



HERTZ

Construction & Project Management

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I. REAL ESTATE IN ROMANIA

Hereinbelow we present a brief outlook on all the legal data required by any investor considering to start a business in Romania.

According to the Romanian legal system, private property may belong to individuals, legal entities and the state (or local administrative units), while public property may belong exclusively to the state or the local administrative units (counties and municipalities). Public property may not be transferred to other legal entities or individuals and generally cannot be subject to any commercial transactions, but it may be granted for management purposes to state autonomous companies and public institutions under concession or it



can be leased to legal entities or/and individuals, subject to the provisions of the Public Property Law (no. 213/1998, as amended), Government Emergency Ordinance no. 54/2006 on the legal status of public property and concession agreements and Government Emergency Ordinance no. 34/2006, as amended, on public procurement and concession agreements.

Publicly owned land may not be transacted, while private land belonging to the State or to local administrative units can be traded provided that relevant procedures are performed.

TRANSFER OF REAL ESTATE

Real estate in Romania may be freely transferred, subject to certain procedural formalities and legal restrictions. On 1 October 2011, Law 287/2009 on the New Civil Code came into force. As of that date, a new rule became applicable in relation to the transfer of real estate in Romania. Thus, the right of property or to any immovable assets may be acquired via registration in the Land Book (with certain exceptions expressly stipulated under the law). The registration should be based on (i) Notarized written agreements attesting transfer of ownership, (ii) Irrevocable court rulings, (iii) Inheritance certificate or (iv) Other documents issued by the administrative authorities.

However, under Law 71/2011 on the implementation of the New Civil Code, these provisions on ownership registration in the Land Book become applicable only after completion of cadastral measurements in each territorial unit and after the creation of land books for the immovable assets in question (which is expected to occur in minimum 2 years).



According to the Romanian Constitution, foreigners and legal entities are allowed to own land in Romania under the conditions set out following Romania's EU accession or resulting from international treaties, on a reciprocity basis, under the terms and conditions set out by internal laws, as well as via legal inheritance. Law no. 312/ 2005 provides that foreign individuals and legal entities from EU member states will be entitled to acquire and own farming land, forests and forest land in Romania seven years after Romania's EU accession, i.e. from 1 January 2014.

As of 1 January 2012, the 5-year term prohibiting the acquisition of land for secondary residences or offices by individuals and legal entities from EU member states who are not residents of Romania has lapsed. Consequently, this restriction has now been lifted. There are however pending discussions and inconsistent practice as to whether the foreign entities mentioned above (i.e. non residents at the time of Romania's EU accession) may currently own any land (except for the agricultural land covered by the 7-year term) or only land for secondary residences or offices.

Nevertheless it is a common practice for foreign individuals/legal entities to acquire land indirectly through corporate vehicles set up in Romania. There are no restrictions on the acquisition of buildings by foreign individuals and legal entities and consequently, they have a right of use of the land on which the building has been erected (under the New Civil Code the right to use the property may be granted for at most 99 years). In addition, foreigners may also benefit from a usufructuary right to land located in Romania.

FINANCING REAL ESTATE INVESTMENTS - LAW 190/1999 ON MORTGAGE LOANS

Aimed at encouraging real estate developers, this law lays down special rules on loans for real estate investments, derogating from the common rules.

Thus, mortgage loans are granted by institutions authorized to finance the construction, acquisition, renovation or extension of real estate with a residential, industrial or commercial purpose. Loans must be secured by a mortgage set on the building which is being financed or on equivalent properties. Moreover, a mortgage may also be set over future real estate. This mortgage may be registered in the Land Book provided that the building permit and a protocol attesting partial handover of the building under construction have previously been registered in the Land Book.

DEVELOPING REAL ESTATE

Development of real estate projects is subject to specific legislation (mainly Law no. 50/1991 on the authorization of construction works and its Application Norms) under which certain authorizations must be obtained from public authorities. Thus, in the case of construction sites, developers must obtain an urban planning certificate and a building permit. The urban planning certificate must be obtained before the building permit. In general, the urban planning certificate contains the list of special permits and/or approvals to be obtained before starting the project, as well as information concerning the location, current landowners, rights in favour of public utilities, zoning conditions and general conditions concerning the constructions to be built (such as air rights etc). Among such requirements it is also stated that the builder should, as a general rule, perform an assessment of the environmental impact of the project (including organizing a public consultation). However, the law stipulates that this assessment is not required to obtain a demolition permit.



Once the conditions provided under the urban planning certificate have been met, a building permit must be obtained. The permit is issued by the local authorities and lays down the specific conditions for the construction site in question.

(source: www.zf.ro)

II. OUR CURRENT PROJECTS

Tagor Urban Village - Pipera, Romania



Tagor started its first local residential project in Bragadiru, near Bucharest, last spring, followed in May this year by the construction of the project in Arad and has started the foundation of another two projects: one in Timisoara and one in Pipera.

The project in Timisoara will feature 1,200 apartments, with 100 units in the first phase. The project in Pipera will start with 100 units and will comprise 600 units by its completion.

Tagor Urban Village - Arad, Romania



Tagor, the innovative real estate developer which introduced in Romania the New York-based 'mini-room' concept, is expanding the revolutionary concept of 'Urban Village' to Arad. The developer, which started this spring the construction of the new residential project in Arad, will complete the foundation by the end of this autumn, as scheduled.

The investment in this first phase, scheduled to be completed by the end of next summer, is approximately €7.3 million. The total value of the Arad project will be, at completion, of over €108 million. The construction site is situated in the central area of Arad, where Tagor and Patron Capital own a land lot of more than 70,000 m², with the aim of building a number of 1,323 apartments and commercial center of over 5,400 m². The first phase of the project includes building a block with 107 apartments and approximately 1,228 square meters of commercial spaces.

Student accommodation buildings – Bucharest, Romania

We are currently managing and supervising the renovation of two student accommodation buildings in Bucharest, involving an investment of approx. 1 million EUR. The buildings have strategic locations, in the vicinity of universities and public transport hubs. This project is very dear to us, since the renovation of these units will improve the offer of accommodation for students in Bucharest, aiding the improvement of the overall experience of these young adults in the capital of Romania. It is well known that student homes are very in demand and we are working hard to make sure that, upon their completion, these accommodation units will fit any student's dream of his/her first home away from home.



(for more details, visit: www.hertzmanagement.com)

III. MARKET DEVELOPMENTS

Deutsche Bank opens tech center for banks after EUR 10 M investment

According to Minister delegate for Budget Liviu Voinea, the German financial institution investment will bring to the budget about EUR 50 M out of taxes and fees over the next five years. Yesterday, in Bucharest, following a EUR 10 million investment, Deutsche Bank opened a center where, according to the representative of the German bank in Romania Mihai Ionescu, software apps for treasury and credit risk management of the financial institution will be created. Present at the event, Minister delegate for Budget Liviu Voinea said that Deutsche Bank will benefit from a government aid for the tech center in Pipera, based on a scheme approved at the end of last year for the development of the investments in technology and the creation of jobs. According to Voinea, Deutsche Bank investment will bring to the budget over the next five years about EUR 50 million out of taxes and fees.



According to data revealed by the Ministry of Public Finance, the value of the wages supported by Deutsche Bank until the end of 2016 for the roughly 500 employees to work in the Bucharest center will go as high as EUR 39.24 million, 15.69 million of which will be covered through the government aid scheme. Moreover, MFP has issued, since 2012 to date, nine financing agreements with a total worth of EUR 77 million, as part of the plan for state aid for the development of investments in technology. MFP is currently administering four state aid plans. In the first four months of 2014, according to Liviu Voinea, the ministry has issued financing agreements worth EUR 40 million and has already paid EUR 28 million, for investment projects worth a combined total of EUR 112 million that have created 1,300 new jobs.

DB Global Technology Ltd was created in September 2013, and its first employees started their activity this January. The center has 65 employees at the moment, and their number will exceed 200 by the end of the year. "Romania's choice for this center, the fourth of the German bank, was based on the high-quality ICT infrastructure, the quality of the office spaces and the ability and inventiveness of the Romanian ICT experts, who also can speak a very good English," said DB Global Technology CEO, Marian Popa. He added that the recruitment process is minute, and the average wages the employees will get will be about EUR 1,500 to 2,000 a month.

"About 14 per cent of the workers are repatriated Romanians, this being reason for joy. We have Romanians who gave up similar positions at companies in the UK, the Czech Republic or the Scandinavian states. We also have employment requests sent by an Indian and two Englishmen," added DB Global Technology CEO.

(source: www.nineoclock.ro)



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