Holdings portfolio – “private equity”- type approach within existent majority holdings (real estate, agriculture, other sectors);
- ✓ *Recalibration* for listed CORE portfolio which that offers liquidity to SIF Moldova’s assets, representing the main income;
- ✓ *Restructure* for SELL portfolio – restructure/ sale of “historic” share portfolio.

In agreement with this strategy, exposure in real economy through private equity-type investments in performing sectors in Romania is the answer to the need to generate higher yields for the shareholders. The development of „Majority Holdings” portfolio is the main objective, in agreement with „2014-2018 *Investment Policies Statement*” and „2017 *Activity Report*” . The Value increase for this share portfolio can be determined by the implementation of some projects in several fields of activity, development of current projects or new businesses, either directly or through specialized companies. The research and

investment process is focused on fields with proven increase potential, such as the agricultural, real estate, social services sectors, etc.

At the issue date of the report (August 3, 2017), significant positive evolutions are registered in the development of the following main projects carried-out through the subsidiaries of the SIF Moldova Group:

- ✓ *The “Baba Novac Residence”* real estate project developed by “Tesatoriile Reunite SA” Bucharest – the building process of the residential project consisting of 6 blocks featuring 363 apartments and 436 parking spots (underground and above ground) has commenced. At the same time, the pre-sale process is being carried-out. So far, 42 reservation options have been signed with the advanced payments associated amounting to 600,000 Euros.
- ✓ *The “Blueberry Farm”* project developed by Agointens SA – the project to expand the investment in the Blueberry farm has been approved and is being implemented. Thus, new plots have been purchased in the villages of Vistea (5 hectares) and Mandra (44 hectare). Through this expansion, the total surface of the plots included in the project has reached 75 hectares (17 hectares – existing plantations; 45 hectares - plantations being established).

We are convinced that the coherent undertaking of defining values – *transparency, quality, performance* – significantly increases the management performance, for the final shareholders’ benefit.