



CIRCUS PARK TOWER
BUCHAREST, ROMANIA
BUSINESS PLAN
AUGUST 2015

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1. Project Overview

RODELCO IMOB CONSTRUCT SRL, (the “Company”) presents the 15.000 square metre residential development project (the “Project”) located in the North-Central Bucharest for the construction of which debt financing will be required. The Company plans to execute the development in one Phase. The property on which the project will be developed consists of a total of 2.670 sqm land parcel (this is the total of 2 plots one of 2414 sqm with an existing building permit for the project and a second one of 256 sqm that will be developed later) situated on Judetului Str., on the edge of Circus Park, adjacent to the ring road/ public transportation lines including metro, CBD (Central Business District), main routes to the airport and the new auto-band. The site is regulated for Residential use and according to the PUZ (Zonal Urban Plan) that has been achieved, the allowable site coverage is 45% and the maximum building co-efficient is 4,5. It has a building permit, valid until January 2015.



Consequently, the development will be as follows:

CIRCULUI PROJECT

Building A

Table of areas (only above ground, without technical spaces + Garages)

Floor	Build Areas	Balconies/ terraces	Permit areas	Permit balconies	Number of units	Number of rooms		
Ground floor	548		553			(SPA)		
1	548		553		3	1x2Room + 2x3Room		
2	682.3	60.7	685.1	56.2	10	3 st + 7X 2R	STUDIO	10
3	682.3	60.7	685.1	56.2	10	3 st + 7X 2R	2 ROOMS	40
4	682.3	60.7	685.1	56.2	8	1 st + 7X 3R	3 ROOMS	40
5	684.3	60.7	685.1	56.2	8	1 st + 7X 3R	4 ROOMS	14
6	684.3	58.4	685.1	56.2	8	1 st + 7X 3R	5 ROOMS	1
7	684.3	58.4	685.1	56.2	8	1 st + 7X 3R		
8	684.3	58.4	685.1	56.2	7	4 x 2R +1 x 3R +2 X 4R		
9	684.3	58.4	685.1	56.2	7			
4 x 2R +1 x 3R +2 X 4R								
10	684.3	58.4	685.1	56.2	7	4 x 2R +1 x 3R +2 X 4R		
11	684.3	58.4	685.1	56.2	7	4 x 2R +1 x 3R +2 X 4R		
12	684.3	58.4	685.1	56.2	7	4 x 2R +1 x 3R +2 X 4R		
13	684.3	58.4	685.1	56.2	7	4 x 2R +1 x 3R +2 X 4R		
Penth 14	621.3	107.3	625.1	88.2	4	2 x 3R + 1 x 4R +1 x 5R		
Penth 15	542.7	103.3	487	107.7	4	1 x 2R +2 x 3R +1 x 4R		
Machine room	39.9		65.5					
TOTAL	10505.5	920.6	10504.8		105			

The Project consist of one building, respectively building A. It will include the development of 10 studios, 40 apartments of 2 rooms, 40 apartments of 3 rooms, 14 apartments of 4 rooms, 1 apartment of 5 rooms and a SPA. In total will be 105 apartments and 122 parking places (45 above ground, 37 in the first Subsoil and 40 in the second subsoil).The number of the apartments can be changed according to the market conditions. The structural design without beams allows an easy modification of the apartment walls. In the ground floor and the first basement will be a big SPA with direct access to the Circus Park.

The building will span up to 15 levels and offer magnificent views to the Circus Park. The building is orientated to the Park (it is in the Park) and will be surrounded by a uniquely landscaped environment with trees, green areas, beautiful walkways. The whole complex will be as a secured environment with residents having access to private underground parking spaces and visitors' designated areas on the complex's perimeter.

The building's structure will be monolithic reinforced concrete, with excellent hydro-thermal insulation, thus minimizing heat losses in addition to plastered external facades carrying large windows to enhance the effect of the park experience.

The construction quality of the apartments will be medium to high, with similar quality finishing materials, be it wooden parquets and branded tiles, or modern casings. The material selection process will adhere to strict evaluation and quality control and assurance processes to ensure the end-product specifications (highest possible quality/ cost ratio).

Every care shall be taken to properly equip the apartments with all necessary electromechanical installations that will extend the residents' comfort. Each apartment shall have autonomous gas heating, as well as the required infrastructure for a possibility of air conditioning installation. Each apartment shall have a heating installation which consists of floor embedded poly propylene (PEX) pipes and steel radiators. Separate electrical circuits will ensure an adequate and safe power supply to every room, which will be fitted out with a sufficient number of sockets and switches so that the functionality and the comfort are fully satisfied. The internal lighting is ensured by the infrastructure of lamps, in the kitchens and in the bathrooms, with infrastructure ceiling lamps with incandescent sources in the living rooms and in the bedrooms, the number of them being calculated in accordance with the room's size. Also, structural cabling, data-voice sockets and TV sockets will be available in living rooms and bedrooms. Preparatory works will be provided in order to allow the

possibility of air conditioning installation. In each kitchen will be available a natural gas supply installation and individual gas meters will be installed for each apartment.

2. The Promoters

RODELCO IMOB CONSTRUCT SRL is the construction and development company owned by TWINFEX HOLDINGS LTD (25%), KLEYDAR TRADING LTD (50%) and VIVEKA ENTERPRISES LTD (25%), all of them Cyprus based and with already strong reputation and experience (of 10 years) on the Romanian market, real estate sector.

The Company itself is a construction company and also an investment vehicle targeting residential real estate development opportunities in Bucharest.

3. Development Service Providers and Subcontractors

The Development and General Construction Company, RODELCO SRL, plans to use a number of local and international service providers and subcontractors with a view to blend the local expertise with the international standards and experience. All such providers will be selected via a bidding process, and will be retained with international standard contractual agreements. Some of the key service providers have already been selected, through strenuous bidding processes.

AMA INVESTII and AMON BEN DOR ARCHITECTS are two well respected architectural design companies, with more than 15 years of practice in this activity, which has been selected as the general designer (and all installations) on the basis of its wide experience in residential and commercial projects, in Romania, being the author of many projects in Bucharest and Israel.

The civil engineering company selected for the project is Cubus Hellas Ltd. During the last decade the company has designed and supervised projects in the likes of the New Athens International Airport for Hochtief AG, industrial projects for Hercules Cement Company (Lafarge) in Greece, for Hamriay Cement Company in the Emirates, office buildings in Athens and Bucharest (ABB SA, Organizer Stores, German School of Athens, Edrasi SA, Mpinios SA), Olympic Velodrom and Swimming Center in Athens, educational buildings (IST University), hotels (Palirroia), residences, villas of special architecture, holiday houses, logistic centers (Vogiatzoglou Systems SA).

The installations project has been executed by MC Project Srl.

In order to supervise the execution of the project the Company will assure the Project Manager in house, who will coordinate all construction related functions. In order to manage and supervise the development and construction process and the various subcontractors on

behalf of the shareholders, the Company has put together a team of professionals that for the last eight years has supervised developments such as an office building and two medium-size residential projects in Bucharest as well as a logistics project in Pantelimon. The team has more than 30 years of experience in developing mainly residential projects in Greece.

4. The General Contractor will be the Company itself that will take care of this. In this way, the best financial result will be achieved. The works have already started in February 2013 being currently at the last floor of construction.

4.1. The marketing and the sales department/ coordinator will be “in house” meaning that the Company, its experienced team, will coordinate the marketing, the public relations campaign and the sales, in collaboration with few specialized real estate agents with whom there is already a proven successful track record.

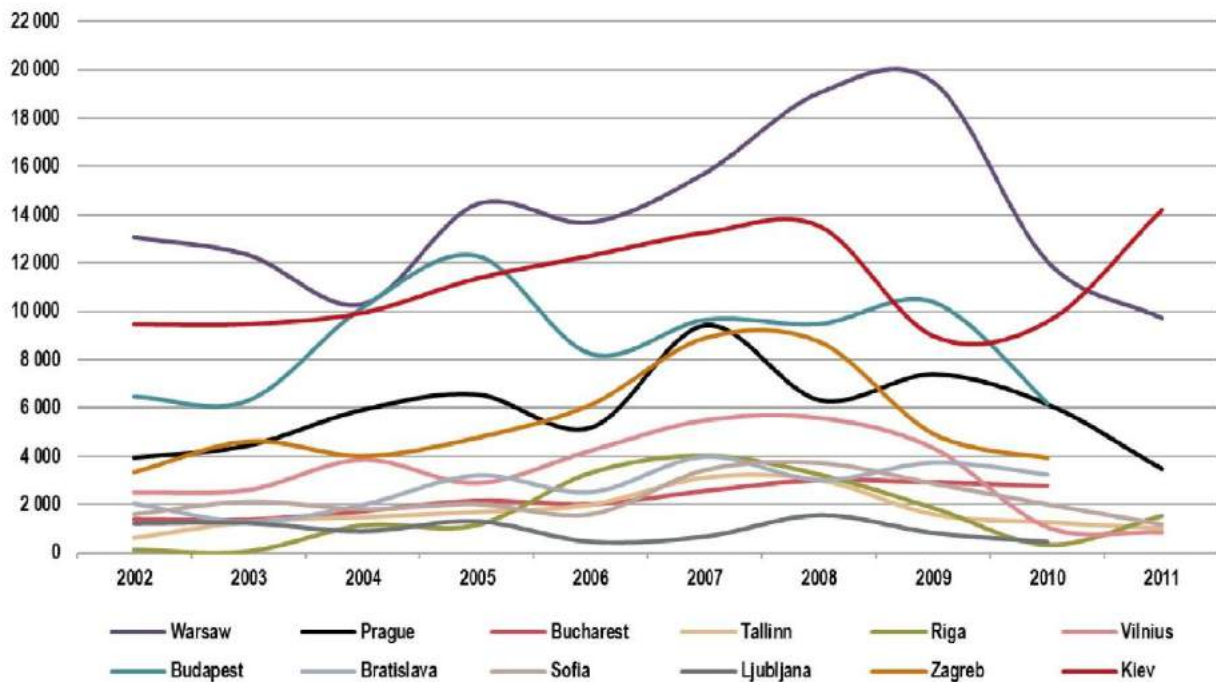
5. Product Specification

All apartments will be delivered to the buyers fully finished and fitted. The complex will be maintained and managed for the first three years after the final reception by the Company itself, after this warranty period the owners association will decide which professional property Management Company will take care of the security, cleaning, gardening and lighting of the common areas as well as the facility management of all building systems.

6. Market Considerations

6.1. Market overview

During the last years, due to Foreign Direct Investment, infrastructure investment and deregulation of the services and financial sectors it has been led to the creation and growth of a middle-class which has acquired consumer habits similar to those of its western European counterparts. The existence of this middle-class, coupled with the poor condition of the available communist-era accommodation in which its majority still resides, has created a fundamental demand for modern housing whose momentum, we believe, remains strong and will continue to drive the markets once the global economy recovers. These fundamentals relate to demographics, to an ageing housing stock which is not commensurate with the lifestyle expectations of an increasing in size and purchasing power middle class, and to a supply of modern housing which is far from catching up with demand. This is shown in the below chart which illustrates that new housing stock is very small percentage of Bucharest's entire housing stock.

Figure 1: Dwelling completions in CEE capital cities, 2002—**2011**

The supply of modern housing, on the other hand, is relatively weak and is further weakening due to the effects of the global economic slowdown as residential projects are being delayed or cancelled. As a result, there exists a gap between supply and demand in Bucharest. Several developers who were planning project launches announced the delay of any further development and it seems to be a universal freeze of all projects.

The global financial crisis and economic downturn has created a clearly recognizable effect on the property market of Romania. At the peak of the financial crisis, the residential market experienced a period of virtually zero transactions due to the freeze, the effects of the global economic downturn became evident in the real economy and this led to potential buyers becoming very cautious and adopting a wait-and-see attitude due to growing expectations of decreases in asset prices. Following global efforts to provide and/or support liquidity in the international financial system, the Romanian government's initiatives, such as the "Prima Casa" First Home Buyers program (loans up to 60.000 Euro are guarantee partially by the state -50%-, smaller interest comparing with a full loan given by a regular bank), VAT reduced to 5%, lower transaction costs. In this project, more than 80% of the apartments fulfil the "Prima Casa" criteria.

A positive consequence of the financial crisis is that the construction costs have fallen during the last period. This downward trend is expected to continue in the near future as the cost of

raw materials has fallen and the demand for construction works has decreased as a number of projects have been delayed or cancelled and few projects are expected to break ground or already did, forcing contractors to reduce their excessive margins.

Despite the current slowdown, the real estate market in Romania has strong fundamentals and good potential for future growth. Unlike other markets, the Romanian market is characterized by a large supply and demand imbalance. The current crisis will result in price correction, as well as in the cancellation of poor projects. Consequently, financially strong developers with quality projects will be able to survive the crisis and increase their market share by benefitting from the thinner competition and take-over opportunities. Once the international environment shows signs of recovery, it is expected that the Romanian market should return to growth, stimulated by the strong underlying demand.

6.2. Competition

The unique location of the plot has a result that there is no competition from similar residential projects on the market. A market research among real estate agents and several planning offices proved that there are also no similar projects in the planning or construction phase.

6.3. Main target market

The main target market is being represented by middle class, with a wide variety of ages and interests (students, retired people, young families, single adults, investors) that are looking for a home or to upgrade their already ones as there is an obvious interest in switching from old buildings apartments to newly build ones.

As the prices will be affordable, most probably the buyers will be well-off and will purchase without borrowing from a bank. In the cases when a bank loan will be needed, the property itself, most probably subject to the bank loan mortgage, will be considered as a good warranty as its location, finishing, size and affordability will be equitable.

These targeted groups will be very much attracted by the location and by the quality level of finishing, vis-à-vis the cost.

7. Sources & Uses of Funds

Below could be seen a brief summary of the “Sources & Uses of Funds” for Phase 1 of the Project.

Sources of Funds

Type	Amount	%	Note
Land Equity	1.477.000	12	(a)
Construction Equity	1.800.000	17	(b)
Building Permit Equity	523.000	10	(c)
Sales Income	1.300.000	13	(d)
Construction Debt financing	5.000.000	48	(e)
Total	10.300.000	100	(f)

Uses of Funds

Type	Amount	%	Reference
Land cost	1.477.000	12	
Building Permit costs	523.000	10	
Construction hard Cost	6.600.000	64	
Marketing & Sales fees	200.000	2	
Interest Expense	1.300.000	12	
Total	10.300.000	100	

10. Phase 1 Business & Economic Assumptions**10.1. Sales- Residential Units & Parking Space**

The following assumptions with respect to sales of the apartments and the parking space have been incorporated in the project cash flow model:

- 20% of the apartments (and underground parking spaces) shall be pre-sold prior to the completion of the building's construction.

- **Average** sales price of 1.100 € per square meter of area of apartment space including common spaces (VAT excluded);
- Average sales price of 1.100€ per square meter of balcony/terrace area (VAT excluded);
- Average sales price of 5.000 € per underground parking space. The buyers of the parking places of the first basement will have the option to install –on their cost- a Klaus system and create like this a second parking place, therefore the parking places in the first basement is estimated that will be sold for 7.000 € per parking place;

Please note the following:

- The above mentioned prices are an average and detailed sales prices shall be developed for each apartment based on its individual characteristics. The complete price list is currently being finalized; the apartments with panoramic park view will be sold with 1.500 E/sqm.
- The buyer will be quoted one price for the apartment which will include the constructed apartment area, the terrace and the common area.

10.2. Construction Cost

The following represent the main cost assumptions:

- Cost of 475 € per sqm for the 11.174 sqm of apartment space (including common areas); cost of 225€ per sqm for the 4.150 sqm of below ground parking; 250€ per sqm for the 900 sqm of terrace areas; Overall, the hard construction cost is estimated at 6.600.000€.

Note that the above mentioned costs are based on the analysis of the architectural, structural and installation drawings and resulted of a detailed cost survey.

10.3. General Economic Assumptions

In preparing the cash flow model of the project, the following parameters have been also considered:

- Cost indexation at 0% annually
- No sales price indexation
- Marketing fee of 0, 5% over the estimated income;
- Sales agent fee at 0, 25% over the estimated income;

11. Profit & Loss – Cash Flow

Taking into account all the above mentioned assumptions, P&L and Cash Flow are estimated as follows:

	Project Cash Flow (in € mil)				
	2013	2014	2015	2016	TOTAL
Net income	0	2,4	4,8	6,9	14,1
Total Cost	3,15	3,62	1,95	0,28	9
EBIT	-3,15	-1,2	2,85	6,62	5,1
Net Interest	0	0,45	0,39	0,46	1,3
EBT	-3,15	-1,645	2,46	6,12	3,785
Taxes	0	0	0	0,63	0,63
EAT	-3,15	-1,645	2,46	5,49	3,155