

MARKETBEAT ROMANIA REAL ESTATE MARKET REPORT



**CUSHMAN &
WAKEFIELD®**



ACTIV
Property Services

INDEPENDENTLY OWNED & OPERATED MEMBER OF THE CUSHMAN & WAKEFIELD ALLIANCE

A Cushman & Wakefield | ACTIV Property Services Publication

SPRING 2016



CUSHMAN & WAKEFIELD SERVICES IN ROMANIA

ACTIV Property Services is the Alliance Partner of Cushman & Wakefield in Romania and the Republic of Moldova.

Cushman & Wakefield is one of the world's largest real estate services firms, with a combined total of \$5 billion in revenue and over 43,000 employees. The company operates today in more than 60 countries.

ACTIV Property Services has over 23 years of experience on the local market and have operated with Cushman & Wakefield for over 21 years. We have our headquarters in Bucharest and operate two regional offices in Timisoara and Cluj-Napoca, providing a complete range of real estate services, including:

RETAIL AGENCY

Our in-depth knowledge of the local market, combined with international experience, enables us to advise retailers on their expansion programs, as well as landlords and developers looking to attract high performing retail groups.

We are involved in all types of retail properties for which we provide research and development consultancy, letting services, asset management and international tenant representation.

OFFICE AGENCY

Our office team provides both tenant and landlord representation, relying on the experience of the local team and C&W international support. We provide a variety of services towards development consultancy, letting activity, relocation projects, property management and strategic planning for tenants.

We provided tenant representation services during the last year for clients such as Kellogg, Vodafone, 3M, Ericsson and Mondelez.

PROPERTY MANAGEMENT

ACTIV Property Services' property management department has successfully managed major retail schemes throughout Romania for clients such as Portico Investments, Ballymore, ING REIM, Belrom, Argo Real Estate Opportunities and Miller Developments.

Our services include building operations, tenant relations and financial management provided for shopping centres, retail parks, offices and industrial properties.

BUCHAREST HEADQUARTERS, BECTRO CENTER



CAPITAL MARKETS

The local capital markets department has been involved in several large investment transactions in Romania, offering professional consultancy for major companies, including the development of real estate premises, sales consultancy, acquisition consultancy, management of the "Due Diligence" process and negotiation of all legal documents relating to the sale and acquisition process.

INDUSTRIAL

Our industrial agency team provides leasing and consultancy services for developers and industrial occupiers. In-depth local knowledge enables us to provide comparative analysis and space offers from all Romanian industrial & logistic hubs.

LAND AGENCY

The land department provides the best solutions regarding land acquisition all over Romania, finding and selecting sites, as well as negotiating the best financial terms of the transaction.

VALUATION

We are well placed to advise on portfolios and individual properties of all types across the region. We provide valuation services to public/private companies as well as to banks and institutional funds.

RESEARCH

Our research department offers dedicated research and consultancy services for developers, landlords, investors and tenants, based on an in-depth knowledge of the local market and support coming from our real-estate professionals and international network.

ABOUT ROMANIA

Romania is the second largest country in Central & Eastern Europe, having a total area of 238,391 km². It is bordered by Bulgaria (South), Serbia (West), Hungary (West), Ukraine (North & East) and the Republic of Moldova (East). The Black Sea coastline represents the South-Eastern border.

Romania is the 7th largest populated country in Europe with 20.1 million inhabitants and an average density of 84 people / km².

The administrative division consists in four macro regions and 41 counties, including 320 cities, 2,861 communes and 12,957 villages.

Bucharest is the capital of Romania. It is the largest populated city in CEE region, having an official population of 1.9 million inhabitants that increases to 2.5 million people when including its entire metropolitan area (Ilfov county).

Romania accounts for 20 cities with more than 100,000 inhabitants, while another 20 cities have in between 50,000-100,000 inhabitants.

Romania is a parliamentary republic. The Parliament (legislative branch) is elected for a 4-year term and designates the Prime Minister, currently Mr. Dacian Ciolos, who then appoints the Government (executive power). The President of Romania, currently Mr. Klaus Iohannis, is elected by popular vote every five years. Next parliamentary elections will be held in 2016, while the presidential elections are due to be held in 2019.

Romania has become a member of NATO from 2004 and of the European Union from 2007. Local currency is the Romanian Leu (RON).

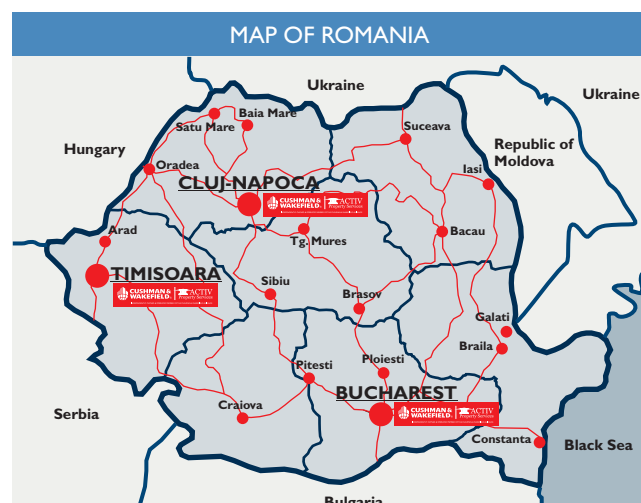


TABLE OF CONTENTS

INTRODUCTION	
CUSHMAN & WAKEFIELD'S SERVICES IN ROMANIA	2
ABOUT ROMANIA	3
TABLE OF CONTENTS	3
EXECUTIVE SUMMARY	4
ROMANIA BACKGROUND	
DEMOGRAPHY	6
ECONOMY	6
INCOMES AND EXPENDITURES	7
RETAIL MARKET	
RETAIL	8
SHOPPING CENTRES	9
RETAIL WAREHOUSING	11
OUTLET CENTRES	13
HIGH STREET	14
OFFICE MARKET	
OFFICE OVERVIEW	15
BUCHAREST OFFICE MAP	17
INDUSTRIAL MARKET	
INDUSTRIAL OVERVIEW	18
BUCHAREST INDUSTRIAL MAP	19
RESIDENTIAL MARKET	
RESIDENTIAL OVERVIEW	20
INVESTMENT MARKET	
INVESTMENT OVERVIEW	21
OTHERS	
VALUATION SERVICES	22
OUR WEB SITES	22
CONTACTS	
OUR TEAM AND CONTACTS	23

EXECUTIVE SUMMARY

ECONOMY PERFORMANCE

GDP increased by 3.7% in 2015, the highest rate since 2008 and one of the top in Europe. Internal demand has been the main source of economic growth and retail sales accelerated to +8.9%. Food sales jumped by 19.1% following a large VAT cut (from 24% to 9%), while non-food increased by 2.8% and services by 9.5%.

It was the first year with negative annual inflation (-0.59%), while unemployment decreased further to 6.7% (international standards) and net salaries overcome for the first time 400 Euro/month.

Industrial production slowed at +2.7% (manufacturing +3.5%), while export reached a new record of 54.6 billion Euro (+4.1%) and imports increased by 7.6%. Interest rates decreased further and 3 billion Euro in FDI were attracted (+25% y/y).

RETAIL MARKET

All retail sectors showed improvements following the acceleration in sales (+8.9% y/y) and increases in demand coming from a broader base of retailers, including major new international entrances.

Development provided a higher new supply of shopping centre space (148,300 sq m GLA), but lower retail warehousing deliveries and just 17,111 sq m of new retail parks following delays in authorizations.

Shopping centre stock stands at 2.96 million sq m and 148 sq m / 1,000 inhabitants (62% of EU-27 average), while a pipeline volume of 237,000 sq m is planned to open in 2016.

Rental levels maintained generally stable, with prime levels of 25-30 Euro/sq m/month (shopping centres) and 35-40 Euro/sq m/month (high street) across the main cities. Top rents of 60-70 Euro/sq m/month are found in dominant shopping centres of Bucharest.

OFFICE MARKET

Office sector had an overall stable evolution, with Bucharest's lower volumes of new supply and take-up being compensated by the record levels of activity registered outside the Capital.


Bucharest stock increased by just 56,554 sq m, to 2.2 million sq m (1,151 sq m/1,000 pop.), followed by new supply in Cluj-Napoca (49,550 sq m) and Timisoara (29,300 sq m).


Take-up reduced by 25% in Bucharest (248,750 sq m) and increased above 15,000 sq m in each of the main locations outside the Capital. IT&C provided 40-60% of the office demand last year, followed by professional services and financial sector.


Pipeline stock doubled in Bucharest to 444,600 sq m (378,385 sq m for 2016), respectively an area of 62,300 sq m outside Bucharest.


Prime rents maintained at 17-19 Euro/sq m/month in Bucharest and 12-13 Euro/sq m/month in the main regional cities.

ECONOMY DIRECTIONS


GDP: economic growth to overcome 4% in 2016 (+4.2% official), sustained especially by growing internal demand. 


INFLATION: anticipated 0% annual average, helped by the VAT cut (from 24% to 20%) for all products (except food) 


UNEMPLOYMENT: stable evolution over 2016, with potential for further reductions starting 2017 


EXPORTS / IMPORTS: deficit to increase, with imports to grow by a higher rate than exports; both indicators to reach record high volumes 

RETAIL MARKET DIRECTIONS


SUPPLY: Acceleration in development, with focus on dominant schemes located in major cities and county capitals larger than 100,000 inhabitants 


DEMAND: Expansion plans for most of the retail chains, coming from all sectors of activity. Important new entries, including Forever 21, COS, Boggi etc. 


RENTS: Stable / up evolution at national level, with prime shopping centre stock to catch most of the growing potential. 


VACANCY: Lower levels of availability, with prime stock to maintain almost fully occupied. 

OFFICE MARKET DIRECTIONS

SUPPLY: Higher volumes of pipeline stock are registered across the main office locations, with Bucharest's Barbu Vacarescu to saw a record delivery of 119,740 sq m in 2016. 

DEMAND: Stable / up evolution, fueled by the expanding business environment and anticipated further growth of IT&C, BPO and SSC occupiers. 

RENTS: Overall stable evolution, with headline rents to sustain further on generous incentives packages. 

VACANCY: Growing levels in Bucharest and some other major cities following high volumes of new supply announced for delivery on short term. 

INDUSTRIAL MARKET

Industrial activity saw growing volumes of demand, development and investment across the main locations.

New supply tripled to 230,000 sq m at national level, including a record of 91,070 sq m in Timisoara, 36,400 sq m in Arad and 16,000 sq m in Braila. Bucharest registered no deliveries, however 147,150 sq m were under construction at year-end, to complete in 2016.

Major leases of 413,000 sq m were signed (+38% y/y), out of which 74% logistics. Bucharest's take-up jumped by 66% to 188,780 sq m, followed by volumes leased in Ploiesti and Timisoara.

Vacancy reduced to 7.2% in Bucharest, with the prime stock located outside the Capital being almost fully occupied.

Prime rents increased by 5% to average levels of 3.4-3.5 Euro/sq m/month across the main locations.

Stock under construction increased to 293,000 sq m at year-end, most active developers being Immofinanz, CTP, P3 and WDP.

RESIDENTIAL MARKET


Residential recovery strengthened over the last year, being recorded higher levels of demand and development activity, with prices having a stable/up overall tendency. With growing spendable incomes and low interest rates, coupled with firm confidence in economy, residential sales have increased and "First House" program reached a record of 30,070 loans granted. Development activity increased as well, with a +9% growth in new supply and +3.8% in construction permits released last year. A 6.6% growth in asking prices was reported by Imobiliare.RO Index in 2015, after six years during when prices dropped by 50-55%. Average prices are placed at 750-850 Euro/sq m GBA across the main cities, with around 900-950 Euro/sq m GBA in Bucharest. New law project, saying debt will close by repaying the property to the bank without any other obligation, is contested by banks and change mortgages' financing in 2016.


INVESTMENT MARKET


Major deals of 532.5 million Euro were registered, out of which 45.5% industrial, 31.8% offices, 19.8% retail and 2.8% hotels. Top five buyers (CTP, GLL Real Estate, NEPI, Globalworth, Logisor) were responsible for 86% of the annual volume. There were 38 major transactions, with 6 of them larger than 20 million Euro.


CTP purchased seven logistics parks with over 375,000 sq m GBA and worth 169 million Euro, being responsible for 70% of the annual industrial volume. All major deals with offices and retail had concentrated in Bucharest, including 2 offices bought by GLL, 1 office bought by Globalworth and Auchan Titan shopping centre bought by NEPI. Prime yields had a stable/down evolution, with 7.5-7.75% in Bucharest and around 9% in other major cities.

INDUSTRIAL MARKET DIRECTIONS


SUPPLY: Development activity will increase in 2016, but is expected to remain anchored to pre-construction agreements. Highest activity will be found in Bucharest and cities placed along TEN-T Rhine Danube Corridor. 


DEMAND: Higher volumes, especially for logistics activities, fueled by the expanding economy and boost in retail sales. 


RENTS: Anticipated stable/up tendency, with potential for increases for the prime stock. 

VACANCY: Availability to reduce further if development will maintain its dependency on pre-construction agreements. 


RESIDENTIAL MARKET DIRECTIONS


SUPPLY: Higher pipeline volumes across the main cities, consisting especially in blocks of flats projects for mass and medium markets. New supply to grow at national level, with a 20-year record high to be registered in Bucharest. 


DEMAND: 2016 evolution to depend on changes in mortgages financing conditions, with a decreasing loan-to-value ratio to affect accessibility to loans. 

PRICES: Stable overall evolution on the back of increasing competition and financing incertitude, with variations to be witness from one location to another. 

INVESTMENT MARKET DIRECTIONS

OUTLOOK: Anticipated increase in activity, with a larger number of active investors to target prime stock and new investors to enter, attracted by the improving fundamentals and higher yields as compared to other CEE Capitals. 

VOLUME: Potential to reach higher volumes, especially coming from retail and office investment. 

YIELDS: To harden by 25-50 bps in case of prime stock and reduce gaps to other countries in Central Europe; limited changes for secondary yields. 

ROMANIA BACKGROUND

DEMOGRAPHY

Romania is the second largest populated country in Central and Eastern Europe (CEE) and the 10th largest in Europe, having a total resident population of 19,870,647 inhabitants as at 1st of January 2015.

Resident population decreased by 3.3 million people after 1990 following a decrease in natality, but most of all due to a massive workforce migration to Western Europe after 2000. Around one million Romanians are living and working in Spain, and as well in Italy, with significant communities being found also in UK and Germany.

Romania has a population density of 83.4 inhabitants / km², with the highest levels being registered in Bucharest-Ilfov (1,248 pop./km²) and the counties of Prahova (162), Iasi (141), Dambovitza (128) and Galati (120).

Urban representation stands at 53.8% of total population, below the highest rate of 55.0% (1997), as rising communities moved to the rural outskirts of major cities in the last 10 years.

Life expectancy increased to 74.7 years, while the age distribution shows a decreasing representation of young population (0-24 years), standing now at 26.6% of total population. Adult population recorded a marginal increase to a 37.1% representation, just above the 36.3% share of the over 50 years old group.

RESIDENT POPULATION, JANUARY 2015

	TOTAL ROMANIA	URBAN AREA
Population	19,870,647	10,699,039
Density (people/km ²)	83.4	n/a
AREA DISTRIBUTION		
Urban (%)	53.8%	-
Rural (%)	46.2%	-
SEX DISTRIBUTION		
Male (%)	48.9%	47.8%
Female (%)	51.1%	52.2%
AGE DISTRIBUTION		
0-14 years (%)	15.5%	14.3%
15-24 years (%)	11.1%	10.3%
25-49 years (%)	37.1%	39.6%
50-64 years (%)	19.3%	21.1%
over 65 years (%)	17.0%	14.7%

Source: National Institute of Statistics

RESIDENT POPULATION - MAIN CITIES, 2011 CENSUS

NO.	CITY	INHABITANTS	NO.	CITY	INHABITANTS
1	Bucharest	1,883,425	11	Braila	180,302
2	Cluj-Napoca	324,576	12	Arad	159,074
3	Timisoara	319,279	13	Pitesti	155,383
4	Iasi	290,422	14	Sibiu	147,245
5	Constanta	283,872	15	Bacau	144,307
6	Craiova	269,506	16	Targu Mures	134,290
7	Brasov	253,200	17	Baia Mare	123,738
8	Galati	249,432	18	Buzau	115,494
9	Ploiesti	209,945	19	Botosani	106,847
10	Oradea	196,367	20	Satu Mare	102,411

Source: Romanian Statistical Yearbook 2013

Romania has 20 cities with more than 100,000 inhabitants (9 cities > 200,000 pop.) and 20 cities of 50,000-100,000 inhabitants. The largest populated areas outside Bucharest include Braila-Galati and Timisoara-Arad, each having more than 600,000 inhabitants.

Bucharest is the most populated city in Central and Eastern Europe, with 1,883,425 inhabitants officially registered (2011 Census) and 2.5 million people when including the entire metropolitan area, as well as the unregistered population, student and expats communities.

The largest university cities are Bucharest (128,883 students), Cluj-Napoca (49,597 students), Iasi (44,132), Timisoara (31,549) and Constanta (21,700). Romania had a total of 433,234 students enrolled in 2013/2014.

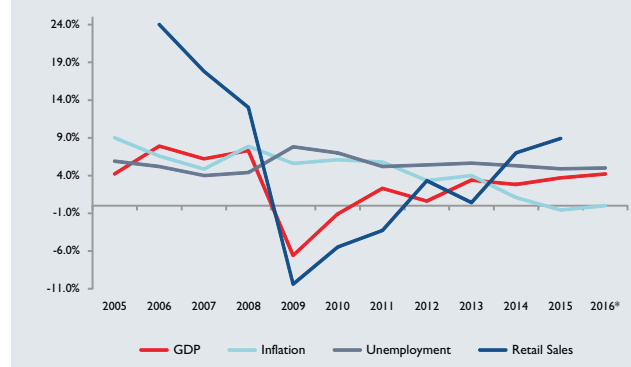
ECONOMY

Economy performed well in 2015 and reported improved results in most sectors, while downward unemployment and growing salaries, coupled with the VAT cut, have boosted internal consumption as the main source of economic growth.

GDP increased by 3.7%, the highest rate after 2008 and one of the top in Europe last year. It was the 5th consecutive year of growth, during when the engine of growth changed from external towards internal demand and the IT&C sector witnessed another year of spectacular evolution (+13.8% in H1 2015).

Romania experienced the first year of negative inflation, with a 0.59% decrease in average prices, following the large VAT cut on food (from 24% to 9%) applied from June and reductions in energy prices.

ECONOMIC EVOLUTION



Source: National Institute of Statistics, National Commission of Prognosis
*Forecast

Unemployment followed a downward trend and reached 4.9% (domestic standards) at year-end, respectively 6.7% (international standards). Lowest levels of below <2% are found in Bucharest (1.89%) - Ilfov (1.25%) and Timis County (1.27%), while on the other side there are 3 counties with unemployment rates above 10%, including Teleorman (10.97%), Vaslui (10.74%) and Mehedinți (10.65%).

Industrial production slowed to +2.7%, as compared to the previous years' growing rates of 6-7%. Manufacturing and energy increased by 3.5%, respectively 1.3%, while the extractive industry contracted by 12.5%.

Exports doubled their volume over the last 10 years to a record of 54.6 billion Euro in 2015 (+4.1% y/y). International trade deficit grew to 8.4 billion Euro following a 7.6% jump in imports (63 billion Euro), but remains significant lower the deficits of 2007-2008. Over 70% of Romania's international trade is with European Union.

Romania improved its attractiveness and secured 3.03 billion Euro of FDI in 2015 (+25% year/year). This is the 2nd highest volume after 2008, but still largely below the performance of 2004-2008 during when FDI had an average of 7.2 billion Euro per year.

Decreases in interest rates brought 3-month ROBOR to just 0.77% (February 2016) after The National Bank lowered the monetary policy rate to a historical minimal of 1.75% (-100bps over 2015). Higher availability of finance helped construction sector to report the first significant increase (+10.4%) after 2008.

Latest prognosis suggests the local economy will grow by around 4.2% in 2016. A general cut in VAT, from 24% to 20%, to be applied from the 1st of January 2016, is anticipated to strengthen consumption as the main source of economic growth over 2016.

INCOMES AND EXPENDITURES

A 8% increase in average salaries was accounted in 2015 at national level, coming both from the private sector and a 10-25% growth in budgetary salaries applied from the end of the year.

Salaries reached a gross average of 2,560 RON / month (576 Euro/mth.) and exceeded for the first time a net average of 400 Euro / month, to 1,848 RON / month (416 Euro/mth.). Real incomes are still higher than official statistics, being inflated by grey market activities, estimated at 20-25% of GDP, and remittances sent by the large community working abroad.

Highest salaries are found in Bucharest, with official levels of 578 Euro / month (net) in October 2015, being by 37% above the national average.

Minimal salary increased to 1,050 RON / month (net of 780 RON/month; ~175 Euro/mth.). A 19% increase, to 1,250 RON / month, will be applied from 2016. Around 29% of the workforce population is officially registered having a minimal wage level.

Retail sales accelerated to +8.9% y/y in 2015, compared to +7.0% in 2014 and just +0.4% in 2013. VAT cut on food and growing salary were the main factors of growth.

Food sales reported a massive 19.1% year/year increase, with the VAT cut (from 24% to 9%) being estimated that brought to light part of the grey market activities. Non-food sales increased by 2.8% and services by 9.5%.

New car sales are gradually recovering and increased by 18.7% in 2015, to a total of 98,325 units. This level represents however less than a third of the 2007-2008 record volumes (>300,000 units/year).

ROMANIA, RETAIL SALES EVOLUTION (%)



Source: National Institute of Statistics

RETAIL

A positive sentiment flooded retail sector last year following the accelerated growth in sales, from +7% in 2014 to +8.9% in 2015. Market fundamentals improved in all aspects and a higher occupational and development activity was reported over the year.

Development increased on the shopping centres market, with 148,300 sq m GLA being delivered and another 237,000 sq m GLA being planned to open in 2016. However, the retail warehousing development slowed to 110,000 sq m on the back of authorizations delays. Focus has maintained on cities with higher purchasing power and 45% of the last year's new supply was delivered in Bucharest.

More developers have become active, with the improving financing availability allowing also local companies to launch small/medium size projects. NEPI remains the most active developer locally, accounting for 50% of the new pipeline stock of 2015-2016.

Demand increased in all sectors, but especially for shopping centres, with the main anchors extending their market share throughout a national expansion. International retailers dominate today most of the sectors, while the national dominance is still present in home & office and services. Vacancy rates are on a downsize trend and the prime stock is almost fully occupied.

Romania is one of the main targets for expansion in Europe and a larger number of retailers have entered in 2015, including TallyWeijl, Michael Kors, Nespresso, Kiehl's and Pupa, while Forever 21, COS, Boggi and Lanidor are announced for 2016.

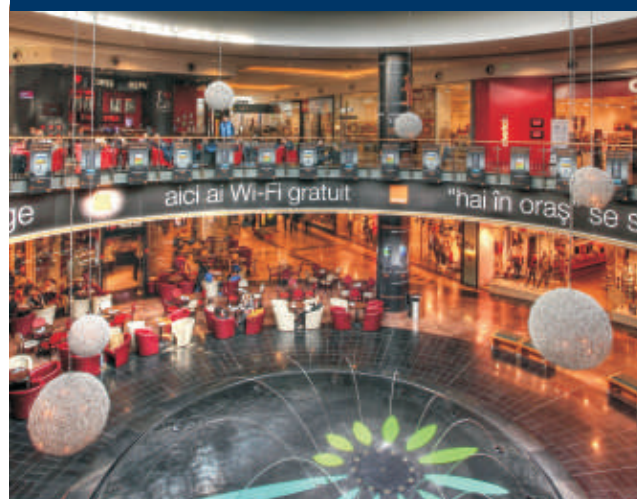
Rental levels had a stable/up evolution in 2015, with the highest increases of 5-10% coming from the top prime shopping centre locations. Prime rents reached levels of 20-30 Euro/sq m/month for shopping centres and 30-40 Euro/sq m/month for high street units across the main cities, while Bucharest's top shopping centre rents climbed to 60-70 Euro/sq m/month.

The market is anticipated to follow a positive trend, with spendable incomes to increase further in 2016.

RETAIL MARKET EVOLUTION 2016

CITY	SUPPLY	DEMAND	RENTAL LEVELS
ROMANIA	↗	↗	↔
Bucharest	↗	↗	↗
>200,000 people	↗	↗	↗
100,000-200,000 people	↗	↔	↔

BANEASA SHOPPING CITY, BUCHAREST



MAJOR RETAILERS IN THE MARKET

HYPERMARKET	Auchan, Carrefour, Cora, Kaufland, Real
CASH&CARRY	Metro, Selgros
SUPERMARKET	Profi, Mega Image, Billa, Carrefour Market
DISCOUNTERS	Lidl, Penny Market / XXL Mega Discount, Supeco
DIY	Dedeman, Praktiker, BricoDepot, Leroy Merlin, Ambient, Hornbach, Mr.Bricolage, Tekzen
FURNITURE	IKEA, Mobexpert, Kika, Elvila, Casa Rusu, Lem's, Staer, JYSK, Naturlich
ELECTRICAL	Altex / Media Galaxy, Flanco
FASHION	Zara, H&M, C&A, NewYorker, Takko, Marks&Spencer, Bershka, Pull&Bear, Mango, Promod, Reserved, BSB, Peek&Cloppenburg, Debenhams, Koton, LC Waikiki, Kenvelo, Stefanel, Pimkie, Orsay, Levi's, Tom Taylor, Time Out, Massimo Dutti, TallyWeijl
FOOTWEAR	Deichmann, Leonardo, CCC, Humanic, Bata, Aldo, Otter, Nine West, Musette, Ecco
SPORT GOODS	Decathlon, Intersport, Hervis, Decimas, SportVision, Nike, Adidas, Sportisimo
HEALTH&BEAUTY	Sephora, Douglas, Marionnaud, Yves Rocher, Pupa, Kiehl's, MAC
ACCESORIES	Swarovski, Folli Follie, FreyWille, Pandora, Cellini, B&B Collection, Oxette, Kultho
FAST-FOOD & COFFEE SHOPS	McDonald's, KFC, SpringTime, Subway, Pizza Hut, Nordsee, Starbucks, Gloria Jean's, Paul Bakery, Brioche Doree, Nespresso
OTHERS	Jumbo, Carturesti, Diverta, Pepco, Norauto

SHOPPING CENTRES

Shopping centre sector has been the main beneficiary of last years' positive retail evolution, being reported improvements in sales and demand that have provided the basis for an upward activity in development. Prime stock earned most of the sector's growth, while part of the secondary stock, especially that located peripheral, continued to have low operational indicators.

Shopping centre stock increased by 5.3% in 2015, being delivered a new supply of 148,300 sq m GLA. This marks a return to the level of 2013 (144,300 sq m), after the 10-year low of 2014 (52,638 sq m).

There are 133 shopping centres at national level, having a total of 2.96 million sq m GLA. Over 82% of the existing stock is less than 10 years old, respectively over half of it (51%) being delivered during a 4-year period (2006-2009).

ANNUAL NEW SHOPPING CENTRE SUPPLY



Six openings were recorded last year, including three new shopping centres (Mega Mall Bucharest, Coresi Brasov, Shopping City Timisoara) and three extensions (City Park Constanta, Shopping City Deva, Severin Shopping Center).

New supply consists 80% in two dominant schemes (Mega Mall, Coresi), while in terms of location 90% of the new stock is concentrated in cities above 250,000 inhabitants and Bucharest.

Mega Mall is the largest shopping centre opened last year, having 72,000 sq m GLA. It is the first dominant scheme in eastern Bucharest, a high-densely populated area where a 2nd dominant scheme (ParkLake Plaza) will open in 2016. Mega Mall has 200 shops spread on 4 levels (LGF+GF+2) and is anchored by Carrefour, Zara, H&M, Peek&Cloppenburg, Marks&Spencer, C&A, New Yorker, Koton, Mango and Hervis. The leisure area covers 12,000 sq m and includes a 14-screen Cinema City, food court, bowling, casino and WorldClass fitness.

Coresi is a 45,000 sq m GLA one-level shopping centre opened on the former Tractorul platform, northern Brasov, as part of an 100 hectares mixed-use project of Immochan. There are 110 shops anchored by Auchan, Zara, H&M, New Yorker, Reserved, LC Waikiki, Koton and an 8-screen cinema. Coresi is the first regional scheme in Brasov and is planned to extend up to a total of 92,000 sq m GLA. The 2nd phase of 13,000 sq m (retail park) is under construction.

Romania reached a shopping centre density of 148 sq m GLA per 1,000 inhabitants at the end of 2015. This level represents 62% of the EU-27 average (~238 sq m GLA/1,000 pop.), marking a notable improvement since 2008 when Romania accounted for just 42% of the EU-average.

The highest densities are found in Suceava (956 sq m GLA/1,000 pop.) and Oradea (891), while Deva (725) entered the top following NEPI's extension to Shopping City Deva. Most of the major cities have densities of 250-500 sq m GLA / 1,000 inhabitants, while lower densities are usually registered in cities below 100,000 inhabitants.

TOP SHOPPING CENTRE DENSITIES, END 2015

NO	CITY	POPULATION	GLA (SQ M)	GLA (SQ M / 1,000 POP.)
1	Suceava	92,121	88,105	956
2	Oradea	196,367	174,995	891
3	Deva	61,123	44,340	725
4	Pitesti	155,383	106,245	684
5	Constanta	283,872	181,790	640
6	Bacau	144,307	89,515	620
7	Ploiesti	209,945	119,480	569
8	Arad	159,074	88,780	558
9	Severin	92,617	48,330	522
10	Cluj-Napoca	324,576	163,345	503

AFI PALACE COTROCENI, BUCHAREST



Bucharest's stock stands at 891,435 sq m GLA and a density of 473 sq m GLA / 1,000 inhabitants. There are 27 shopping centres, with five of them having a dominant profile: Baneasa Shopping City / Feeria (north), AFI Palace Cotroceni (west), Unirea Shopping Center (central), Sun Plaza (south) and Mega Mall (east). Other schemes with large impact include Promenada Mall (north), Bucuresti Mall (central-east) and Plaza Romania (west).

Development activity has accelerated over the year, being launched new projects of various size. NEPI is the most active developer, with 195,000 sq m GLA delivered since 2012 and another 175,900 sq m GLA under different stages of pipeline.

A new stock of 237,000 sq m GLA is announced to open in 2016, out of which 179,935 sq m GLA were under construction at the end of 2015.

Projects of 200,000 sq m GLA are announced for delivery in 2017-2018 in Bucharest, Brasov, Timisoara and Ramnicu Valcea.

PROJECTS TO OPEN IN 2016

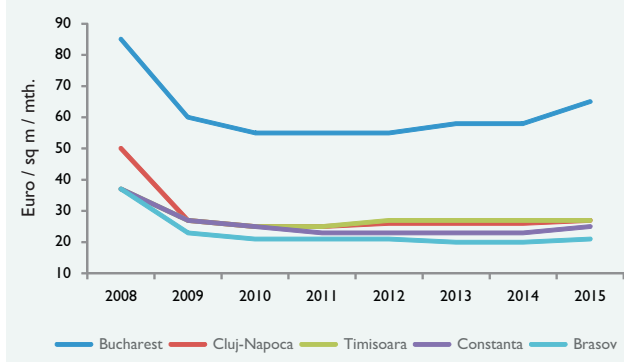
SCHEME	CITY	GLA (SQ M)	DEVELOPER
ParkLake Plaza	Bucharest	70,000	Sonae Sierra
Shopping City	Timisoara	40,700	NEPI
Shopping City	Satu Mare	27,000	NEPI
Veranda SC	Bucharest	25,000	Prodplast
Shopping City	Piatra Neamt	25,000	NEPI
City Park (extension)	Constanta	19,000	NEPI
Platinia	Cluj-Napoca	10,035	local
Mercur	Craiova	10,000	Mercur SA

Timisoara is the most effervescent location, with 40,700 sq m under construction (Shopping City) and 194,225 sq m of planned projects (OpenVille-Iulius Mall, Timisoara Centrum, Plaza Centers). The delivery of all projects will boost local density to 1,138 sq m/1,000 inhabitants. Such a strong competition is considered unsustainable, being anticipated some projects to cancel or reconfigure.

ROMANIA SHOPPING CENTRES MAP



SHOPPING CENTRE PRIME RENTS



Prime rents followed a stable/up evolution last year, with a growing tendency across the top cities and stable values for the rest. Bucharest accounts for the highest top levels of 60-70 Euro/sq m/month (100-200 sq m units), while in Timisoara, Cluj-Napoca and Constanta there are prime rents of 25-30 Euro/sq m/month.

Rental levels vary from 20-25 Euro/sq m/month (cities >200,000 pop.) to 15-20 Euro/sq m/month (cities of 100,000-200,000 pop.) and 10-15 Euro/sq m/month (cities of 50,000-100,000 pop.).

Romania is one of the main expansion destinations in Europe, with the majority of new entrances being directed towards the prime shopping centre stock. A larger number of retailers entered the market in 2015, including brands from fashion (Debenhams, Marc Cain, Michael Kors, Armani Jeans, Tally Weijl, Liu Jo), sport (Sport Vision, Decimas, Sportissimo), health&beauty (Kiehl's, Pupa, Perfumarte, Chanel, Bobbi Brown) and other sectors (Pepco, Roche Bobois, Nespresso, Columbus Coffee).

The main entries announced for 2016 include Forever 21, COS (H&M group), Boggi, Tezenis (Calzedonia group), Lanidor, Maybelline and New Era.

PLATINIA CENTER, CLUJ-NAPOCA



RETAIL WAREHOUSING

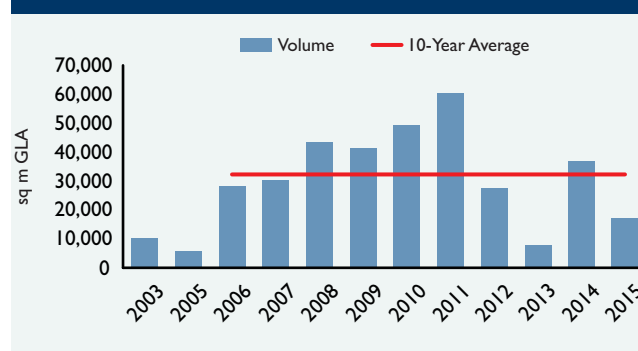
Retail warehousing development slowed in 2015 to just 110,000 sq m GLA of new space delivered. Most of it is located in cities above 100,000 inhabitants, respectively 40% being in Bucharest area.

Almost 85% of the new supply is represented by stand-alone boxes of food operators (Kaufland, Mega Image, Lidl, Penny Market, Supeco) and DIY's (Dedeman). However, all these retailers expanded at a lower pace as compared to 2014, mainly due to a larger period of time necessary for the construction authorizations.

Only two retail parks opened in 2015, having a total of 17,111 sq m GLA. This is the second lowest new supply in the last 10 years, marking a 53% year/year decrease. Both schemes were developed by InterCora and opened with almost full occupancy, including common tenants such as Takko, Deichmann, Pepco, Sportissimo and DM. Pipera Plaza has 9,739 sq m GLA and is located in northern Bucharest, while InterCora's scheme in Targu Mures has 7,372 sq m GLA and is located central, on a cluster with Kaufland hypermarket.

Romania has a total retail park stock of 360,585 sq m GLA (December 2015), out of which 95% is less than 10 years old.

RETAIL PARK DEVELOPMENT - NEW SUPPLY/YEAR



VULCAN VALUE CENTER, BUCHAREST



Cushman & Wakefield / ACTIV Property Services

Increasing sales and number of active retailers had positive effects on market fundamentals and demand, with the schemes under pipeline having secured a high pre-lease occupancy. New entrants Pepco and Sportisimo have launched a rapid expansion and secured units in most of the new projects.

Rental levels maintained stable in 2015, at average levels of 5-8 Euro/sq m/month for large anchors (hypermarkets, DIY). A stable evolution is anticipated for most markets over 2016.

RETAIL WAREHOUSES, RENTS (Euro/sq m/mth.)

UNIT	BUCHAREST	MAIN CITIES
Hypermarket	7 - 9	6 - 8
DIY	6 - 8	5 - 7
Furniture	5 - 7	4 - 6

CASH & CARRY

Cash&carry experienced another year without expansion, no openings being registered after 2011. The rapid expansion from 2000-2007 has provided national coverage for both Metro and Selgros, while during the last years the sector confronted with a rising competition from other formats and decreasing sales.

Romania accounts for 50 cash&carry units, including 31 Metro and 19 Selgros. Metro follows to close their unit in Braila in 2016, while Selgros plans to open their first unit of medium size in Romania, a 4,000 sq m store to be developed in Targu Mures.

HYPERMARKETS

Hypermarket expansion reduced to 6 new openings, compared to 16 in 2014, following Kaufland's lower activity. All units delivered in 2015 are located in cities above 150,000 inhabitants.

A number of 182 hypermarkets are operational in Romania (Dec 2015), out of which 58% are medium formats of Kaufland. The largest concentration is found in Bucharest, including 32 units operational and another 4 under pipeline.

Kaufland recorded the lowest development pace since they entered Romania in 2005, with just 3 new openings in 2015, compared to an average of 11 openings per year during 2006-2014.

Carrefour continued their partnership with NEPI and opened two units in Mega Mall Bucharest and Shopping City Timisoara, while Auchan opened a 13,300 sq m unit in Coresi Brasov. Cora's expansion plans are still on-hold, moreover Arad store being closed.

MAIN FOOD RETAILERS, NUMBER OF UNITS

SECTOR	RETAILER	2015 OPENINGS	TOTAL
Cash & Carry	Metro	-	31
	Selgros	-	19
	TOTAL	-	50
Hypermarket	Kaufland	3	105
	Auchan	1	33
	Carrefour	2	29
	Cora		11
	Real		4
	TOTAL	6	182
Supermarket	Mega Image	61	471
	Profi	92	367
	Carrefour	17	158
	Billa	1	86
	TOTAL	171	1,082
Discounter	Lidl	8	192
	Penny Market	10	183
	Supeco	1	4
	TOTAL	19	379

SUPERMARKETS

Profi, Mega Image and Carrefour are the international supermarket chains that dominate the local market, each having under operation formats of supermarket and proximity stores, while Profi Loco and Carrefour Contact are dedicated to rural locations.

International chains opened 171 new units in 2015, a 22% decrease from the 2014 record, with the medium-term expansion being planned to return to a pace of 200 new units per year.

Profi was last year's champion of expansion, with 92 new stores being opened under Profi, Profi City and Profi Loco formats. The chain reached 367 units at year-end and its owner, a Polish-based fund, announced that will expand further by 100 units per year.

Mega Image opened 61 new units last year and remains the largest supermarket chain in Romania with 471 units, most of them under Mega Image and Shop&Go formats. Their expansion will continue at a pace of 70-100 units per year, to target Bucharest area and 250 km radius.

Carrefour consolidated as the 3rd largest network in Romania by opening 17 new units and reaching a total of 158 units at year-end under three formats (Market, Express, Contact). The French group acquired the 86-unit local chain of Billa in December, following to reach a total of 244 supermarkets after the process will end.

DISCOUNTERS

German operators Lidl and Penny Market share the local food discount market, having 192 units, respectively 183 units, at national level.

Expansion activity decreased last year to 19 openings compared to approximately 30 new stores per year delivered during 2013-2014. Five new units were delivered in Bucharest, increasing the city's stock at 32 units.

Penny Market opened 10 new stores and plans to accelerate expansion to 20-25 units / year with the target to reach 400 units at national level. Lidl opened 8 units and considers 10 openings for 2016, out of which 3 in Bucharest.

Carrefour's Supeco, described as a cash&carry - discounter hybrid, expanded with a unit opened in Giurgiu, following the first three units they opened in Romania in 2014 (Ramnicu Valcea, Targoviste, Slatina).

DIY

DIY market recorded a consolidation activity last year, with some of the main DIY players experiencing changes of concept following the acquisitions they made in 2013-2014. Kingfisher finalized the conversion of the 15-unit Bricostore to BricoDepot concept, while Leroy Merlin started a similar conversion process to transform bauMax stores, planned to complete in 2016.

Only 5 new DIY units opened last year, including 3 Dedeman, 1 Leroy Merlin and 1 Hornbach.

DIY stock ended the year with 126 units, out of which 90% are operated by the top five players. The main DIY chains include Dedeman (42 units), Praktiker (28), Leroy Merlin (16), BricoDepot (15), Ambient (12), Hornbach (6), Tekzen (4) and Mr.Bricolage (3). Apart of these, there are local companies that operates stores with a DIY / construction materials concept.

Dedeman strengthened its dominance in 2015, increasing its network to 42 large-format stores and recording a 30% increase in turnover in the 1st half of the year. Expansion will continue with the target to reach 50 units and to expand to the Republic of Moldova.

Apart of Dedeman, the other DIY chains are expected to concentrate furthermore to improve the performance of their existing units throughout 2016, with potential to restart expansion from 2017. Both BricoDepot and Leroy Merlin consider to have potential to expand local networks up to 40-50 units.

FURNITURE

Furniture sector recorded further improvements in activity, fueled by the growth in purchasing power and residential sales. Expansion activity has been sustained, as well as in the previous years, by medium-size formats of national (Lem's, Casa Rusu) and international (JYSK) operators.

No large-format unit (>5,000 sq m) was opened during the last three years, with the existing operators of such stores (Mobexpert, IKEA, Kika) growing their national coverage through online channels and preparing to restart expansion from 2016.

IKEA purchased a new site in eastern Bucharest, after eight years of local operation through a single store. Their 2nd unit is estimated to open in 2017 and IKEA's officials suggest there is potential to grow up to 9 stores in Romania on long-term.

OUTLET CENTRES

Outlet sector is still represented by a single dedicated scheme in Romania, in addition a number of outlet shops being opened in secondary schemes.

Fashion House celebrated 7 years of operation in western Bucharest (A1 Motorway) with around 60 shops and 11,000 sq m GLA. The scheme is anchored by Nike, Adidas, Champion, Diesel, Mango, Levi's, Ecco, US Polo, Guess and attracted new entrances from Tom Tailor and Sport Vision. The scheme, developed by Belgium company Liebrecht&wood, has an additional area of 9,500 sq m GLA ready to accommodate new demand.

Liebrecht&wood is planning to start construction of a similar project in eastern Bucharest, on A2 Motorway. Cernica Park is planned to include a 17,500 sq m GLA outlet centre and a retail park section.

FASHION HOUSE OUTLET, BUCHAREST



HIGH STREET

Improving levels of demand were registered last year across the main cities' high street avenues. A broader base of retailers have become interested in high street expansion, with prime demand being directed towards locations with performance evidence and an anticipated higher positive return sales-costs.

Significant demand came again from the supermarket sector, where retailers such as Profi, Mega Image and Carrefour have continued their rapid expansion at national level. There were opened small-medium formats of 200-800 sq m across both prime and secondary locations.

Pharma sector provided a major high street expansion last year, with major chains such as Catena, HelpNet, SensiBlu expanding each with tens of units at national level.

Sibiu's pedestrian Nicolae Balcescu Street experienced an important development lately and strengthened its profile as one of the best high street areas in Romania. The opening of Zara and Massimo Dutti in 2012 brought higher levels of demand and attracted well-known retailers in their vicinity, including stores of Stefanel, Ecco and Pandora opened in 2015.

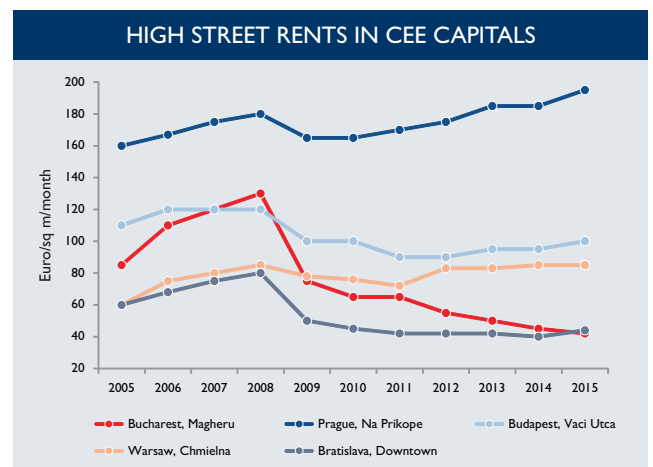
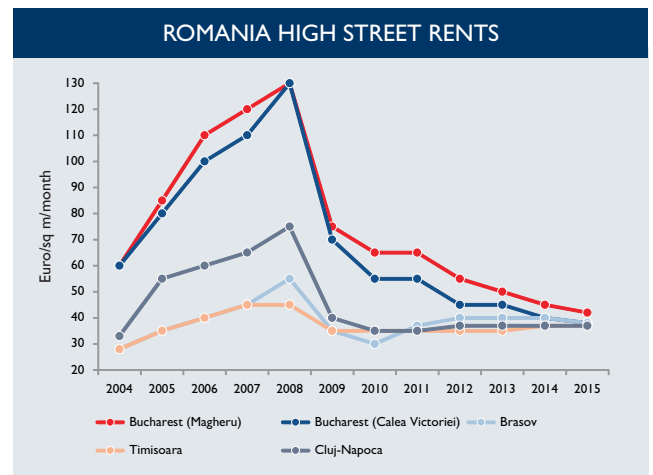
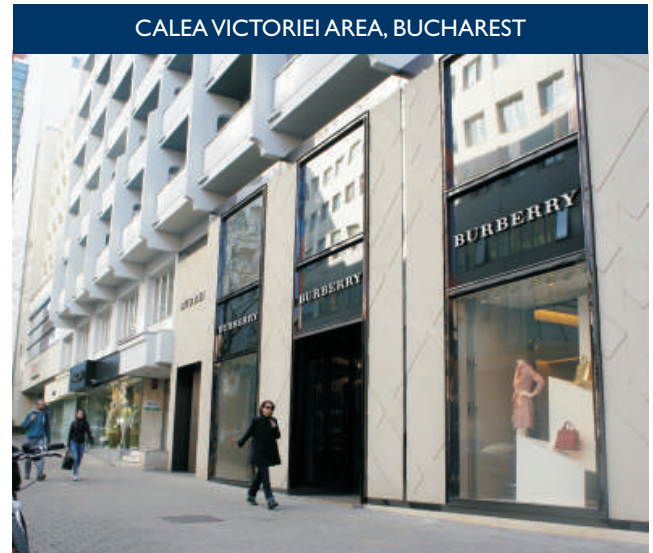
High street development is restricted in most locations by the low stock of buildings refurbished to modern standards and units able to accommodate anchor stores. Old buildings with seismic risk follow to close until refurbishment, to affect furthermore the general appealing and reduce availability of prime stock.

Most retailers continue to focus on shopping centre expansion in the absence of proper high street areas.

High street rents maintained relatively stable in 2015, with prime levels varying from 25-30 Euro/sq m/month across the main cities to 35-40 Euro/sq m/month in top cities such as Timisoara, Cluj-Napoca, Sibiu and Brasov.

Bucharest's Magheru Boulevard remains the most expensive avenue in Romania, however with average rents decreasing to 40-45 Euro/sq m/month at year-end. This level represents a 68% depreciation from the 2008 record (130 Euro/sq m/mth.) and is one of the lowest in CEE, especially as compared to Warsaw - Chmielna (85 Euro/sq m/mth.), Budapest - Vaci Utca (100) and Prague - Na Prikope (195).

Magheru's section around Romana Square has a true high street profile, reaching top prime rents of 65-75 Euro/sq m/month, while the rest of the avenue confronts with higher vacancy rates and an amalgamate mix, with rental levels of 30-35 Euro/sq m/month.



OFFICE MARKET

Office market fundamentals maintained relatively stable over 2015, with the decreasing levels of availability leading to a positive sentiment among developers and a rapid growth in pipeline volumes in Bucharest, Iasi and Timisoara.

New supply decreased to 56,554 sq m GLA last year in Bucharest, corresponding to a 52% annual reduction and a 10-year lowest volume, after the delivery of some major buildings totaling 89,200 sq m GLA has moved to Q1 2016.

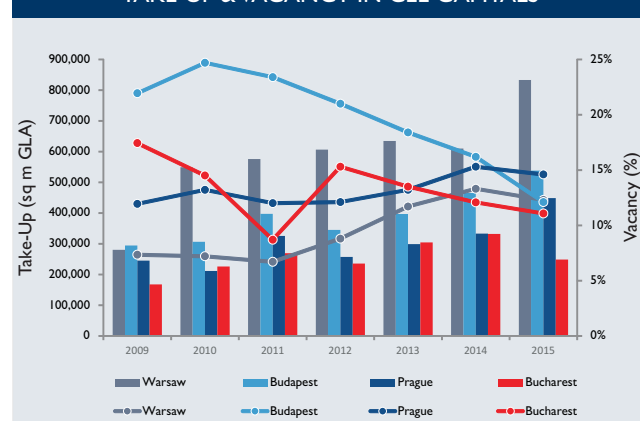
Two buildings of over 10,000 sq m GLA were delivered, including Green Court's 2nd building (18,000 sq m GLA) located in Barbu Vacarescu (north), respectively the office redevelopment of the former City Mall to City Offices (27,154 sq m GLA), becoming the largest office building in southern Bucharest.

Bucharest's office stock reached 2,167,795 sq m GLA (year-end), with over 77% of the area being delivered during the last 10 years. The office density of 1,151 sq m GLA at 1,000 inhabitants remains well below other capitals in Central Europe, such as Prague and Warsaw, where stock stands at 2,500-2,700 sq m GLA at 1,000 inhabitants.

OFFICE STOCK IN CEE CAPITALS, END 2015

CITY	GLA (SQ M)	GLA (SQ M) / 1,000 INHABITANTS	VACANCY (%)
Warsaw	4,659,987	2,702	12.3%
Prague	3,222,402	2,573	14.6%
Budapest	3,280,969	1,881	12.1%
Bucharest	2,167,794	1,151	11.1%
Bratislava	1,565,625	3,751	8.9%

TAKE-UP & VACANCY IN CEE CAPITALS



OREGON PARK, BUCHAREST



New supply grew to record levels in Cluj-Napoca (49,550 sq m GLA) and Timisoara (29,300 sq m GLA), while in Iasi there was delivered a new area of 17,035 sq m, including the office conversion of the former Moldova Mall. Two headquarters of energy companies were the main deliveries in secondary cities: E.ON Tower (14,800 sq m) in Targu Mures and CEZ building (6,800 sq m) in Craiova.

Office demand stayed relatively strong, with Bucharest's temporary slow-down in activity being compensated by a record activity outside the Capital. Companies expanded to new locations in their search for workforce, important leases being signed in cities somehow ignored until recently, such as Bacau, Oradea and Targu Mures.

Largest demand came from the IT&C sector, accounting for 40% of Bucharest's take-up and 60% outside the Capital. BPO and shared service providers continued to expand, Romania being ranked the world's 4th major destination for such activities according to 2015 Cushman&Wakefield's Index. Other main sources of demand were professional services and the financial sector.

Take-up reduced by 25% in Bucharest, at 248,750 sq m GLA, following lower volumes of relocations and renewals, while new demand was stable (89,300 sq m). There were 35% new leases, 28% pre-leases, 28% renewals, respectively 9% expansions.

BUCHAREST LARGEST OFFICE LEASES, 2015

TENANT	AREA (SQ M)	BUILDING	TYPE
Genpact	22,000	Hermes BC	Pre-lease
Oracle	20,125	Oregon Park	Pre-lease
Oracle	10,400	Sky Tower	New Lease
KPMG	6,400	Victoria Park	Renewal
Carrefour	6,300	Green Court	Pre-lease

Cushman & Wakefield / ACTIV Property Services

Bucharest's northern area concentrated 73.1% of take-up, with Dimitrie Pompeiu and Barbu Văcărescu districts totaling 130,000 sq m of leases. Central area attracted 14.6% of take-up, followed by the western (6.4%) and southern (3.4%) areas.

The number of major leases decreased by 10% to 204 deals, while the average size of the lease decreased by 17% to 1,219 sq m. There were registered 8 deals of above 5,000 sq m, the largest one being the 22,000 sq m pre-lease of Genpact at Hermes Business Campus. Oracle was the most active occupier last year, with two leases having a total of 30,615 sq m GLA in Barbu Văcărescu district.

Office demand increased to record levels outside Bucharest, with the three largest markets, namely Cluj-Napoca, Timisoara and Iasi, exceeding each 15,000 sq m of leases. The largest deals were a 7,000 sq m pre-lease of Unicredit Integrated Business Solutions in Palas Iasi, respectively an area of 5,210 sq m let by Alcatel-Lucent in Timisoara's new Bega Business Park. Xerox was the most active company outside Bucharest, with over 11,600 sq m of space leased in 3 cities (Iasi, Oradea, Bacau).

Vacancy rate decreased further in Bucharest to 11.1%, with approx. 240,000 sq m being available at year-end. Downward evolution, witnessed during the last three years, is expected to reverse from the start of 2016 following the large new stock to be delivered on short term.

Bucharest's stock under construction doubled its volume throughout 2015, to 444,600 sq m GLA. A new supply of 378,385 sq m GLA is announced for delivery in 2016, being located north (63%), west (24%) and in the central area of the city (13%). This new supply will increase modern stock by 17.5%, to exceed for the first time 2.5 million sq m GLA.

A new stock of 62,300 sq m GLA was under construction outside Bucharest at the end of the year, including a new stock of 30,400 sq m in Iasi, 18,300 sq m in Timisoara, 8,000 sq m in Brasov and 5,600 sq m in Cluj-Napoca.

Office rents maintained generally stable in 2015, being linked to incentive packages with rent-free period (1-2 months / year of lease), fit-out contributions, free parking etc.

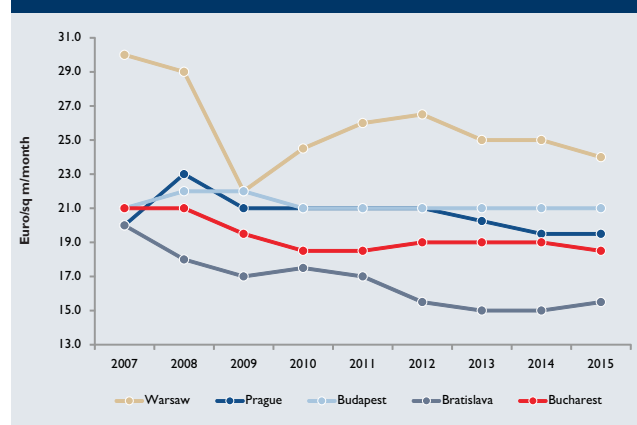
Prime rents in Bucharest vary from top levels of 17-19 Euro/sq m/month (CBD) to 14-16 Euro/sq m/month (Barbu Văcărescu) and 11-13 Euro/sq m/month (Dimitrie Pompeiu). Outside Bucharest, prime rents vary from 12-13 Euro/sq m/month in Cluj-Napoca, Timisoara and Iasi, to 8-10 Euro/sq m/month across the other locations. Rents are likely to hold firm in 2016, with the variations in availability to influence the level of incentives.

Bucharest's northern district Barbu Văcărescu continues to saw effervescent activity. The office stock of 250,000 sq m GLA, out of which 60% was delivered in the last three years, will increase by a record of 119,740 sq m in 2016. The area secured leases of 185,000 sq m during the last three years and ended the year with a vacancy of 8%, well below the city's average.

BUCHAREST - MAJOR DELIVERIES FOR 2016

PROJECT	DEVELOPER	AREA	GLA (SQ M)
Hermes BC	Atenor	D.Pompeiu	60,000
Bucharest One	Globalworth	B.Văcărescu	49,275
Oregon Park	Portland Trust	B.Văcărescu	44,725
Anchor Metropol	Anchor Group	West	36,600
AFI Park	AFI Europe	West	32,600
Globalworth Campus	Globalworth	D.Pompeiu	25,000
The Landmark	Alecsandri Estates	Central	21,000
Metrooffice	Immofinanz	D.Pompeiu	20,540

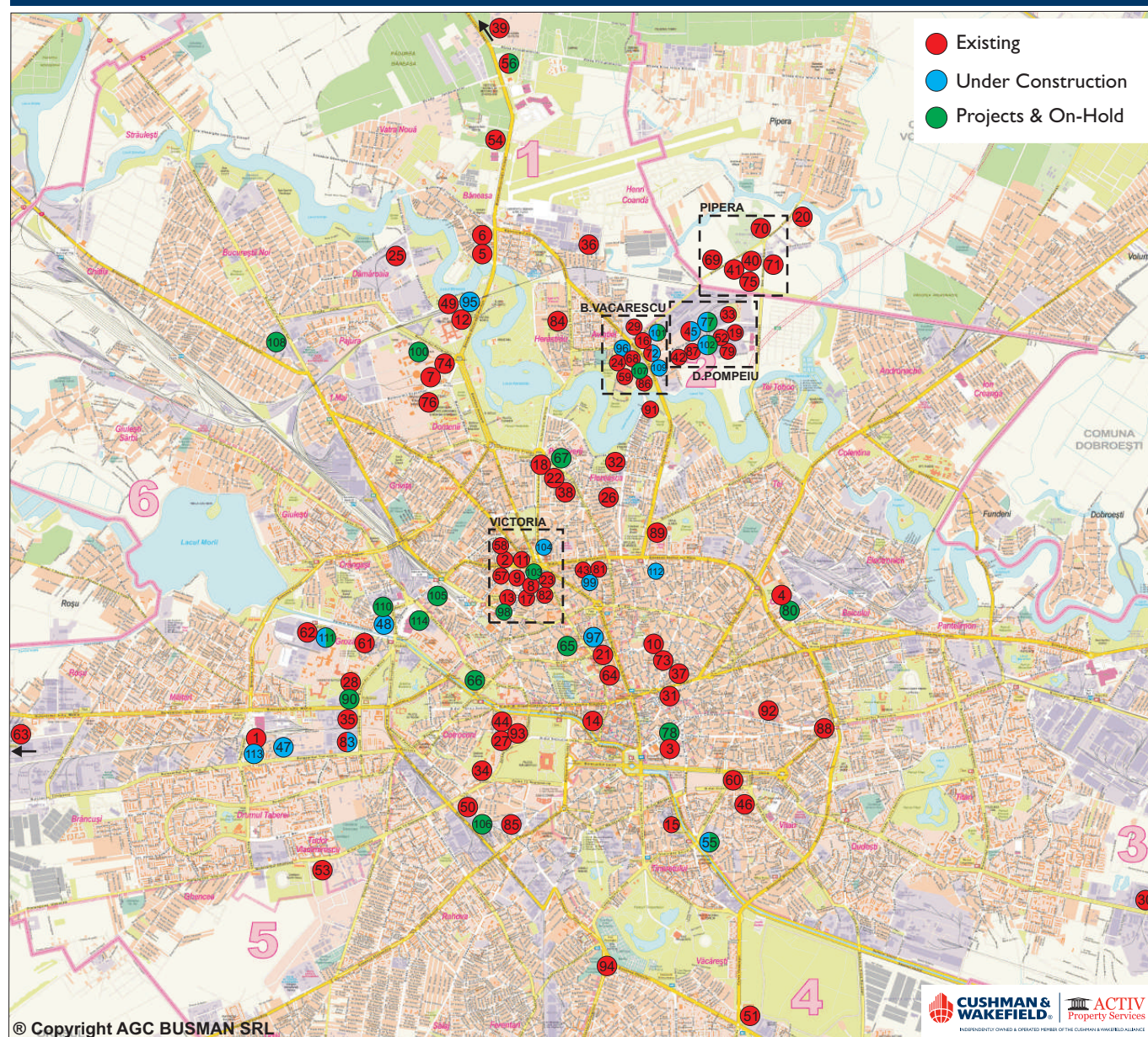
OFFICE RENTAL LEVELS IN CEE CAPITALS



TRADE CENTER, ORADEA



BUCHAREST OFFICE MAP, END 2015



1. Anchor Plaza	20. Construdava	39. Platinum B&C Center	58. Bucharest Tower Center	77. MetroOffice (Iride City)	96. Bucharest One
2. America House	21. Magheru One	40. North Center	59. Floresca Plaza	78. Intri View	97. Enescu Office Building
3. Platinum Center	22. Dorobanti 239	41. North Gate	60. City BC	79. Multigalaxy I	98. The Mark
4. Avrig 3-5	23. Europe House	42. Nova Park	61. Riverside OB	80. Avrig 7	99. The Landmark
5. Banasa BC	24. Floresca Tower	43. Crystal Tower	62. Riverplace	81. Metropolis Center	100. Ana Tower
6. Banasa Airport Tower	25. Petrom City	44. Opera Center	63. West Gate	82. Victoria Center	101. Oregon Park
7. World Trade Center	26. Banu Antonache BC	45. Hermes Business Campus	64. Excelior	83. AFI Park	102. Globaworth Campus
8. Premium Point	27. Forum I+II+III	46. Phoenix Tower	65. Cathedral Plaza	84. Art Business Center 6	103. Buzesti Center (Triac)
9. Piraeus Bank	28. Global BC	47. Anchor Plaza Metropol	66. Arena Plaza	85. Green Gate	104. Aviatorilor 8 (NEPI)
10. Maria Rosetti Tower	29. Floresca Park	48. Orchidea Towers	67. Neocity III	86. Lakeview	105. Orhideelor 46
11. BRD Tower	30. Helios BC	49. S.Park	68. Sky Tower	87. Upground	106. AFI Business Park (Progresului)
12. Bucharest Business Park	31. IBC Modern	50. Tati Center	69. Twin Towers	88. Olympia Tower	107. Promenada Mall Offices
13. Bucharest Corporate Center	32. Eliade BC	51. Sun Plaza Offices	70. Cubic Center	89. Euro Tower	108. Victoria City Tower
14. Bucharest Financial Plaza	33. Iride Business Park	52. Pipera Business Tower	71. Global City	90. Pumac Project (Skanska)	109. Gara Hestrau
15. Splaiul Unirii 76	34. Marriott Grand OB	53. Ghencea Business Center	72. Green Court (Skanska)	91. Echos House	110. The Bridge
16. Nusco Tower	35. Cotroceni BC	54. Victoria Park	73. UTI BC	92. Delea Veche 24	111. Sema Parc - Office 3
17. Cascade OB	36. Metav Business Park	55. Timpuiri Noi Square	74. City Gate	93. Izvor 80	112. Stefan cel Mare Building
18. Charles de Gaulle Plaza	37. Millenium BC	56. Banasa B&T Park	75. Swan Office Park	94. City Offices	113. Plaza Romania Offices
19. Conect	38. Neocity I+II	57. Premium Plaza	76. Unicredit	95. Monolit Plaza	114. Business Garden

INDUSTRIAL MARKET

Industrial sector followed a positive evolution in 2015 and witnessed growing activity in development, demand and investment. After years with limited volumes, industrial sector has finally received a boost from the growing economy and recorded larger demand coming from both manufacturing and logistics companies.

New supply tripled last year across Romania, being delivered a new speculative area of more than 230,000 sq m. Timisoara saw the largest activity, with 91,070 sq m of new space, both BTS and speculative, being delivered for clients such as Continental, Elster Rometrics, TT Electronics and Quehenberger. Important deliveries were registered also in Arad (36,400 sq m), Braila (16,000 sq m) and Ploiesti (12,940 sq m).

A 3rd consecutive year with no deliveries was registered in Bucharest, however development has restarted from H2 and new projects follow to be delivered over 2016. Modern stock stands at 977,690 sq m, largely below levels of 2-3 million sq m existing in other CEE Capitals (Budapest, Prague, Warsaw).

2015 NEW SUPPLY - MAJOR COMPLETIONS

NAME	AREA (SQ M)	CITY	DEVELOPER
Timisoara Airport Park	52,682	Timisoara	Globalworth
LOG.IQ Arad	36,400	Arad	Immofinanz
VGP Logistic Park	25,134	Timisoara	VGP
Western Logistics	16,850	Oradea	Zacaria Group
WDP Braila	16,000	Braila	WDP
Olympian Park	13,368	Timisoara	Helios Phoenix
WDP Aricestii Rahtivani	12,939	Ploiesti	WDP

Demand registered higher levels in all the main locations, fueled by the expansion of logistics activities following the spectacular growth of retail sales, but also by the entrance / expansion of international manufacturing companies.

Take-up increased by 38% last year, with 413,000 sq m of major leases being registered at national level. The highest activity was found in Bucharest, Ploiesti and Timisoara, followed by Brasov and Turda. Logistics activity counted for 74% of last year's take-up, including large deals signed by Carrefour, P&G, Profi, Quehenberger, Emag, Fashion Days, Tibbett and DB Schenker.

Manufacturing totaled 96,000 sq m of major deals, out of which 75% were pre-lease deals signed by automotive companies (Faurecia, Federal Mogul, Preh) and others (Siemens, ENI Snamprogetti).

Bucharest's take-up jumped by 66% to 188,780 sq m, being represented almost entirely by logistics space. Carrefour signed the largest deal, with 81,000 sq m leased in P3 Logistics Park, including a 38,000 sq m renewal and a 43,000 sq m pre-construction lease.

Vacancy decreased further and reached 7.2% at year-end in Bucharest, with the very prime stock being almost fully occupied. Availability of prime space maintains low across the main locations outside Bucharest, new entrants having to conclude BTS deals in order to find medium / large units.

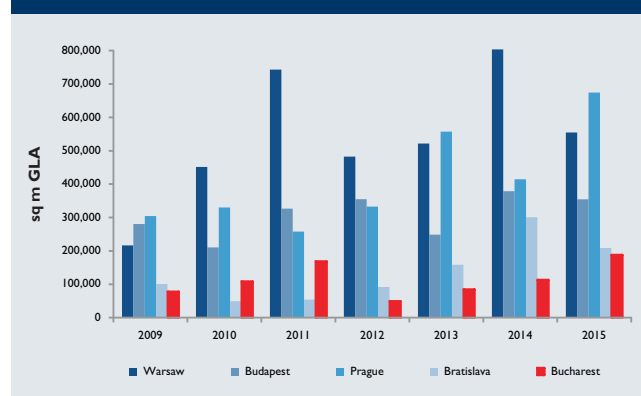
Industrial rents followed an upward trend in 2015 and increased to prime levels of 3.40-3.50 Euro/sq m/month (units >2,000 sq m) and secondary levels around 3.00 Euro/sq m/month across the main locations. Bucharest's rents maintain lower as compared with levels of 3.50-3.85 Euro/sq m/month in Budapest / Bratislava / Prague and 5.40 Euro/sq m/month in Warsaw.

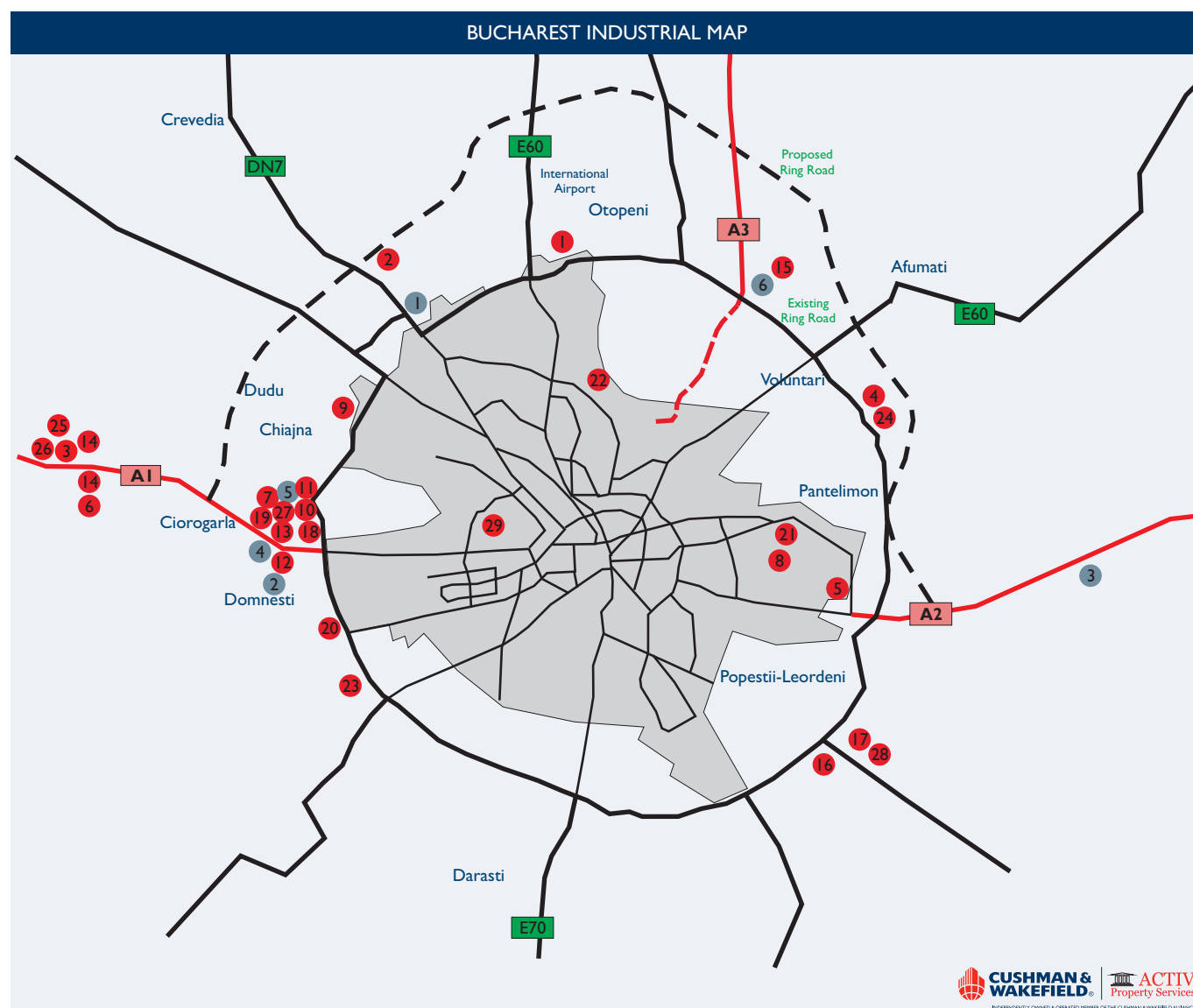
A new stock of 293,000 sq m is under construction, having delivery for 2016, out of which 68% is speculative and 32% is owner-occupied. The largest development is recorded in Bucharest with 147,150 sq m under construction, followed by Lugoj (Lidl - 45,000 sq m), Turda (23,000 sq m) and Brasov (18,800 sq m). Most active developers include Immofinanz - Logicor (54,830 sq m), CTP (53,600 sq m), P3 (43,000 sq m) and WDP (19,600 sq m).

CEE CAPITALS INDUSTRIAL FACTS, END 2015

CITY	GLA (SQ M)	VACANCY (%)	RENT (EURO/SQM/MTH.)
Warsaw	2,957,650	7.9%	5.40
Budapest	1,881,650	10.6%	3.50
Prague	2,264,132	4.8%	3.85
Bucharest	977,690	7.2%	3.40
Bratislava	867,620	4.3%	3.60

TAKE-UP VOLUMES IN CEE CAPITALS



**EXISTING DEVELOPMENTS**

- | | | |
|-----------------------------|----------------------------------|---------------------------------|
| 1 Karl Heinz Dietrech | 11 Key Logistic Center | 21 Rams Industrial Park |
| 2 Buftea Distribution Park | 12 P3 Logistics Park | 22 Atlas Center |
| 3 Bucharest Industrial Park | 13 CTPark Bucharest | 23 Innovations Park |
| 4 Log Center NELP | 14 CTPark Bucharest West | 24 Pantelimon Logistic Center |
| 5 Apollo Logistic Park | 15 Rewe Logistics (Penny Market) | 25 H. Essers |
| 6 Mobexpert Logistic Centre | 16 Catalunya Industrial Park | 26 KLG Europe |
| 7 AI Business Park | 17 Millennium Logistic Park | 27 LIDL Logistics |
| 8 Faur Industrial Park | 18 Phoenix Logistic Center | 28 Mega Image Logistic Center I |
| 9 Chitila Logistic Park | 19 Equest Logistic Center | 29 Sema Parc |
| 10 Otter Logistic Park | 20 Domnesti Business Park | |

MAIN PROJECTS

- 1 LOG.IQ Bucharest (under construction)
- 2 P3 Logistics Park (extension under construction)
- 3 WDP Fundulea
- 4 Olympian Park Chiajna
- 5 Vabeld (under construction)
- 6 Mega Image Logistic Center 2 (under construction)

RESIDENTIAL MARKET

Residential market had recovered during the last two years, helped by the easier access to loans and low interest rates, growing incomes and firm confidence in local economy.

Market fundamentals improved throughout 2015, providing the basis for a true restart in development. After five years (2009-2013) during when annual new supply decreased by 35%, the number of new deliveries increased by 3% in 2014 and accelerated to +9% in 9-month 2015 at national level. The number of construction permits had increased by 3.8% in 2015.

Regional capitals with higher purchasing power and growing medium-class representation, such as Cluj-Napoca, Timisoara, Brasov and Sibiu, recorded the highest increase in development activity. These cities are provided with a growing population with medium/upper-medium incomes, coming especially from IT&C and engineering, with most demand coming from such professionals of under 40 years old.

A number of 7,686 units were delivered in Bucharest over the first 9 months of the year, corresponding to a 36% year/year growth. New supply of 2015 is expected to overcome the record of 2008 (10,192 units), with the largest number of units to be delivered as part of periphery blocks with affordable flats.

"First House" program remains a significant source of demand and registered a record of 30,070 guarantees granted last year (+20% y/y). The success of this program, with over 160,000 loans granted since its start in 2009, have determined many developers to redesign their projects in order to comply its requirements (70,000-75,000 Euro maximal value for new properties). The program's size will reduce to half in 2016 (1.5 billion RON of guarantees), while the maximal interest rate to be applied has been decreased to 2% + ROBOR (3-month).

Changes will be implemented also for the 5% VAT program, with the value of properties to benefit following to be inflated to a maximum of 450,000 RON (~100,000 Euro) starting January 2016. This facility is applied for a single acquisition per person, in case of residential properties with up to 120 sq m of usable area and 250 sq m of land.

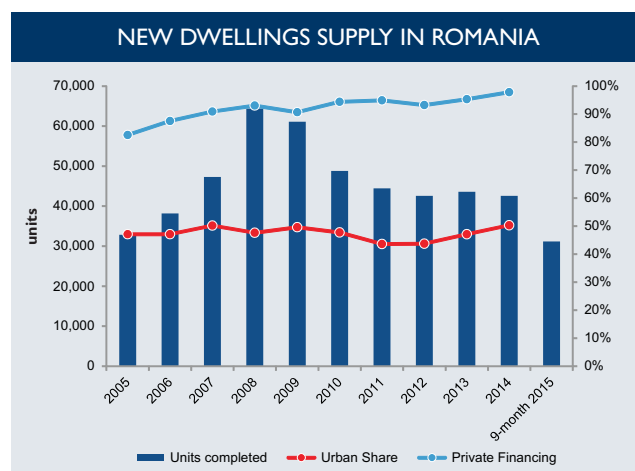
Residential prices changed their direction of evolution in 2015, following six consecutive years during when average prices reduced by 50-55% from the peak of 2008.

According to Imobiliare.RO Index, asking prices of apartments recorded a 6.6% growth last year in Romania, after they decreased by 0.8% in 2014.

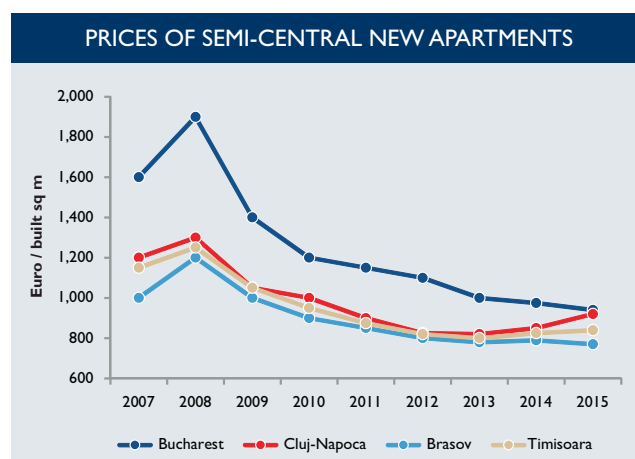
Average prices in Bucharest were relatively stable around 900-950 Euro/built sq m last year, however the growing competition, especially on the low-medium segment, put pressure on asking prices that reduced by 3-5% over the year.

Average prices in other major cities reached approx. 750-850 Euro/built sq m after a stable/up evolution in 2015. The highest prices are found in Cluj-Napoca, where prices increased to levels comparable to Bucharest, even higher in some segments.

A new law project in regard to mortgages has released a strong debate from the end of the year and is expected to have impact on the market conditions. According to the project, a borrower will have the possibility to fully close the debts in any moment by repaying the property to the bank, without any other financial obligations. Banks have expressed strong opinions against this project and have warned that financing availability will be affected, with two major banks decreasing loan-to-value ratio to 65% from the start of 2016.



Source: National Institute of Statistics

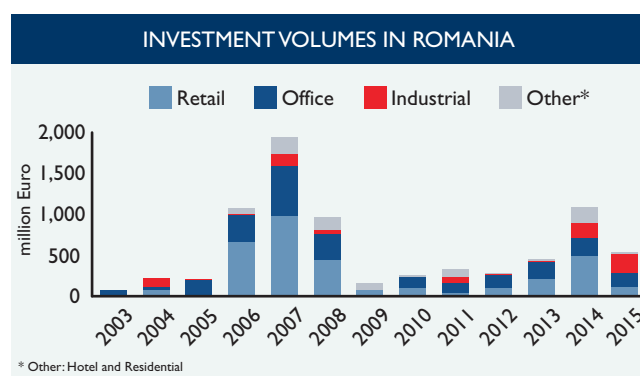


INVESTMENT MARKET

Investment activity improved during the last two years, being witnessed a larger number of active investors, acquisitions of prime assets and portfolios, coupled with a downward evolution of prime yields.

Romanian market registered major deals in total of 532.5 million Euro in 2015. This volume does not include those transactions that were announced since 2014 but closed in 2015, worth 493 million Euro, that are considered being part of the 2014 investment volume (1.1 billion Euro).

Industrial acquisitions dominated last year's activity and accounted for 45.5% of the annual investment volume. Office transactions counted for 31.8% of the annual volume, followed by retail (19.8%) and hotels (2.8%). The number of deals increased to 38 in 2015 (33 in 2014), however most of them being small size, respectively only 6 transactions being larger than 20 million Euro and 11 having values of 5-20 million Euro.



The market was dominated by the acquisitions made by five buyers, including CTP Invest, GLL Real Estate Partners, NEPI, Globalworth and Logisor, that purchased assets with an estimated value of 457 million Euro, representing 86% of the 2015 volume.

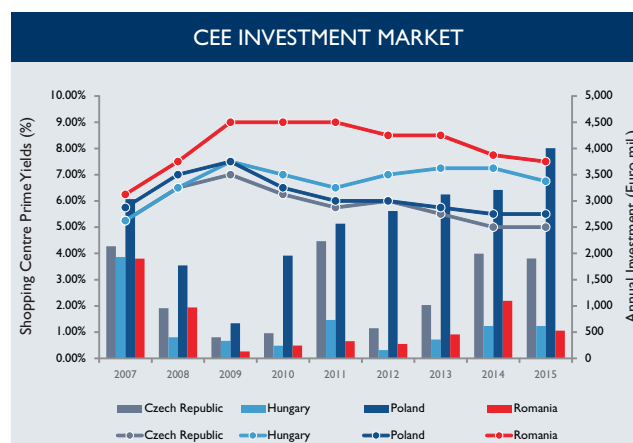
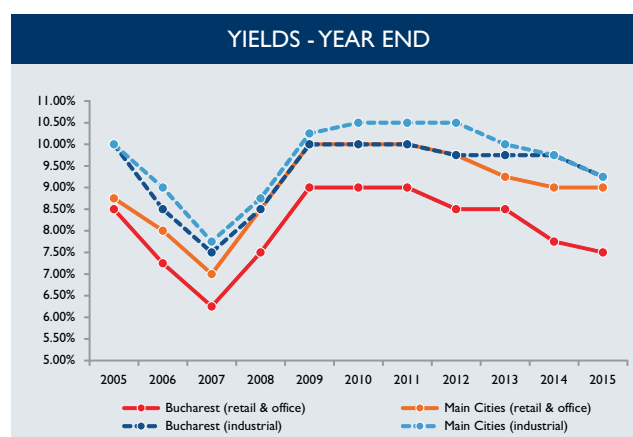
NEPI and Globalworth, the most active buyers in Romania after 2008, reduced their acquisitions to a single asset each in 2015. Both companies had concentrated on development activity last year, with NEPI being focused on shopping centres, respectively Globalworth on offices and industrial.

CTP Invest bought 7 logistics parks last year and became the largest owner of such facilities in Romania. Their acquisitions include 3 major parks in Bucharest (Bucharest West, Prologis and Mercury Park), 2 in Deva, 1 in Arad and 1 in Timisoara, having 375,000 sq m GBA and an estimated value of 169 million Euro.

German investor GLL Real Estate Partners re-activated their local activity and bought two prime office assets in Bucharest, namely Floreasca Park (37,500 sq m GLA) in Barbu Vacarescu District and Victoria Center (8,256 sq m GLA) in the CBD area, having a total estimated value of 115 million Euro. Globalworth purchased the 2nd building of Green Court complex for 45 million Euro, following the acquisition of the 1st building in 2014.

Retail investment volume reduced to 105.6 million Euro in 2015, with the sale of Auchan Titan in Bucharest being the single transaction over 10 million Euro. The scheme has 44,730 sq m GLA and was sold by Aberdeen Asset Management to NEPI for 86 million Euro and an calculated yield of around 9.2%.

Prime yields recorded a stable/down evolution, being anticipated to harden further in 2016 and to reduce the gap from other CEE countries (Poland, Czech) from 200-250 bps to 150-200 bps. Prime shopping centre / office yields ended the year at 7.5-7.75% in Bucharest and around 9.0% in other major cities, while prime industrial yields decreased towards 9.25% across the main hubs.



VALUATIONS SERVICES

Our Valuation & Advisory team, part of Cushman & Wakefield global network, continues to provide the best advice to our clients either investors, private companies, banks and real estate funds. We provide customized solutions in accordance with clients' requirements and in line with the professional standards and ethics.

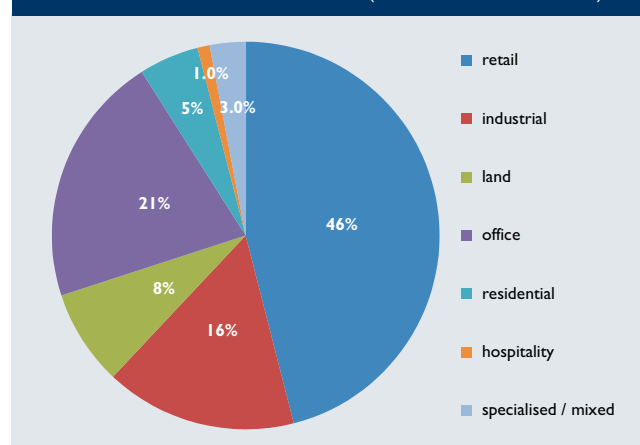
Our valuations are based on national ANEVAR, European and International Standards, IVS and RICS Red Book. Our team includes both RICS qualified Chartered Surveyors and locally trained ANEVAR professionals, enabling us to deliver according to the international standards, with an in depth knowledge of the local market conditions and statutory considerations.

We have extended both the business lines within our department as well as our coverage across Romania and the Republic of Moldova. We now have a better national coverage through the offices we run in Bucharest, Timisoara and Cluj-Napoca, as well as through our professional network.

As confirmation of reliability, during the previous year, we have received mandates to advice for real estate portfolio deals and we have increased the instructions for advisory work. Our expertise in the retail sector is also reflected by the great number of instructions we have received in this field. Our instructions over the last year exceeded an aggregated value of 2.7 billion Euro, exceeding the constant Market Value average over the past 5 years.

Our motivation is based on the desire to build on the close working relationship, founded on mutual confidence and respect, that we enjoy with the Client.

2015 - VALUATION BY SECTOR (% OF MARKET VALUES)



OUR WEB SITES IN ROMANIA

WWW.ACTIVPROPERTYSERVICES.RO



Our company's site offers an overview of who we are and our strategic alliance with Cushman & Wakefield, which are our main service lines, access to the last market reports and direct links to our offices and industrial sites.

WWW.SPATII-DE-BIROURI.RO



The site includes a selection of office properties available for rent in Bucharest and in the largest cities throughout Romania, along with a market analysis section providing our latest reports and statistics.

WWW.PROPRIETATI-INDUSTRIALE.RO



The site provides a wide selection of properties located as part of the most important industrial areas and logistics hubs in Romania, along with various sites available for real estate development.

CONTACTS



Razvan Gheorghe, MRICS
Managing Partner
razvan.gheorghe@activpropertyservices.ro



Costel Florea, MRICS
Managing Director
costel.florea@activpropertyservices.ro



Valentin Manu
Head of Retail
valentin.manu@activpropertyservices.ro



Felicia Vasiu, MRICS
Head of Timisoara Office
felicia.vasiu@activpropertyservices.ro



Silviu Ionici, MRICS
Head of Property & Asset Management
silviu.ionici@activpropertyservices.ro



Andrei Birsan
Head of Offices
andrei.birsan@activpropertyservices.ro



Gabriel Munteanu
Head of Valuation
gabriel.munteanu@activpropertyservices.ro



Doinita Ilie, MRICS
Head of Shopping Centres
doinita.ilie@activpropertyservices.ro



Lorena Rus
Head of Cluj-Napoca Office
lorena.rus@activpropertyservices.ro



Florian Gheorghe
Head of Research
florian.gheorghe@activpropertyservices.ro

**For further information, please contact
our Research Department:**

ACTIV Property Services / Cushman & Wakefield
29 Sfanta Vinerei Street, Bectro Center, Ground Floor
Sector 3, Bucharest, Romania
+40 21 408 03 00
www.activpropertyservices.ro

This document contains general information and it has been used by ACTIV Property Services / Cushman & Wakefield on the assumption that it is correct and accurate. ACTIV Property Services / Cushman & Wakefield declines all responsibility if this is not the case. No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental, or other conditions, and withdrawal without notice or at the request of our clients.

For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at <http://global.cushmanwakefield.com/research-and-insight/>

© 2015 Activ Property Services. All rights reserved.

On the front cover: The Romanian Atheneum

www.cushmanwakefield.com

www.activpropertyservices.ro

