

Tecton
Consulting Srl.

DANUBIANA
Property & Project info
November 2013

Property acquisition

The Danubiana property is located south east of Bucharest, less than 25 minutes commuting distance from the centre of Bucharest. It comprises approximately 70 hectares, of “open land”, all with direct access to main roads with the new main ring road for Bucharest being planned to be at the border of the site. There are also rail links giving direct access to the Romanian rail network and in particular shares the main rail link directly to Constanta, Romania's largest port.

The existing buildings are former factory buildings now stripped down to bare carcass. The two main buildings have built areas of approx. 64,000 sqm and 25,000 sqm respectively the remainder of approximately 6,000 sqm comprise a fully functional office building and a number of smaller functional buildings. All roads and other infrastructures are also fully functional.

The property has its own water supply (25 wells) and transformer station (endorsed output of 28mW and 110kV / 6kV power supply) - the transformer station is directly connected to the national grid. Gas is supplied directly to the property via an adjacent publicly owned reduction station.

The property has obtained a “Planning Permit” for all project development purposes and has a high potential for mixed residential styles as well as commercial (logistic) and light industrial development. Parcelling up the property is permitted and a sale of i.e. eight hectares of land - also allowing for individual access - is possible without affecting the overall plan ability of the property.

For the purpose of analysing the feasibility of an acquisition like the one discussed in this document Tecton Consulting can suggest a combined use of the plot as follows:

Buildings:

The smaller of the two main industrial buildings is perfectly situated to accommodate light or heavy industry as well as any kind of assembly plant for imported semi-manufactured products from non EU countries. These products imported to, and finally assembled in, an EU country can usually obtain a CE certification classifying them as “European” with obvious consequential trading advantages.

As a simple example the multiple levels of use of the assets included in this sale for the manufacture or assembly of photovoltaic panels are discussed as such equipment is in high demand in Romania and Europa. The green energy production in Romania is subsidised through “Green Certificates” – energy generated from photovoltaic energy attracting very high subsidies.

Similarly, the main building is perfectly suitable as a main hub for a larger freight handler who would need both indoor facilities as well as an outdoor container freight station or as logistic centres for major retail chains or logistic / transport-companies.

Bearing in mind that the existing buildings are 100% structurally sound and waterproof (closed carcass), the cost of refurbishment of the existing buildings from their present state to upgraded modern industrial facilities will be moderate as only a cost for an external clean up and an interior fitting out of the buildings shall be required. All access roads and, almost uniquely for the region, a railroad branch of the national rail network and other logistics are fully functional.

We do not in this presentation offer a concept (and potential cost) for the refurbishment of the existing buildings and the establishment of a plant facility or a new logistic centre. The possibilities and wide and variable and the vast nature of the project provides an absolute carte blanche to develop almost any idea in. If a particular project concept or specific interest is shown by a potential investor, we would offer to analyse such concept and revert with more specific project details.

The Land:

An “**Affordable**” housing project initially involving 2,000 housing units of average 85 square meters is considered. Romania has a need for affordable housing and the government backed “Prima Casa” scheme (an anti-crisis measure initiated by the Romanian government) makes these initial 2,000 units accessible to almost everyone.

A building concept using pre-fabricated units has been considered for such an estate and initial budgeting indicates an average cost per square meter of approximately €560. This cost includes the cost of land, infrastructure and erection of housing units as well as all the soft cost and provides an average selling price per square meter of approximately €740, which meets the “Prima Casa” loan criteria.

A Cost / Income analysis indicates a Net Profit before tax of € 20,389,306 and a 139% ROI over a 2 year period.

This initial project of 2,000 units could then become the basis for running forward almost endlessly with production in excess of 5,000 housing units per year around the country. The excellent rail links and neighbouring work force make this location ideal for the prefabricated housing factory.

The “Environmental Impact Study” from 2009 shows no major issues and a lot of work has been done since then to improve the situation. A revised Environmental Impact Study is being prepared at the moment and will be available to purchasers soon.

The following schedule and plans identifies the property available:

1. Available Land (as at April 2013)
2. Plan - Available Land (as at April 2013)
3. Price evaluation of Property (as at April 2013)

1. Available Land (April 2013)
Survey 2012

Cadastral Number	Nr. CF	Land	Constructions	Roads
NC 75/1	15041 (68)	62,494	59,791	
NC 75/2	104060	26,822	25,382	
NC 75/10/3	14689	3,256	-	
NC 75/17	102722 (8329)			18,093
NC 75/23	68	28,349	-	-
NC 75/24	15044	60,836	3,765	4,831
NC 75/25/1	104047	15,703	267	-
NC 75/26	104050	19,127	2,981	-
NC 75/36	68	5,153	-	-
NC 75/37	68	338,560	-	-
NC 75/38	68	3,478	-	-
NC 75/50	68	970	-	-
NC 75/51	68	7,511	-	-
NC 75/52 - 100779	14257	12,719	813	-
NC 75/53	100764	-	-	2,000
NC 75/54 - 100765	100778	2,867	-	-
NC 75/55/2 - 100814	103906	71,675	465	-
NC 75/56/1	104051	12,240	965	-
NC 75/57	14503 (68)	29,275	-	6,487
NC 75/55/2	100826	841	-	-
NC 2198 Pavilion	68	625	528	-
NC Cantina	68	854	757	
Total Areas (sqm)		703,355	95,714	31,411

Exact total area shall - upon confirmed sale of the property - be confirmed through authenticated land survey.

2. Plan - Available Land (April 2013)



The plan shows the entire industrial estate.

The areas – lands and buildings - indicated with a **“WIDE PINK HATCHING”** are included in this property and land deal.

3. Price evaluation of Property

Original asking price:

Clear land currently valued at €42.00/sqm

Buildings (including the land they stand on) currently valued at €125.00/sqm

Roads currently valued at €80.00/sqm

Values refer to recent land and property deals concluded in the vicinity of the property presented in this document.

Current offer:

After a number of years with unsuccessful sales efforts, the creditor have now instructed that the assets must be offered for sale at a price equal to the financial exposure, which is only 20% of the current asking price, but only if a sale can be completed within a short time frame.

The prices offered are:

Clear land: €8.40/sqm Buildings: €25.00/sqm Roads: €16.00/sqm

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			Value estimate (€/sqm)					
New Survey Areas (Sqm)			€42 /Sqm	€125 /Sqm	€80 /Sqm		80.00%	
Land Surface	Buildings	Roads	Land not built on	Buildings including land	Roads	Total Cost	Allowance for fast sale	Fast sales Value
62,494	59,791		€ 113,526	€ 7,473,875	€ -	€ 7,587,401	-€ 6,069,921	€ 1,517,480
26,822	25,382		€ 60,480	€ 3,172,750	€ -	€ 3,233,230	-€ 2,586,584	€ 646,646
3,256	-		€ 136,752	€ -	€ -	€ 136,752	-€ 109,402	€ 27,350
-	-	18,093	€ -	€ -	€ 1,447,440	€ 1,447,440	-€ 1,157,952	€ 289,488
28,349	-	-	€ 1,190,658	€ -	€ -	€ 1,190,658	-€ 952,526	€ 238,132
60,836	3,765	4,831	€ 2,396,982	€ 470,625	€ 386,480	€ 3,254,087	-€ 2,603,270	€ 650,817
15,703	267	-	€ 648,312	€ 33,375	€ -	€ 681,687	-€ 545,350	€ 136,337
19,127	2,981	-	€ 678,132	€ 372,625	€ -	€ 1,050,757	-€ 840,606	€ 210,151
5,153	-	-	€ 216,426	€ -	€ -	€ 216,426	-€ 173,141	€ 43,285
338,560	-	-	€ 14,219,520	€ -	€ -	€ 14,219,520	-€ 11,375,616	€ 2,843,904
3,478	-	-	€ 146,076	€ -	€ -	€ 146,076	-€ 116,861	€ 29,215
970	-	-	€ 40,740	€ -	€ -	€ 40,740	-€ 32,592	€ 8,148
7,511	-	-	€ 315,462	€ -	€ -	€ 315,462	-€ 252,370	€ 63,092
12,719	813	-	€ 500,052	€ 101,625	€ -	€ 601,677	-€ 481,342	€ 120,335
-	-	2,000	€ -	€ -	€ 160,000	€ 160,000	-€ 128,000	€ 32,000
2,867	-	-	€ 120,414	€ -	€ -	€ 120,414	-€ 96,331	€ 24,083
71,675	465	-	€ 2,990,820	€ 58,125	€ -	€ 3,048,945	-€ 2,439,156	€ 609,789
12,240	965	-	€ 473,550	€ 120,625	€ -	€ 594,175	-€ 475,340	€ 118,835
29,275	-	6,487	€ 1,229,550	€ -	€ 518,960	€ 1,748,510	-€ 1,398,808	€ 349,702
841	-	-	€ 35,322	€ -	€ -	€ 35,322	-€ 28,258	€ 7,064
625	528	-	€ 4,074	€ 66,000	€ -	€ 70,074	-€ 56,059	€ 14,015
854	757	-	€ 4,074	€ 94,625	€ -	€ 98,699	-€ 78,959	€ 19,740
703,355	95,714	31,411	€ 25,520,922	€ 11,964,250	€ 2,512,880	€ 39,998,052	-€ 31,998,442	€ 7,999,610
Total Sqm	830,480			Total Value	€ 39,998,052	Total after discount	€ 7,999,610	

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