



# Investor Presentation

2026–2028 strategic framework



# 2026 - 2028 roadmap

**MET is repositioning from a fragmented opportunistic portfolio towards an institutional, recurring-income real estate platform.**

- 2026 is a repositioning year: liquidate the majority of legacy exposures that do not fit the strategic direction while defending capital on delayed projects;
- Target portfolio allocation by Dec-2027: ~75–80% recurring-income assets,
- ~10–15% development/ co-development, max 10% opportunistic investments;
- Capital allocation shifts towards fewer, larger, higher-conviction opportunities with more predictable cash flows and lower concentration risk;
- Financial policy becomes more institutional: disciplined leverage, per-asset LTV ceiling of 55% per stabilized asset, sustainable dividends, and buybacks only when economically superior;
- Medium-term ambition: €100m asset base by Dec-2028, 35–45% LTV, and €55–65m NAV; long-range ambition is NAV of €150m.

**75–  
80%**

**target  
recurring-  
income mix**

**55%**

**max LTV per  
stabilized  
operating asset**

**€100m**

**asset base  
ambition by 2028**

## What changes for investors

- Cleaner portfolio and fewer challenging projects
- Higher share of repeatable income vs. trading profits
- Better long-term visibility on dividend capacity and intrinsic value
- More credible institutional positioning for capital markets

**Listed access**

A public-market vehicle offering exposure to Romanian real estate through a professional team and relatively liquid equity.

**1****Institutional upgrade**

In the process of transitioning to REIT-like reporting, IFRS discipline, increased balance sheet transparency, and clearer dividend and leverage policies.

**2****Portfolio repositioning**

Exit non-core exposures and recycle capital into assets with better control, predictability, and underwriting quality.

**3****NAV scaling**

Ambition to materially grow assets and NAV over the next 3–5 years.

**4****Headline thesis**

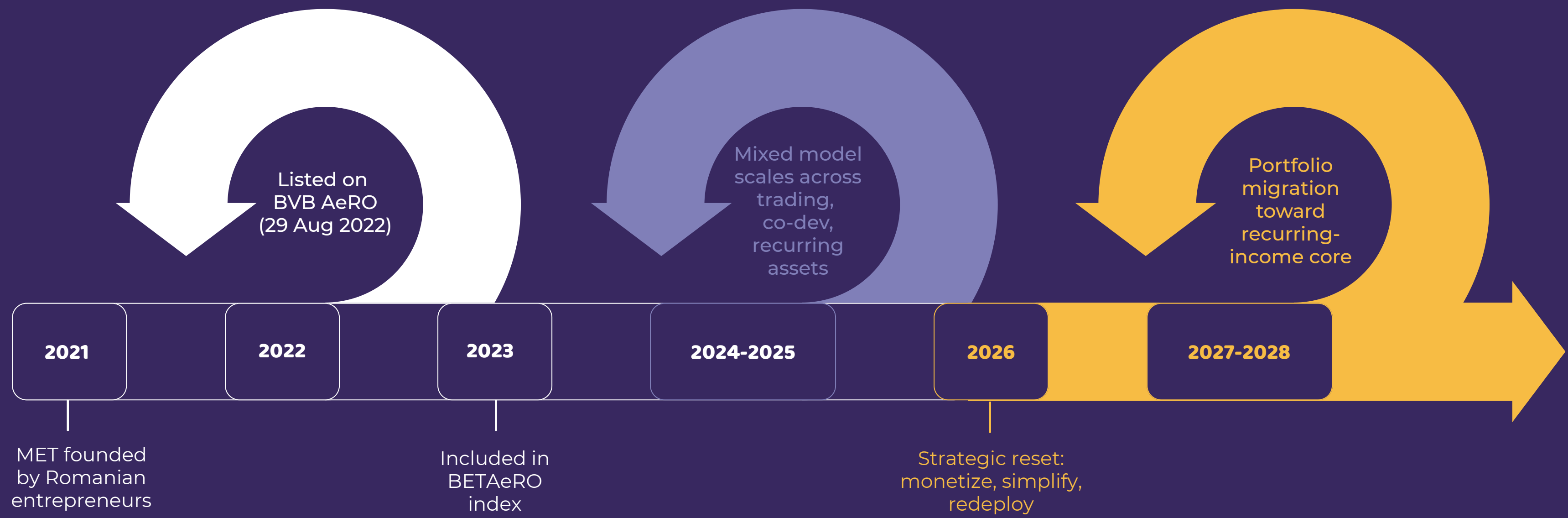
MET's opportunity is to reshape the earnings profile, governance quality, and capital allocation logic of the platform so it repositions as an institutional vehicle rather than a collection of opportunistic projects.

# TIMELINE to 2028

The strategic pivot is the next phase in MET's evolution

## Today's inflection point

The first phase proved access and sourcing capability; the next phase must prove scalability, portfolio quality, and capital-market credibility.



# Portfolio fragmentation leads to diminished focus

Complexity and fragmentation as both an operational management challenge and an unfocused approach.

## What this means operationally

- Too many small projects absorb management bandwidth;
- Challenging projects oversight crowds out scalable new investments;
- A mixed model creates volatile cash flows
- Short-term results may dip as legacy assets are monetized.



## Visualizing concentration of management attention



~ half of the asset base sits in projects that currently need elevated attention and corrective action

# Future portfolio mix is built for predictability

The objective is to migrate towards a predominantly recurring-income portfolio by December 2027.

**Recurring-income assets**  
75–80%

**Dev/Co-dev**  
10–15%

**≤10%**  
**Tactical**

## Why recurring income leads

It gives better revenue visibility, creates a more institutional earnings base, and supports more credible leverage and dividend decisions.

## Why keep some development

Selective development and co-development remain relevant where MET can structure risk appropriately and earn attractive returns.

## Why opportunistic capital

Management still wants room for tactical investments, but without allowing trading-style volatility to dominate the portfolio.

# How management expects the strategy to build shareholder value

The model is a cycle: simplify first, then scale from a better base.



*This sequence matters: smooth, recurring cash flow is a consequence of disciplined disposal and redeployment, not a starting condition.*

# Three management imperatives

The near-term agenda is more about improving portfolio quality than maximizing short-term reported profit.

## Streamline and dispose

- Exit the majority of non-core legacy exposures
- Reduce project count and complexity
- Convert illiquid positions into redeployable capital
- Accept some short-term volatility as the cost of simplification

1

## Defend and recover capital

- Use all legal and contractual levers on delayed projects
- Prioritize integrity of invested capital over cosmetic earnings stability
- Focus management time on high-risk / high-consequence items

2

## Commit selectively

- Conduct only a limited number of new investments
- Favor scale, stronger structures, and better financing visibility
- Build a portfolio with lower counterparty concentration risk

3

## **How the previous business lines change**

Recurring Income is prioritized, trading is de-emphasized, co-development becomes more selective, and development is limited to the two existing permitted land assets.



# The portfolio is being re-ranked by strategic role

Each line remains relevant, but not at the same scale or with the same risk appetite as before.

Business line	2026 action	Future role
<b>Income recurring</b>	Redeploy capital obtained from other disposals into income recurring investments	By 2028, the income recurring portfolio will become the main earnings pillar offering investors access to a highly professional real estate platform
<b>Trading</b>	Liquidate a significant part of apartment-trading exposure and sell delivered units.	Future use only when MET has stronger control over development risk, completion financing, or project structure.
<b>Co-development</b>	Recover delayed exposures, collect contractual receipts, keep financing partner role with stricter underwriting.	Selective partner-lender model for reputable developers with balanced governance and clearer downside protection.
<b>Development</b>	Manage two permitted plots only; pursue sale or partnership scenarios.	No broad land-banking push in 2026; development remains highly selective and asset-specific.

# Why management wants to materially reduce apartment-trading exposure

The historic model generated positive returns but is no longer considered a predictable institutional business line.

- Returns are often outside MET's control because they depend on development timing and residential market conditions at sale.
- The "Nordis" law is expected to reduce the discount available when buying during construction versus at delivery.
- Capital is illiquid during development and the model lacks attractive scalability.
- Current financing levels of roughly 70–80% create material financial risk.
- Cash-flow predictability is structurally worse than with recurring-income assets.



# Inventory to be monetized — and the guardrails for any future trading exposure

The company still has units to sell; but wants much tighter conditions before repeating the strategy.

**83**

total units in trading  
inventory

**54**

apartments

**29**

parking spaces

## Future trading investments only if...

- MET has increased control over development risk
- the project can be acquired in full or completed under MET control
- MET uses land already owned by the company
- financing for completion is clearly visible and coherent

## Implication for investors

Opportunities remain under analysis, but will only be taken on inside a disciplined portfolio architecture.

# Monetization and capital recovery are the immediate priorities

Co-development investments are still of interest — but only where structure, counterparties, and downside protection are stronger.

**€3.7m**

delayed-project  
exposure

**€0.7m**

estimated recovery  
in 2026

**€3.0m**

estimated recovery  
in 2027

## Implication for investors

Co-development remains a viable return engine under a cleaner partner-financing model rather than an opportunistic set of non-interventional governed exposures.

## MET Executive stance

Use all legal levers available to maximize recovery on delayed or underperforming projects.

## Expected receipts from better-performing co-development projects

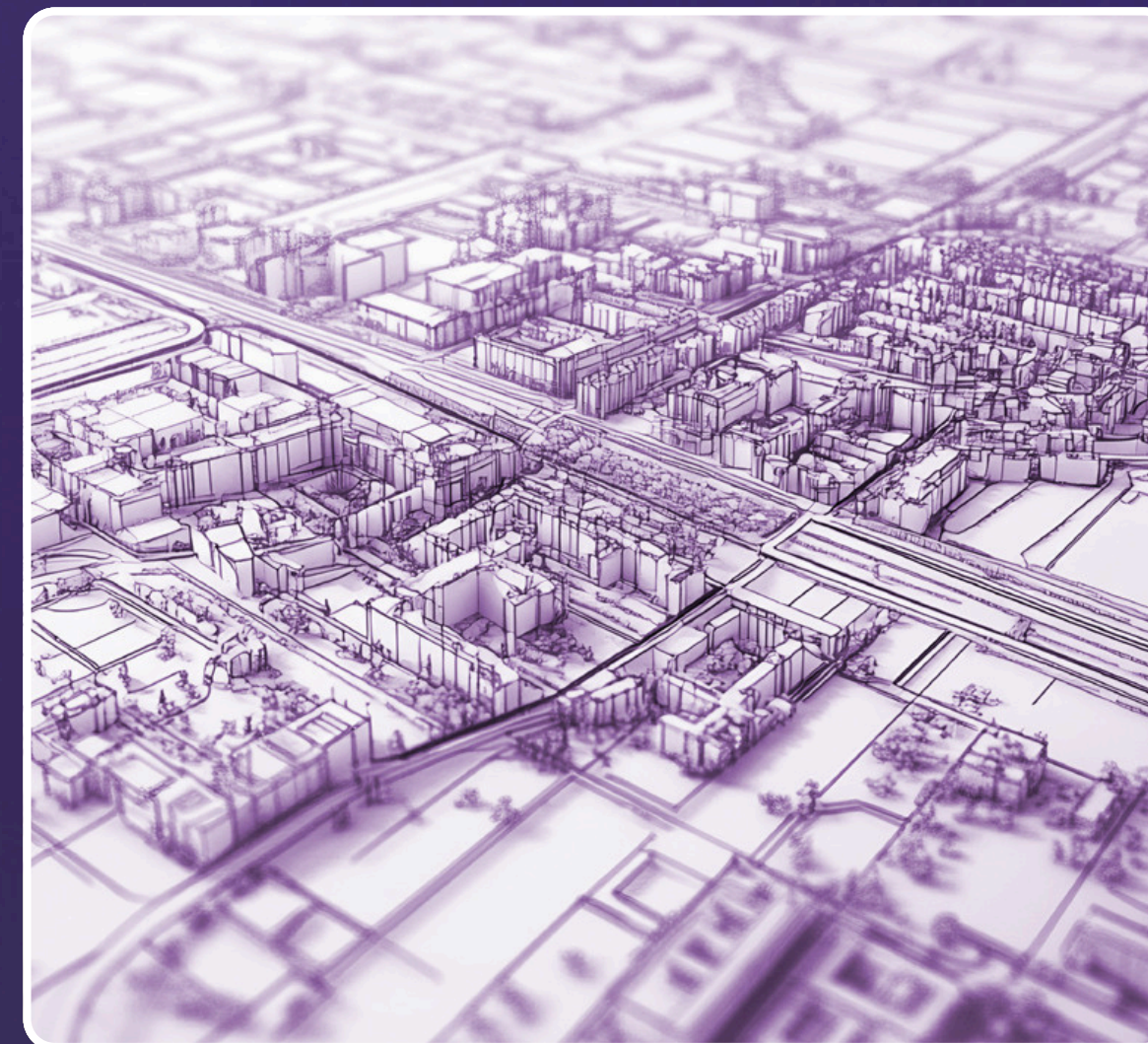
- €3.4m expected in 2026 from Alexandriei 152, Uplake, Novarion, and Redport Capital.
- Rock Mountain capital is estimated to be recovered in full in 2027 (€4.7m).

# Monetization and capital recovery are the immediate priorities

Co-development investments are still of interest but only where structure, counterparties, and downside protection are stronger.

## Minimum criteria for future co-development

- Reputable developer with solid track record
- Meaningful developer equity contribution
- Balanced compensation and governance structure
- Legally robust title with no structural uncertainty
- Stable urban planning / no construction permit uncertainty
- Strong commercial prospects
- Clear financing visibility (e.g., bank financing condition)
- Explicit distinction between yield erosion risk and structural capital risk



## DEVELOPMENT

# Two permitted land positions create optionality

Development is not being scaled broadly in 2026. Instead, MET is focusing on extracting value from the two land assets already in the portfolio.



# Two assets, both with valid building permits

Permitting is a key strategic advantage in the current market context.

## Dr. Sergiu Dumitru 13–15

- 50% stake
- 731 sqm plot
- Attractive Bucharest location
- Valid building permit
- Current strategic question: revised medical-lab concept vs. alternative use / partnership

## Mătășari 18

- 100% stake
- 3,022 sqm plot
- Valid permit for medium-size residential project (P+3E+4R)
- Sale process and partner selection run in parallel



No additional land acquisitions planned for the rest of 2026

# A good example of repricing risk rather than forcing a suboptimal deal

Management stopped short of executing the original plan because economics no longer justified the risk.

## Reasons the initial plan was re-analyzed

- Initial tenant discussions were based on a 2019 rent level that no longer reflected market conditions.
- Construction costs rose materially after the pandemic, the war in Ukraine, and recent inflation.
- A proposed 7-year term was too short versus ~15-year market norms for bespoke buildings.

## Current decision logic

Feasibility at prior terms implied returns below investment thresholds while still carrying development and execution risk. A rent aligned closer to market (~€20/sqm/month) may restore viability. MET is therefore reassessing both medical-lab and alternative-use scenarios.



# Value can be unlocked via sale or a residential joint-venture

The asset has enough readiness to support parallel strategic paths.

## Asset profile

The site is 3,022 sqm and already benefits from a valid permit for a mid-sized residential scheme (P+3E+4R), which improves optionality versus raw land.

## Investor implications

MET is preserving flexibility: monetize if pricing is right, or partner with a reputable developer if the risk-adjusted economics are better.



# Management is shifting toward a more explicit capital allocation structure

These principles signal how decisions will be considered going forward.

## Long-term total return

The main objective is total shareholder return per share — not one-year profit or dividend targets.

## Evidence-based decisions

Invest/sell decisions should reflect future yield, return, and operating income growth potential.

## Recycle before deterioration

Capital should be reallocated out of assets with insufficient growth potential before they demand additional capital.

## Buybacks are envisaged — but only if economically superior

If MET's own shares trade sufficiently below intrinsic value and buybacks are better than alternative investments, the company may repurchase shares as long as liquidity remains adequate for committed capital.

## Leverage and Investment policies - at the core of investment decisions

Investment decisions are to be conducted only in accordance with investment and financing policies.

# Leverage and dividend policy are becoming explicit thresholds

Thereby showcasing investors that MET distinguishes between earnings ambition and risk tolerance.

**55%**

absolute max LTV per  
operating asset

**35–45%**

target LTV by 2028

**TSR**

primary objective: total  
shareholder return

## Leverage doctrine

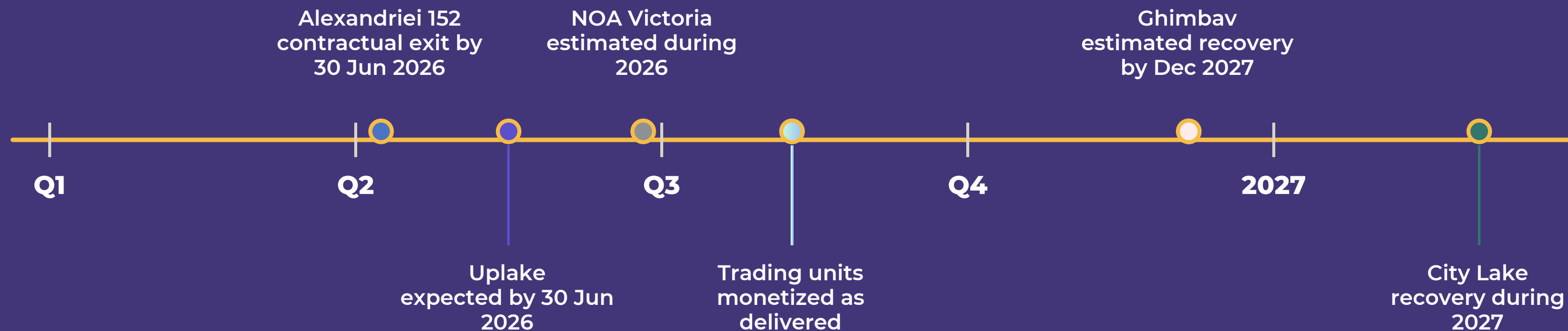
Debt should leave a sufficient buffer between recurring operating results and financing obligations. Net debt should remain optimized to portfolio cash generation rather than stretched to maximize short-term growth.

## Dividend stance

Dividends remain important, but only so long as the opportunity cost does not materially impair long-term profitability.

# The disposal/recovery agenda is concrete enough to map

A roadmap of the portfolio repositioning.



## Still under analysis

Avrig Phase 2 remains under scenario review.

## Important nuance

In trading, exits are part of the normal sale process once units are delivered; in co-development, exits are a mix of contractual maturities, liquidation, and recovery actions.

# Capital released from exits is meant to be recycled — not left idle

The first visible uses of capital are already defined, executed or in due diligence.

## 1

### Co-development investment under negotiation

- €1.5m investment commitment
- 3 tranches of €0.5m
- 12-month timeframe
- Funds intended to support completion and delivery of delayed units
- Counterparty is a reputable developer with 19+ years track record and 12,000+ units sold

## 2

### More selective co-development investment

Additional financing may be extended to reputable developers with “institutional” ambitions and demonstrated delivery track record.

## 3

### Recurring-income assets

Management intends to keep increasing exposure to well-positioned income-producing assets with reputable tenants and long leases.

## FINANCIAL AMBITION

# From reset to scale

Medium- and long-term targets provide a clear destination state.



# Three headline targets define the medium-term destination

Overall strategic roadmap is targeted to reach guidance by Dec 2028



Scale the balance sheet

Use moderate leverage

Expand intrinsic value

# Long-range targets point to compounding rather than one-off value extraction

Clear strategic objectives will lead to long-term target achievement.

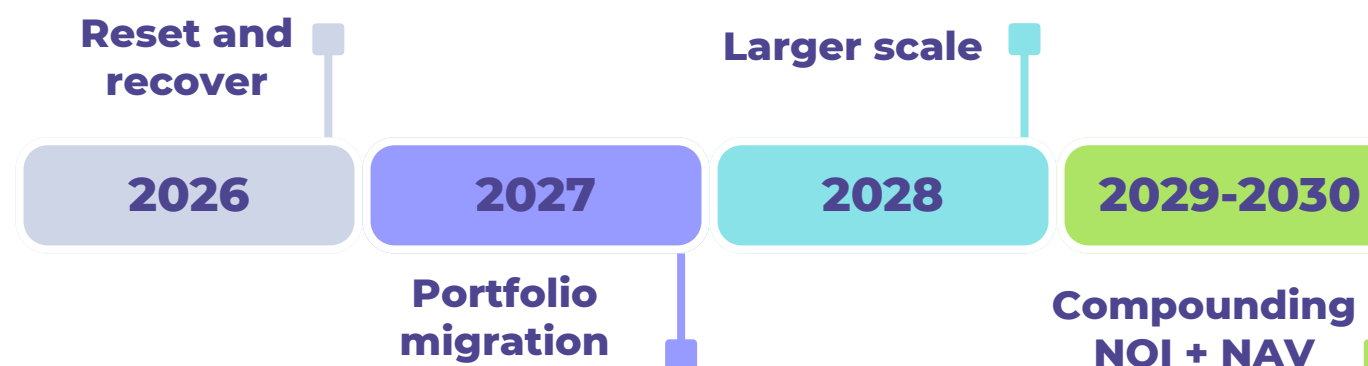
**NAV ambition**

**€150m**

**target intrinsic value (NAV)**

The company also targets at least 5% annualized growth in revenues from operating assets over 2026-2030.

## Strategic path



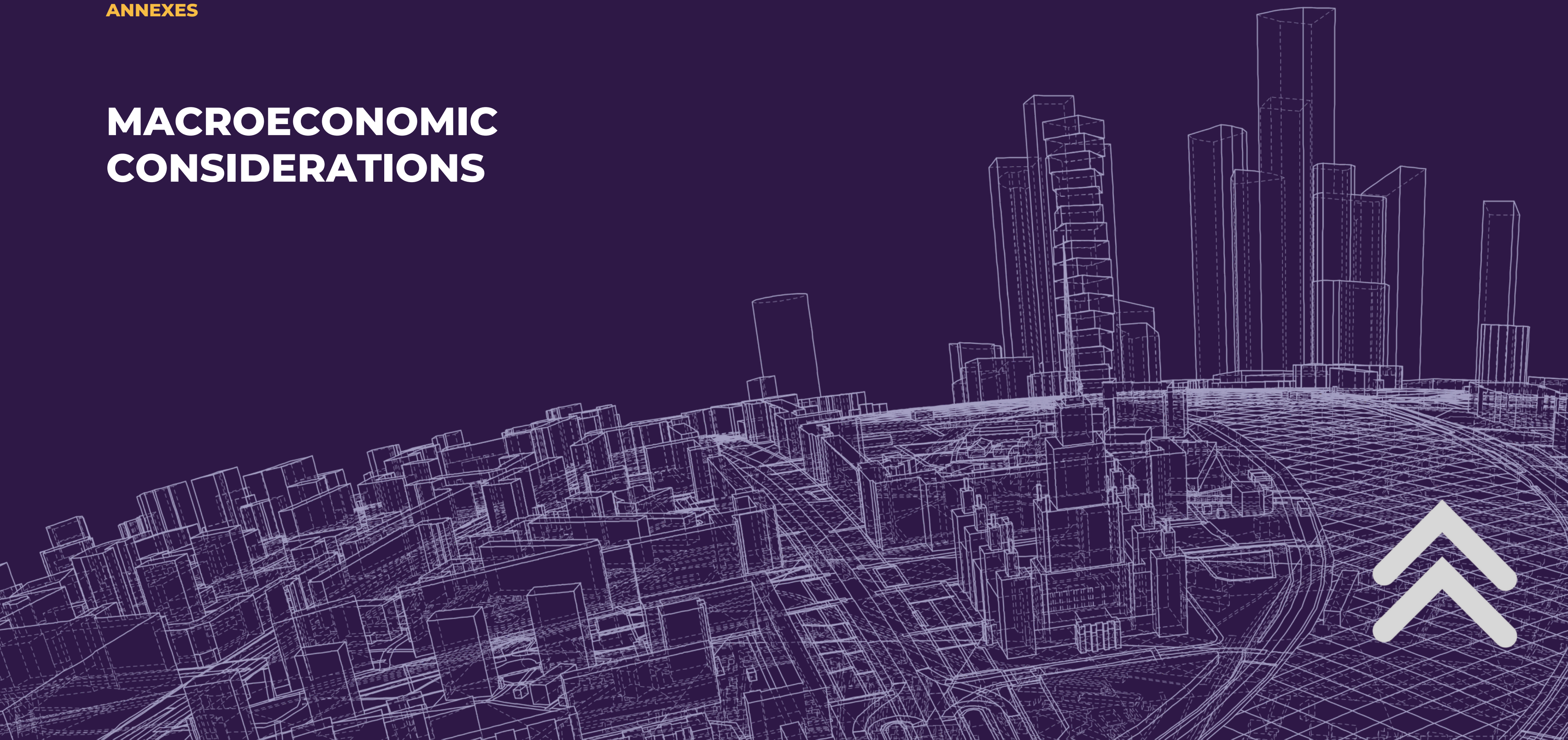
# A balanced view of risk

The strategic reset confronts the existing risk profile.

Business line	2026 action	Future role
<b>Monetization risk</b>	Some exits or recoveries may take longer or price worse than planned.	Keep flexibility on timing, use legal levers, and avoid forced redeployment.
<b>Counterparty/development risk</b>	Delayed projects can still erode value or require more effort.	Tighter future underwriting, stronger governance terms, and financing visibility.
<b>Financing risk</b>	Credit availability or cost may worsen.	Moderate target leverage and explicit LTV caps.
<b>Execution risk</b>	Too many simultaneous workstreams can strain the team.	Reduce project count and limit new investments in 2026.
<b>Macro/market risk</b>	Regional shocks can impair real estate and capital markets.	Diversify, focus on recurring cash flow, keep opportunistic allocation capped.

**ANNEXES**

**MACROECONOMIC  
CONSIDERATIONS**



# Macroeconomic Context - Romania

- Over the past decade, Romania has experienced strong economic convergence with the EU, with GDP per capita increasing from 44% of the EU average in 2007 to around 79% in 2024. The country has experienced the fastest economic growth across the EU member states, economic growth that has also facilitated the development of the real estate market.
- Romania's economy grew by only 0.6% in 2025, below forecasts, in the context of fiscal imbalances, political uncertainty and a difficult external environment. Inflation remained elevated at 9.7% in December 2025 and 7.3% annual average, while the National Bank of Romania maintained the policy rate at 6.5% to counter persistent inflation and currency depreciation risks.
- Meanwhile, the fiscal deficit reached 7.7% of GDP (decreasing from 2024 peak of 9.3%, but still remaining the highest in the EU), prompting legislative changes including VAT adjustments, construction tax revisions, property-related regulations and a broader tax reform package, affecting businesses, consumption and the real estate sector.
- For 2026, economic growth is projected at around 1%, while inflation is expected to fall to approximately 3.9% by December 2026, according to NBR projections. The completion of the electoral cycle, Schengen integration and major infrastructure projects should provide a more predictable framework for economic activity and investment, given political stability.
- The recent legislative changes — including tax reform, VAT and construction tax adjustments, and property-related regulations — introduce a new operational reality for the real estate market, requiring adaptation from both developers and buyers.
- Economic Sentiment Index for Romania showed a declining trend and diverging from the more stable trajectory observed in the EU and Euro Area. After a relatively resilient period in 2024, confidence indicators deteriorated throughout 2025, reflecting rising inflationary pressures, political uncertainty related to the presidential elections, and the impact of new fiscal and regulatory measures.
- The Major Purchases Index, which reflects households' intentions to make significant purchases, declined sharply during 2025 and remained at low levels, highlighting the decrease in activity (and expected to remain) within the residential market for the upcoming period.
- The Romanian real estate market has expanded significantly over the past decade, supported by economic growth, rising household incomes, foreign direct investment and the expansion of multinational companies, particularly in the technology and business services sectors.
- While the market has grown steadily, Romania still records relatively low levels of modern real estate stock per capita compared with several Central and Eastern European markets, suggesting further development potential as the economy continues to converge with EU standards.
- The Bucharest-Ilfov region benefits from the highest purchasing power in the country, the largest labour pool of skilled workers and the highest concentration of multinational companies, supporting the development of modern office, retail and residential markets. Bucharest has the largest share of modern office stock, prime retail destinations and large residential developments due to its strong economic base, large labour pool and higher purchasing power.
- However, regional cities such as Cluj-Napoca, Timișoara and Iași have emerged as important real estate markets, driven by strong university ecosystems, expanding technology sectors and increasing interest from international companies. These cities have attracted significant investment in office developments, retail parks and residential projects, gradually supporting a more diversified national real estate landscape.
- Tertiary cities such as Craiova, Brașov, Constanța, Oradea, Sibiu and others are increasingly attracting retail developers due to limited modern retail supply and growing purchasing power, particularly through the expansion of retail park formats, creating opportunities for further real estate development in underserved local markets.

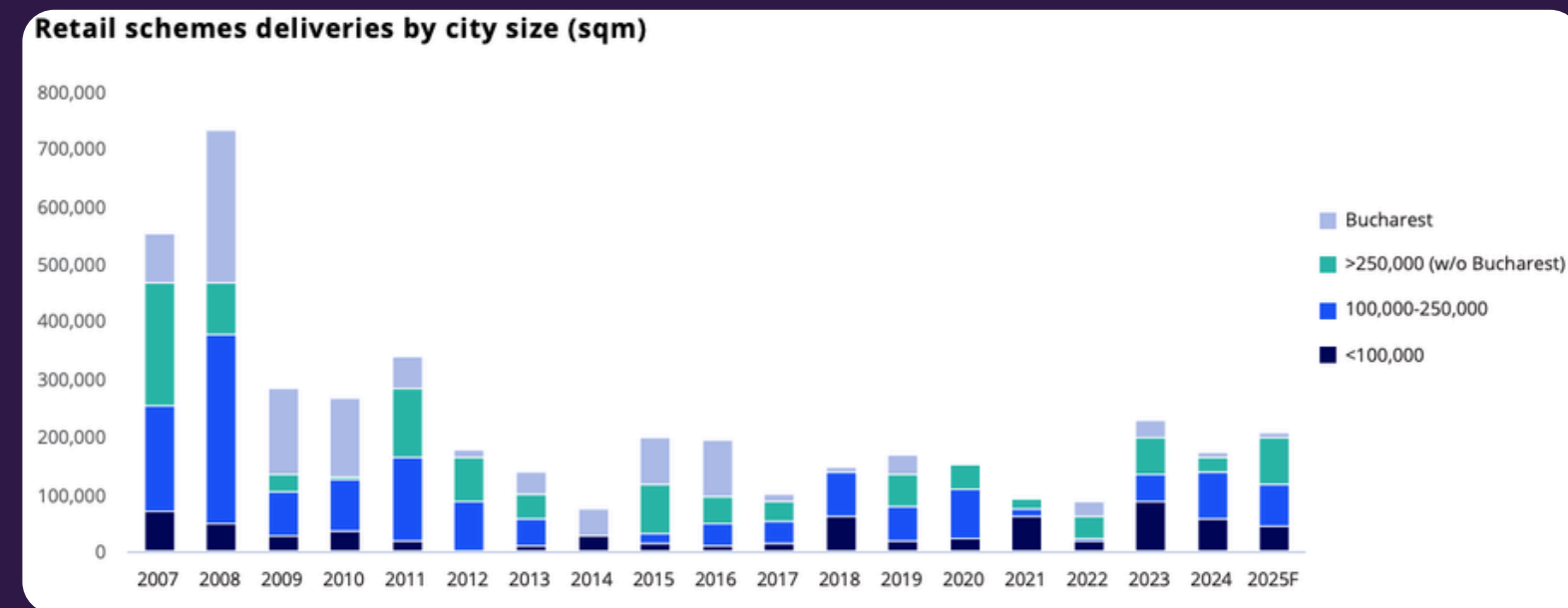
# Romania Retail Market

- Romania's **retail sector** has recorded **solid growth** in recent years, supported by rising wages, improving employment levels and strong household consumption, which remains one of the main drivers of economic growth. **Retail sales** have continued to expand **above the EU average**, encouraging retailers to increase their presence in the market (new investors/ operators as well as retail formats have entered the market in the last few years).
- **International and domestic retailers continue to expand their networks**, particularly in large cities and regional hubs. The Romanian market has also seen new brand entries and expansion of established operators, particularly in fashion, food retail and discount segments.
- **Romania's modern retail stock** reached approximately **4.5 - 5 million sqm in 2025**, including shopping centres, retail parks and large retail schemes. However, the distribution of modern retail space remains highly concentrated in large cities, with Bucharest and a few major regional hubs accounting for a significant share of the national stock.



Source: Cushman & Wakefield Echinex – Romanian Retail Snapshot 2025

- In terms of development trends, **retail parks** have become the **dominant format** for new supply in recent years (especially since post-covid), due to lower development costs, easier permitting processes and strong accessibility. These formats have proven resilient in the current environment and are increasingly developed in secondary and tertiary cities, where modern retail supply is limited.
- Despite ongoing development activity, Romania still records a relatively **low level of modern retail space per capita compared with several CEE markets**, highlighting structural undersupply and further development potential, particularly in smaller urban markets.
- **Retail sales slowed during the second half of 2025**, reflecting weaker household consumption and declining consumer confidence. Retail volumes fell 3.6% year-on-year in Q4 2025, with several months of contraction between October and December (around -2% to -4% YoY). Despite this short-term cooling, Romania's retail market still benefits from strong long-term consumption fundamentals and relatively low retail density, leaving room for growth over the medium to long term, but short-term will be affected by decreasing consumption (and implicitly registered retail sales).



Source: Colliers – Economic and Real Estate Outlook 2025

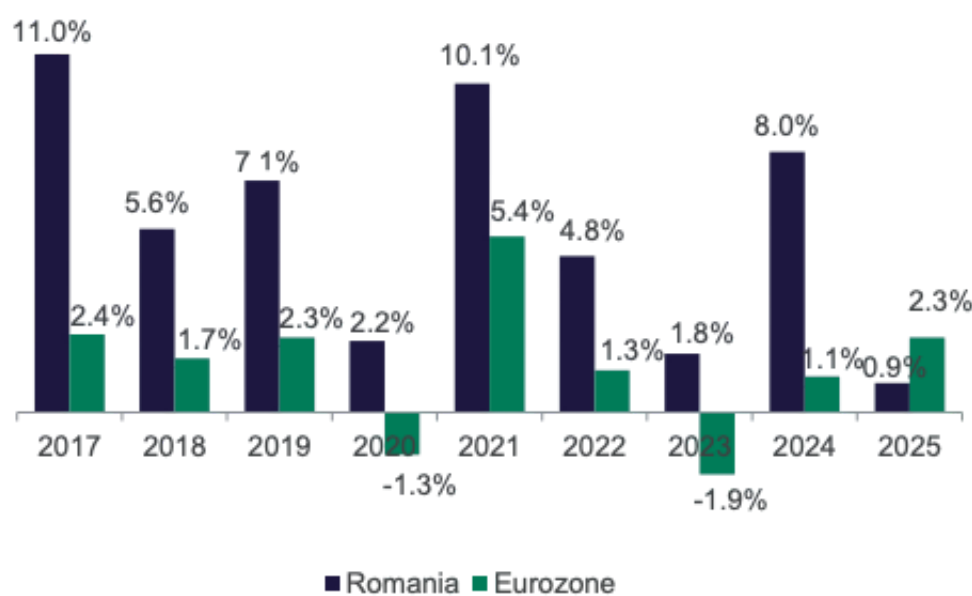
# Romania Retail Market: Retail Density & Investment Opportunity

- Retail markets in CEE show different maturity levels, with countries such as Poland and the Czech Republic having significantly higher retail density due to earlier large-scale retail development and stronger modern retail infrastructure.
- Romania's modern retail stock totals between 4.5 - 5 million sqm - lower retail space per capita compared with several CEE peers, indicating structural undersupply and room for additional development, particularly in secondary cities. With a density of around 248 sqm per 1,000 inhabitants, Romania still is significantly below markets such as Poland (~356), Czechia (~357) and Slovakia (~431).
- Prime shopping centre rents in Bucharest have increased steadily over the past decade, reaching around €90-100/sqm/month for prime units, reflecting solid retailer demand and strong consumer spending in dominant retail destinations.
- Prime retail yields in Romania remain higher than in more mature CEE or WE markets, typically under 7.0% for prime shopping centres, offering a significant spread compared with CEE markets (under 6.0%) or WE markets (well under 5.0%).
- Retail activity stagnated in the second half of 2025, with retail sales showing little to no growth and prime rents remaining broadly stable. This dynamic was caused by the fiscal consolidation measures, tax adjustments and a weaker consumer confidence environment. These developments reflect short-term macroeconomic uncertainty rather than structural market weakness. As inflation gradually declines and economic conditions stabilize, retail sales and rental growth are expected to resume with robust growth figures over the medium term.

## KEY INDICATORS

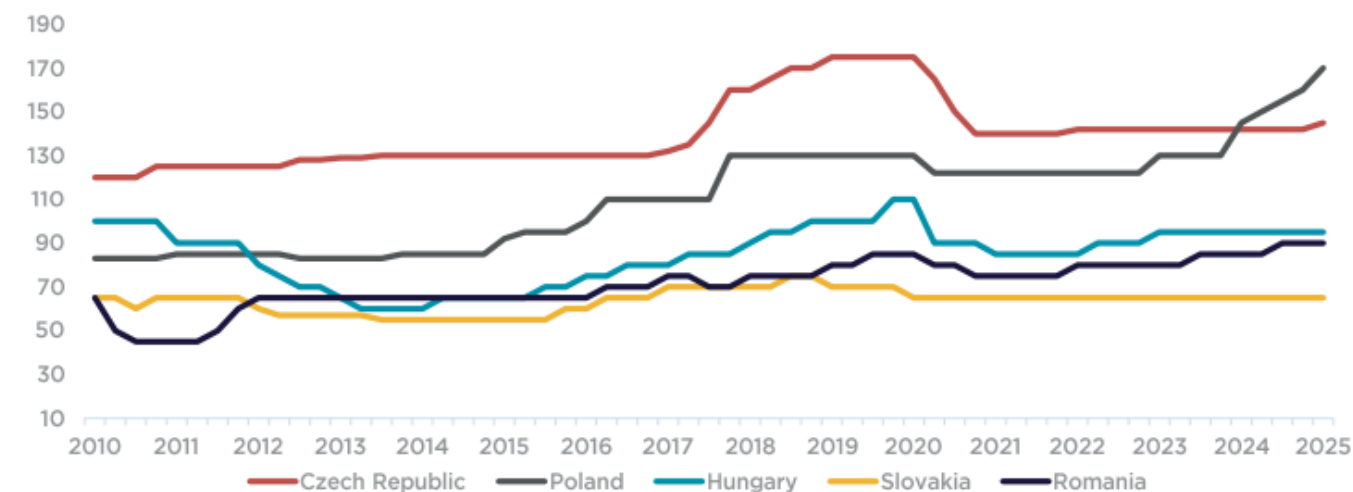
Country	Stock (sq. m)	Prime rent (€/sq. m/ month)	Density (sq. m / 1,000 inhabitants)
Poland	13,687,600	170	356
Romania	4,728,400	90	248
Czechia	3,920,300	145	357
Hungary	3,112,700	95	325
Slovakia	2,328,100	65	431

## ROMANIA VS. EURO ZONE RETAIL SALES GROWTH Y/Y



Source: C&W Echinix – Romanian Retail Marketbeat Q4 2025

## PRIME SHOPPING CENTRE RENTS (€/SQ. M/ MONTH)



Source: C&W Echinix – Romanian Retail Snapshot 2025

# Romania Retail Market: Retail density & segmentation

- Romania's modern retail market is dominated by **shopping centres and retail parks**, with the latter accounting for the majority of recent developments, particularly in secondary and tertiary cities where modern retail supply remains limited.
- **Retail parks and grocery-anchored schemes** currently show the **strongest performance**, benefiting from lower development costs, strong accessibility and stable tenant demand from discount and supermarket operators. These formats have been the primary expansion vehicle for international retail chains across regional markets.
- **Shopping centres** remain the dominant retail format in major cities, particularly in Bucharest and key regional hubs such as Cluj-Napoca, Timișoara and Iași, where they continue to attract strong consumer footfall and international brands. However, new shopping centre development has slowed significantly in recent years, limited scope for new large format development and also covered by large professional players.
- **High street retail** plays a more limited role in Romania compared with Western European markets, remaining concentrated mainly in prime locations in Bucharest where some flagship stores target high-spending consumers and tourism flows. The vast majority of modern retail is organized in new (last 20 years development) shopping schemes.
- Looking ahead, the **Romanian retail market** is expected to continue expanding primarily through retail parks and convenience-focused formats, supported by growing consumption and the structural undersupply of modern retail space in smaller cities or new neighborhoods/ areas in larger cities.
- This trend is reflected in the 2026 development pipeline, where the majority of planned projects are retail parks located in secondary and tertiary cities such as Galați, Constanța, Ploiești, Târgu Ocna or Codlea, while only a limited number of shopping centre extensions are planned in major regional hubs.

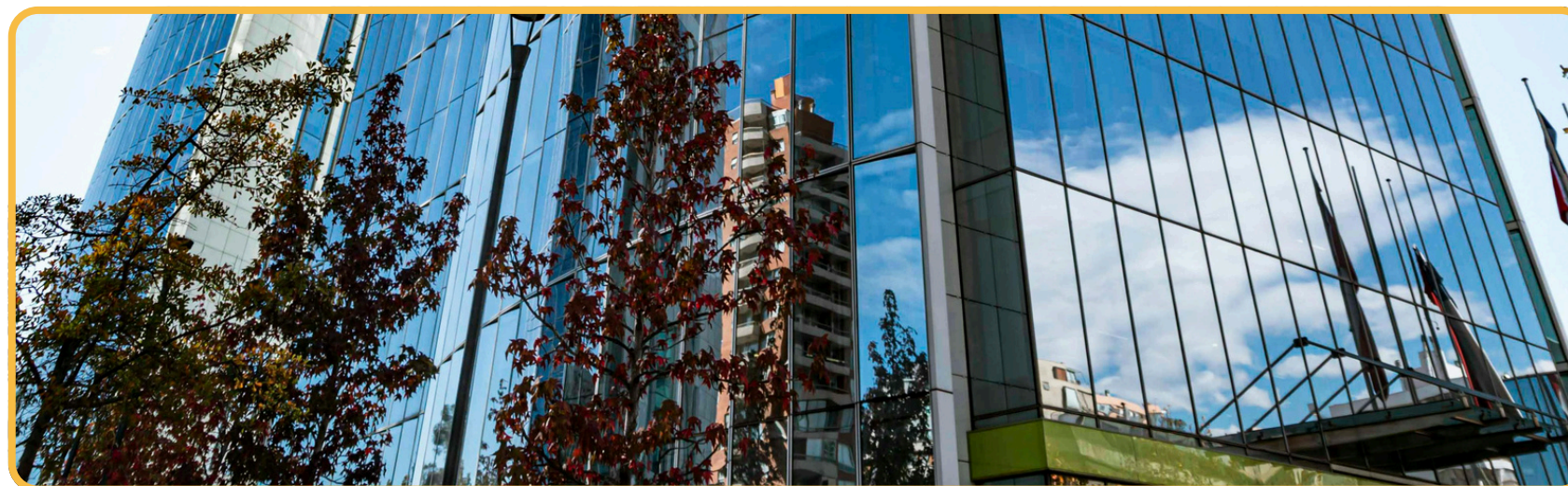
## Projects with planned delivery in 2026

PROJECT	TYPE	CITY	DEVELOPER	GLA (sqm)
1 M Park Galati	Retail park	Galati	M Core	30,000
2 Palas Mall (extension)	Mall	Iasi	Iulius	25,000
3 Arena Mall (extension)	Mall	Bacau	Arena City Center	17,400
4 Family Market Mall Tomesti	Retail park	Tomesti	Iulius	16,100
5 Urbano Shopping & Living (phase 1)	Power Center	Cluj-Napoca	Urbano	14,900
6 M Park Constanta	Retail park	Contanta	M Core	14,000
7 Kaufland Ploiesti gallery	Retail park	Ploiesti	Kaufland	13,400
8 Aurora Retail Park Bacau	Retail park	Bacau	Cometex	12,000
9 Electroputere Parc (extension)	Mall	Craiova	Catinvest	11,000
10 Nest Targu Ocna	Retail park	Targu Ocna	RC Europe	8,800
11 M Park Titan	Retail park	Bucharest	M Core	8,500
12 Drobeta Turnu Severin Retail Park	Retail park	Drobeta Turnu Severin	Cometex	7,600
13 M Park Codlea	Retail park	Codlea	M Core	7,500
14 Chitila Plaza	Retail park	Chitila	Radacini Group	6,800
15 Aurora Retail Park Pantelimon	Retail park	Bucharest	Cometex	5,800
16 Bartolomeu Retail Park	Retail park	Brasov	REPACO Capital	5,500
17 Funshop Park Otopeni	Retail park	Otopeni	Scallier	5,000
18 One Gallery	Shopping Gallery	Bucharest	One United	5,000
19 Retail Park Radauti	Retail park	Radauti	Cometex	4,500
20 Timisoara Retail Park	Retail park	Timisoara	REPACO Capital	4,500
21 Targu Neamt Retail Park	Retail park	Targu Neamt	Cometex	4,300

Source: Colliers – Retail Market Report

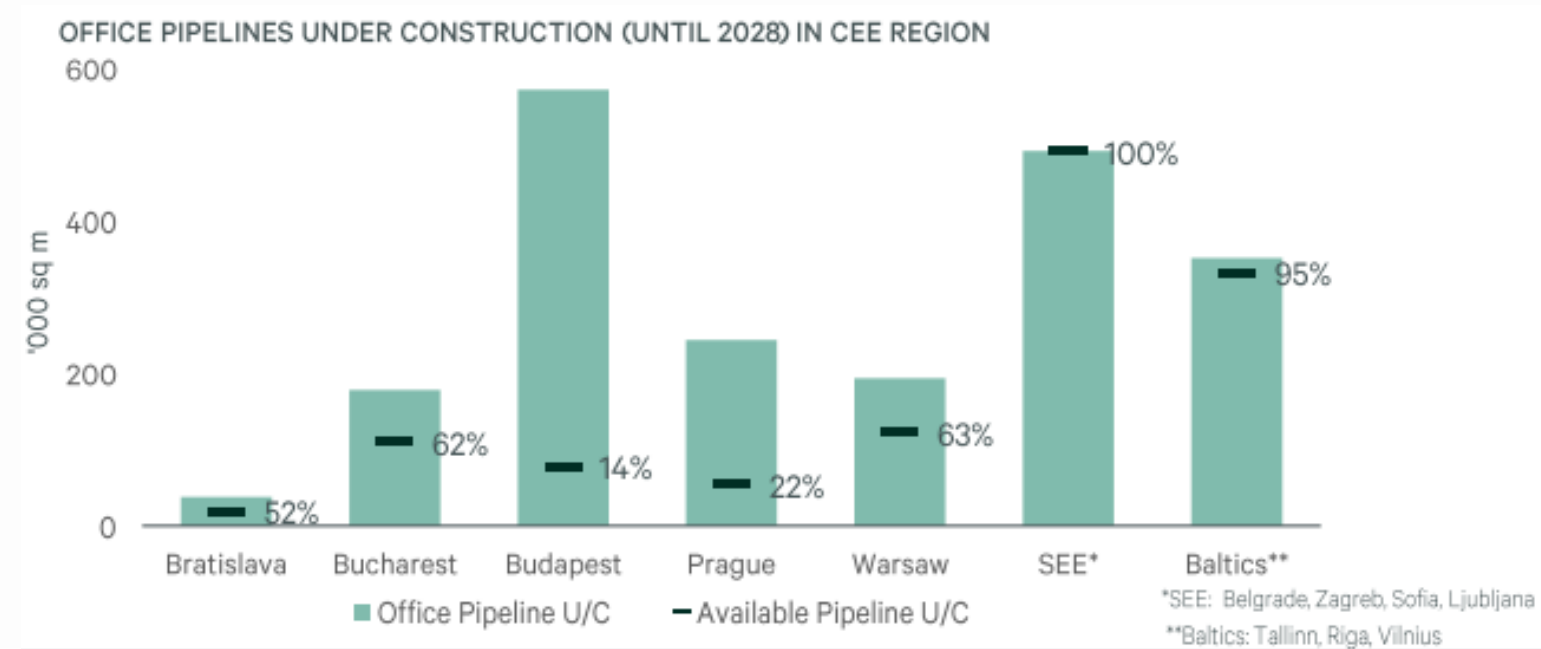
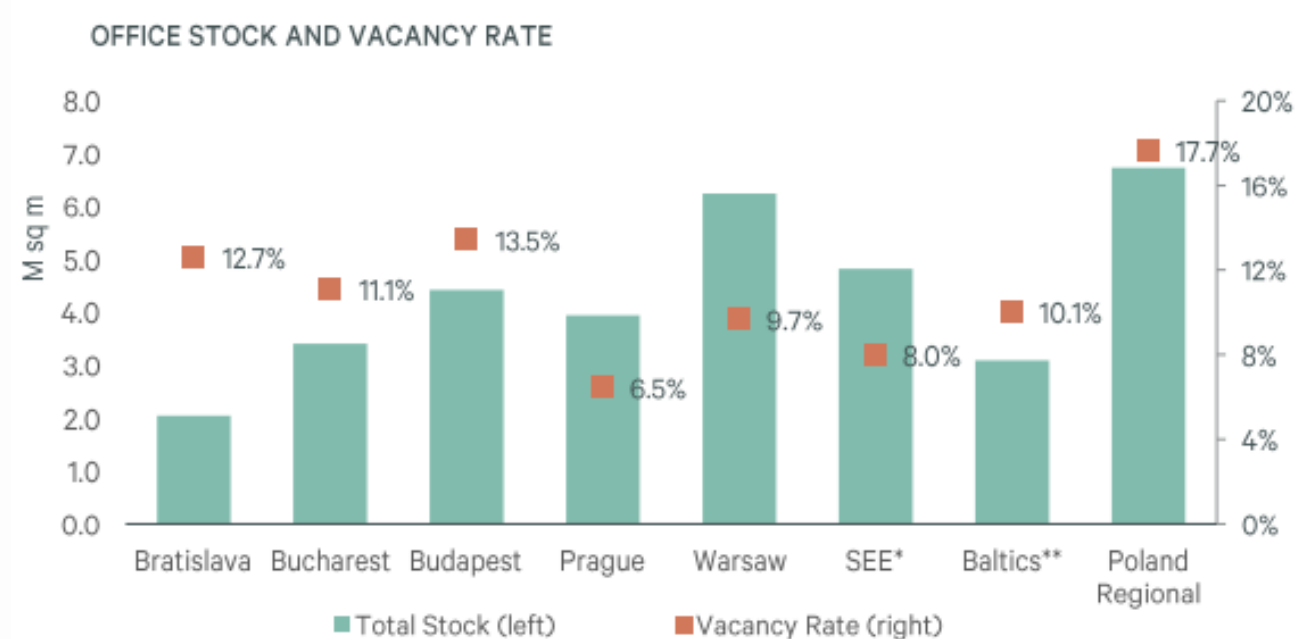
# Romania Offices Market: Structural Demand & Limited Modern Supply

- **Bucharest** remains the largest office market in Romania, with over **3.4 million sqm of modern office stock**, and continues to act as a major hub for international occupiers, particularly in business services, financial services and technology sectors.
- **Office leasing activity** has **moderated** because of economic uncertainty and hybrid working adjustments. In Q1–Q3 2025 gross leasing demand reached around 151,000 sqm, while net demand was approx. 57,000 sqm.
- **Office development activity** has slowed significantly in recent years, with very limited deliveries of new modern office space since 2020, highlighting the impact of rising construction costs, financing constraints, permitting delays and lower structural demand. As a result, the pipeline of new office developments remains very low, which is expected to gradually tighten the availability of modern office space, particularly in prime locations, despite more moderate leasing activity.
- The **vacancy rate stood** at around **12–13% in 2025**, but available space is largely concentrated in older or less competitive buildings, while modern, well-located projects often record single-digit vacancy levels.
- **Prime office rents in Bucharest** remain around **€22/sqm/month**, although this level is partly influenced by higher rents achieved in boutique or landmark buildings, while **typical rents in corporate office** locations generally range between **€16–20/sqm/month**. From an investment perspective, **prime office yields** remain relatively attractive compared with more mature CEE markets, typically around **7.50%**, reflecting both perceived market risk and the potential for yield compression and capital value appreciation as the supply of new modern offices remains constrained.



# Romania Offices Market: Comparison with CEE

- **Romania** remains **structurally undersupplied** with **modern office space** relative to CEE, while yields remain attractive compared with more mature markets. It has significantly lower office stock per capita than most CEE markets, and while Bucharest has the largest office market in the country, the availability of modern Grade A space remains limited relative to population size and workforce potential.
- The **CEE office market** shows clear differences in both maturity and development momentum. **Major regional hubs** such as **Warsaw, Prague, and Budapest** continue to dominate in terms of total office stock. In contrast, **Bucharest** remains a **mid-sized office market** within the region. At the same time, the **development pipeline** across the region has **slowed significantly**.
- **Hybrid working** has become the dominant model in Romania's office market after the pandemic, with **most companies** adopting **2–3 office days per week** compared with 5 days pre-COVID. **Surveys indicate that 60–70% of companies operating in Romania currently apply hybrid work policies**, particularly in IT, BPO and professional services sectors.
- As a result, many occupiers have reassessed their office requirement, focusing on **space optimisation rather than expansion**. Across the Bucharest office market, companies have typically reduced office space requirements, while **prioritising higher-quality buildings with better amenities and ESG standards**. The shift toward hybrid work has also changed how office space is used, with companies allocating more space to collaboration areas, meeting rooms and social spaces, while reducing the share of traditional desk-based layouts.
- Despite hybrid work trends, office attendance in Romania remains relatively strong compared with Western Europe, as companies increasingly encourage in-person collaboration and team interaction, particularly in sectors dependent on project-based work and innovation.
- Unlike many EU markets where government institutions are major tenants of Grade A office space, Romania's public sector remains largely outside the modern office market. A future transition toward modern, energy-efficient workspaces could unlock an additional strategic source of institutional demand.



Source: CBRE – CEE Office Market Snapshot Q3 2025

# Retail/Office Investments

## Executive Summary

- Stabilised retail / office assets provide **predictable cash-flow through long-term leases**, typically indexed to inflation (or linked to retail sales/ even higher growth for sub-segments of retail).
- **Significantly lower risk profile compared to development projects**, as assets are operational and do not carry permitting, construction or execution risks – only operational & market related risks.
- **Attractive leverage availability**, with typical bank financing of 50-60% LTV at Euribor + ~2-3% margin with maturity at 10-15 years and 25-50% amortization.
- Suitable for **longer-term capital placement**, allowing MET to hold assets and generate stable distributions while retaining flexibility on exit timing.
- Based on market benchmarks (entry yields ~8.0%) for good assets, a typical structure can generate:
  - a. **Aprox 8% annual cash yield on equity invested**
  - b. **Aprox 15% equity IRR (90% ROI) over a 5-year hold period with no yield compression**
  - c. **16-18% equity IRR (110% ROI) over a 5-year hold period with yield compression (0.25%-0.5%)**
- Returns are primarily driven by **NOI and leverage**, rather than development gains.
- Main risks relate to **tenant occupancy, interest rate levels and exit yields**, but these are significantly lower compared to development risk.
- Such investments align with MET's strategy by **providing stable income, portfolio diversification, and reduced volatility, while facilitating the company to grow the capital base.**

# Investment Thesis

## Residential Considerations

- MET's residential strategy should focus predominantly on providing **mezzanine financing for developers**, targeting attractive risk-adjusted returns while limiting exposure to full development risk.
- In a typical **development capital stack**, senior bank financing is followed by mezzanine capital, with developer equity subordinated at the bottom. This positioning provides **priority of repayment after the bank but ahead of the developer's profit and equity returns**.
- Compared to equity investments in developments, mezzanine financing offers a **more controlled risk profile**, as returns are typically structured as fixed or preferred returns rather than relying on the final profitability of the project.
- Mezzanine investors are generally **repaid from early project cash flows (unit sales or refinancing)** and therefore do not depend on the sale of the last 10–20% of units, which is where many residential projects face delays or margin pressure.
- Equity participation in development projects carries **additional operational and execution risks**, including permitting (e.g, reception risk remains until the end), construction delays, contractor disputes, cost overruns, and project closing procedures (SPV wind-down, warranties, etc.) that are not present in operational real estate assets.
- Considering the additional development risk assumed (permitting & execution), **mezzanine investments should target returns of approximately 18-20%** per year in order to remain competitive relative to the lower-risk commercial operational real investments.
- In cases where MetaEstate participates **as equity in development projects (not structured as mezzanine/ preferential return)**, a **Net IRR target in the range of 25–30%** must be pursued, reflecting the subordinated position and the fact that equity absorbs the last layer of risk.
- Such equity investments should be undertaken **selectively**, only with developers and projects where there is a **strong conviction in the project fundamentals, the capability of the development team, and the overall risk profile**.
- This approach allows MET to **balance risk and return**, focusing primarily on structured mezzanine exposure while maintaining the option to participate in high-conviction development opportunities with appropriately higher return targets.



**Thank you**