VITALIS® CONSULTING
CONSTRUCTION MANAGEMENT

NEWS
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VITALIS CONSULTING: THE BEST PROJECT MANAGEMENT TEAM OF THE YEAR

The CIJ Awards Gala Romania, one of the most prestigious award competition, took place on 6th of December, at Radisson Blu Hotel, in downtown Bucharest. This year's edition has reunited the most important players in Romanian construction and real estate market, companies who have enjoyed notable achievements and excelled in performance over the year, among them being also Vitalis team.

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Within this great event, Vitalis Consulting was announced for the 6th time in over 12 years of industry activity as the winner of the "Best Project Management Company of the Year" award, this being a great compensation for all the years of efforts and hard work involved in delivering high quality standards for each developed project.

Over the years, Vitalis team's efforts and determination were rewarded through professional recognition within the CIJ Gala, as the company has won 6 awards, out of 10 nominations, in 2011, 2012, 2013, 2014, 2017 and once again this year.

2018 was another year full of opportunities and accomplishments for Vitalis Consulting, as we were involved in 70 real estate projects around Romania, from various areas, such as: office ("Zone 313", "The Light", Victoriei 109 office building), hotels (Ibis Style Hotel, Expo Tower Hotel, new Ibis Hotel in Timisoara), iconic buildings (the rehabilitation of "Magazinul Bucuresti", Bran Castel Restauration of Secret Tunnel), residential (Central project in Bucharest), retail (the extension of Colosseum Retail Park) and many others.

The 6th "Best Project Management Company of the Year" award granted to Vitalis Consulting this year is an evidence of great perseverance and high determination of our dedicated team of proficient experts.

We are deeply grateful to all our colleagues, as well as to our great partners and clients who have entrusted us with their most important projects and ambitions and believed in us to manage the process to successful fulfilment of their goals.

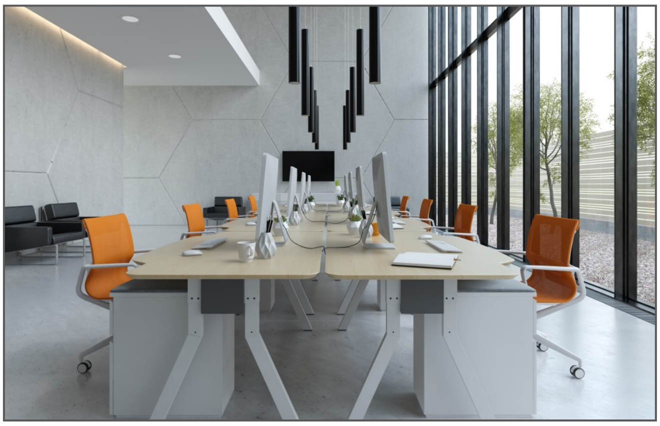
Florin Popa

OFFICE MARKET RENTAL DEMAND REACHED 220,000 SQ. M IN THE FIRST THREE QUARTERS OF 2018

Rental demands in Bucharest amounted to 220,000 sq. m and 76 percent of the premises traded this year are in buildings Class A offices, according to a real estate consultant.

In the third quarter (Q3) of 2018, an intensive activity was recorded, with 73,000 sq. m traded, of which 70 percent are located in Class A buildings. The modern office space stock in the capital was about 2.89 million sq. m at the end of October 2018.

In the first nine months of 2018, newly built and delivered projects reached a surface area of 133,000 sq. m, up 18



percent over the same period in 2017 when 109,000 sq. m of office space were completed. Of the 73,000 sq. m traded in Q3 2018, 70 percent are in Class A office buildings. 55 percent of transaction types consist of new rental and space expansions (15 percent), pre-closures (8 percent) and relocations (32 percent), and the remaining 45 percent are renegotiations.

The most active areas in terms of rental activity were: the west area (23 percent of the total rents), Pipera (22 percent), CBD (Piata Victoriei area, Charles de Gaulle Square) – 21 percent – and central (18 percent).

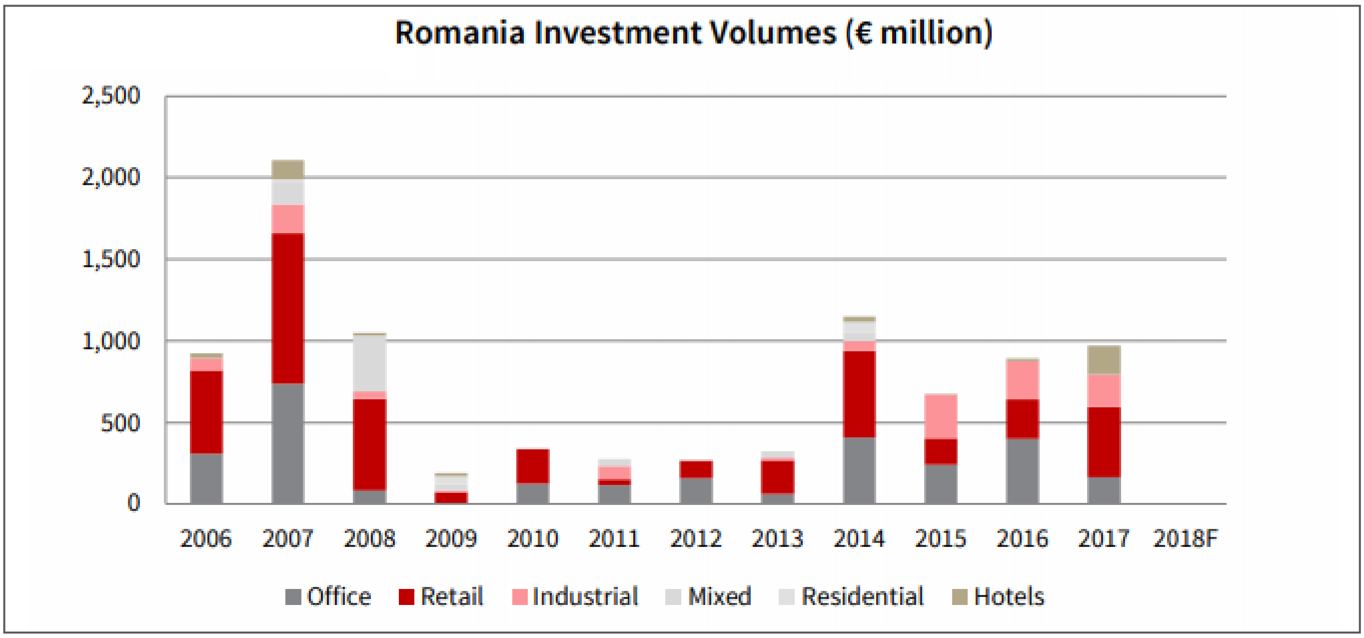
At the level of the first three quarters of 2018, of the total traded area, which reached 220,000 sq. m, 76 percent was in Class A buildings. The most active areas in Bucharest, in terms of total demand, were: west (31 percent), central area (22 percent), northern area (16 percent), Pipera (14 percent) and CBD (14 percent).

(Source: www.business-review.eu)

ROMANIA INVESTMENT MARKET IN Q3 2018

Property investment volumes for Romania are estimated at circa €520 million at the end of September, a value 13% lower than the one registered in the same period of 2017 (€600 million). However, there are a number of transactions in different stages of negotiations that will most likely be concluded during the remainder of 2018.

The number of transactions decreased, with the average deal size standing at approximately €24 million. Bucharest accounted for almost 76% of the total investment volume, mainly due to a number of very large office transactions which were closed in Q1-Q3.



Market volumes were dominated by office transactions (56%), while retail accounted for over 30%.

The macro-economic forecast for Romania continues to be positive, despite some recent concerns. On the financing side, terms and conditions are getting closer to what can be expected in the core CEE markets. Consequently, sentiment is strong, with a total volume for 2018 estimated to reach the €800-900 million mark.

Prime office yields are at 7.25%, prime retail yields at 7.00%, while prime industrial yields are at 8.5%. Yields for industrial are at the same level as 12 months ago, while office and retail yields have compressed by 25 bps over the year. There is a very soft downward pressure on yields, especially for industrial. However, in 2018 we do not expect any compression due to the lack of prime product transactions.

Prime Yields

7.00%	7.25%	8.5%
Shopping Centre	Office	Industrial

(Source: www.jll.ro)

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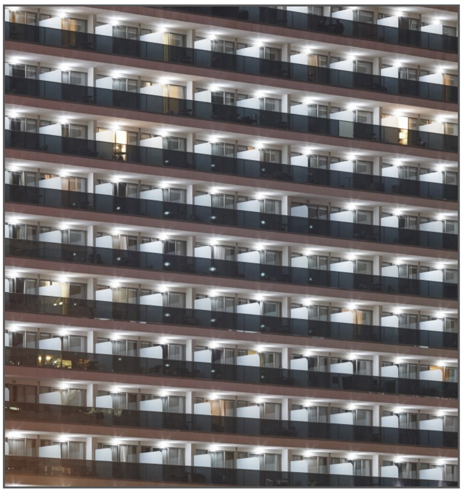
THE VALUE OF TRANSACTIONS IN THE LOCAL REAL ESTATE MARKET EXCEEDED 4 BILLION EUROS DURING THE PAST FIVE YEARS

Deals of over 4 billion euros have been signed during the last five years on the Romanian real estate market, with the most active buyers being investors from South Africa, with a market share of 28%, followed by Greek investors (14%), French (10%) and Romanians (7%), according to an analysis.
In the analyzed range, the local market attracted investors from over 15 countries from four continents, the buyers' focus being concentrated mainly on properties in Bucharest, with a share of 69% of the total investment.



Transactions were also made in Timisoara, Brasov, Cluj-Napoca, Sibiu, Iasi, Craiova or Pitesti, with the market shares pertaining to each of those cities varying between 2% and 5%.
The office segment is the preferred asset class, accounting for 39% of the volume traded, followed closely by retail, with a 34% share. The industrial sector generated transactions of almost 700 million euros, with a share of 18%, while the hotel market generated around 250 million euros (6%).

(Source: www.cwechinox.com)

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