Questions and Answers

Teleconference for the presentation of the 2024 Annual Financial Results

April 2025

1. **In case no. 13028/3/2024 pending before the Bucharest Tribunal, Meta Estate Trust SA was ordered to pay Meta Management Team SRL the amount of RON 650,826.47, updated with penalty interest and legal expenses in the amount of RON 7,591.39. Given that the decision is enforceable and the request to suspend payment was rejected, have these amounts been paid?**

Answer:

At this moment, the amount has not been paid, as we are waiting to receive the official communication of the decision from the court. Once we receive it, the payment will be made. The amount in question refers to the management fee for Q4 2023. META recorded half of this amount as provisions in 2023, as presented in the financial statements. This was based on the calculation we accepted and recorded, whereas MMT submitted a different calculation, which they also pursued in court. The 2024 financial statements fully reflect this liability of RON 650,000. We received the first instance ruling before the approval of the financial statements, and therefore we decided to recognize the expense at that time, considering the litigation was lost in the first instance. The payment will, of course, be made once the court officially communicates the decision.

2. **On page 42 of the annual report, where liabilities and equity are presented, there is a reference to a loan of RON 2.56 million received by the company from a shareholder. Who approved this loan, what is the term, and what are the interest and collateral conditions?**

Answer:

It was an unsecured loan of RON 2.5 million, with an interest rate of 11%. It was approved by the Board of Directors, considering the amount of EUR 500,000. The loan was granted in October 2024 to complete the acquisition of Swissôtel, pending its refinancing through a bank loan. It was initially granted for a period of three months and subsequently extended for an additional three months. After the loan was drawn and sufficient cash became available, it was repaid. This was a loan we effectively used.

Although we signed the financing agreement with Patria Bank in December, the funds were not drawn in the same month, as the bank required a specific period before disbursement. We used the shareholder loan as a short-term bridge facility to cover the remaining purchase price, and the funds were repaid once the financing from Patria Bank became available.

3. **What is the status of the Rock Mountain project in Poiana Brașov? Will it start this year?**

Answer:

The Rock Mountain project in Poiana Brașov has followed its initial plan. Sales have begun, and we have already signed several sale-purchase pre-agreements. The project company, in which we hold a minority stake, has signed a number of such pre-agreements. As you may already know, this information is public: the project has signed a management agreement with the Kempinski hotel group.

What is important to note is that Meta Estate Trust's position was overcollateralized in March 2024, when we acquired the company Poiana SPV. In order to continue the project, a new building permit will need to be obtained, in addition to the existing one for the aparthotels. The aparthotel will begin development separately from the hotel. The hotel will first require a detailed urban plan (PUD), followed by the necessary building permit.

4. **In case no. 2701/3/2024, currently pending before the Bucharest Tribunal, a hearing took place today, which you mentioned was the first substantive hearing. Do you have any updates?**

Answer:

At this time, we do not have an update, as both parties have submitted written conclusions, and the court is expected to issue a ruling. Once the court delivers a decision, we will communicate accordingly on the matter. However, as mentioned earlier, by the time of today's investor conference, we had not yet received a ruling from the court.

5. **Who are the two people in the office with Mr. Dinu?**

Answer:

They are my colleagues from the companies that are shareholders in Meta Estate Trust.

6. **For the commercial business line (Penny, the medical clinic), when are the first revenues expected to start coming in?**

Answer:

We announced in October or November a pipeline of four Penny stores, which were initially scheduled for completion in 2027. In the meantime, together with our discussion partner and after analyzing more than 20 projects in the market, we have been working to bring these timelines forward. We are currently aiming to enter projects—possibly even in the near future—that are expected to be completed as early as this year, in 2025. Of course, nothing is certain at this stage. Once things become confirmed, the information will be reported to the Bucharest Stock Exchange, as well as shared in the media and with our shareholder community—you will be informed accordingly. However, with a bit of luck, we could start seeing some revenues as early as this year, by entering projects that will be finalized and begin generating rental income in 2025.

The medical clinic will be developed. The project is expected to obtain the building permit a bit later, either in May or at the beginning of June. In any case, our advance is secured by other real estate assets, so there is no risk on our side in the event that the building permit is not obtained.

The urban planning certificate has been obtained, and a very important aspect is that the traffic approval has also been secured—this is essential, considering that traffic-related approvals in Bucharest are often problematic. The clinic will be completed and is most likely to start generating rental income by the end of 2026, or possibly at the beginning of 2027. Since this is a development located in central Bucharest, we need to factor in more conservative timelines, as it is significantly more complex compared to a retail park development in a smaller Romanian city.

7. Now that the capital markets law has changed and the required timeframes for share capital increases have been shortened, does this help you in the context of the upcoming capital increases at Meta? What is the expected timeline for the allocation of ordinary shares (from the preferential ones)?

Answer:

Yes, it is helpful. Operationally, we expect to gain at least 3 to 4 weeks on each share capital increase, based on how they are currently structured. Specifically, the preference rights period has been reduced from 30 days to 14 days. For the capital increase we initiated through the Board of Directors' approval—as announced on the stock exchange on March 11—the new law was not yet in force. At the time the new law came into effect, we had two options: either allow the ongoing process to continue as initially structured, or issue a new Board resolution, cancel the previous one, republish the updated decision with the shortened 14-day period, and proceed under the new framework. However, republishing would have caused at least a one-week delay due to the formalities required for publication in the Official Gazette. Additionally, it would have likely raised questions among shareholders about why a new Board decision was issued, differing from the previously announced one. For these reasons, we decided not to alter the current process. The ongoing capital increase is expected to be completed by the end of May.

The prospectus has been submitted to the Financial Supervisory Authority (ASF), and we are currently awaiting its approval. We will have 30 days allocated for the preference rights and the first subscription phase in cash. Essentially, we have incorporated the preference rights into this phase, and the second phase will proceed much more quickly. One of the key advantages of the new capital markets legislation is that, once the capital increase is completed, the registration will first take place with the Central Depository. This means that the shares will appear in shareholders' accounts sooner, followed by the submission of formalities to the Trade Registry and other relevant institutions. This represents a significant improvement compared to the previous process, where the Central Depository was the final step. The change reverses the flow in a beneficial way. As a result, we save approximately two weeks per capital increase operation due to the shortened preference rights period, and an additional one to two weeks thanks to the priority registration of shares with the Central Depository before continuing with other institutions.

8. What is the current book value per share?

Answer:

The book value per share is RON 1.11, as mentioned earlier and clearly stated both in today's presentation and in the annual report. Despite an increase in share capital by 9 million shares and RON 9 million, this value has been maintained at the same level as at the end of the previous year, supported by the current year's financial performance.

9. Do you intend to pay dividends for last year to shareholders? And if so, when will the payments be made?

Answer:

At this moment, we are exploring this possibility, and if the Board of Directors considers it appropriate, we will follow up with a proposal and the convening of a subsequent General Meeting of Shareholders. Currently, there is nothing concrete, but as soon as we have an update, we will report it and inform you accordingly. It is indeed an option we are considering. I would also like to highlight that our intention was to first complete the ongoing share capital increases and then evaluate and potentially implement this option.

What is very important to mention is that, following the redemption of the preferred shares, claims have arisen in favor of the shareholders who subscribed to this program. Any decision taken by the Board of Directors and subsequently by the General Meeting of Shareholders would, of course, be most appropriately made once the holders of these claims receive ordinary shares in exchange—something we estimate will happen by May 30.

If we were to approve a share capital increase and set a gross dividend per share, that amount could change by the time the payment is made, since in the meantime we will have completed the ongoing capital increase operation. Therefore, we believe that the most accurate and transparent approach would be to explore the cash dividend option immediately after the completion of this capital increase. Of course, we invite you to attend the Ordinary General Meeting on April 28 to discuss this topic, as that is the appropriate legal and technical setting in which such a discussion can take place. As you may have seen, the meeting agenda includes a proposal for profit distribution, as well as the delegation of authority to the Board of Directors regarding the share capital increase. From a technical standpoint, the possibility remains open, and we would welcome a dialogue on this subject during the upcoming Ordinary General Meeting.

10. What revenues did the hotel in Poiana Brașov generate up to December 31, 2024?

Answer:

In Poiana Brașov, Swissôtel was launched at the end of September. For Q4 2024, we invoiced revenues of EUR 20,000. These revenues have been increasing progressively. We've seen reports and the brand's public announcement stating that the occupancy rate exceeds 70%, which is very encouraging. We expect revenues to continue growing quarter over quarter. Additionally, an investment of this nature in the hospitality industry typically "matures" and reaches a stable performance level after the first year of operations. Given the hotel's location, we are seeing occupancy rates in line with the budget we originally estimated. Furthermore, I recall that the sale-purchase agreement was signed after the beginning of October, so the revenues—generated over less than three months—translated into an annualized yield of over 5%, which is a strong performance considering the hotel has only just opened.

We expect the yield to slightly exceed 5% this year. Our target is 9%, and of course, as my colleague Bogdan also mentioned, hotels generally take between 1 and 2 years to reach optimal occupancy levels.

11. How many shareholders does MET currently have (ordinary shares), and how many were there at the end of 2023? If you have statistics available, I'm referring to how many were added during 2024. Perhaps these figures are already included in the annual or quarterly reports.

Answer:

As of January 5, 2024—the record date for the cash dividend—we had 613 shareholders. By the end of 2024, this number had increased to 836. Therefore, we saw a growth of 223 shareholders over the course of the year, representing an increase of approximately 33%. It was a noticeable growth. We also mentioned this in the annual report, under key events, in the last section related to the capital market—possibly in percentage terms only.

12. When will the redemption of the preferred shares be completed?

Answer:

The operation was completed on February 28, 2025, exactly as approved by the Extraordinary General Meeting of Shareholders. The process of increasing the share capital through the conversion of the resulting claims is currently underway and is expected to be finalized by the end of May 2025.

13. When you say that you are focusing on the capital market area, does this also include projects in Ilfov? Additionally, does it include house projects as well, or only apartment developments?

Answer:

We are not currently considering projects in Ilfov. We have looked at them closely in the past. What happened is that, due to the blockage in Bucharest, many developers shifted their focus to the Ilfov area—especially the Pipera zone—which has become highly congested. In practice, building permits were issued in Ilfov, allowing developers to authorize their projects there, which led to an oversupply of new housing. As a result, we no longer find the market attractive, as this oversupply is likely to place downward pressure on prices.

The same situation is occurring in Bucharest, particularly in the Fabrica de Glucoză area, where there are a large number of residential projects. However, we are focusing on other areas, such as Sector 3 and Sector 6, where there are far fewer developments underway. In fact, the projects we are investing in are among the few in those zones—if not the only ones—apart from two or three others. These areas have much stronger fundamentals because demand remains steady—after all, we are talking about Bucharest—and the zones are nowhere near as oversaturated with new housing. As a result, the number of new units entering the market will be limited, and we will be in a better position to resell them more easily.

As for apartments versus houses, the latter have not performed very well recently. They experienced a strong period immediately after the pandemic, when many people wanted to move into houses, but that trend has since sharply reversed. Previously, houses were not particularly attractive, and many people preferred to move into central Bucharest or stay within the city. That temporary shift during the pandemic has now returned to its original downward trajectory. Given that we still have opportunities to invest in residential apartment projects in the capital, we are choosing to focus on those. We are targeting small apartments—studios and one-bedroom units—where we can still achieve price points between EUR 65,000 and EUR 90,000.

These apartments are the ones with the highest transaction speed and the fastest sales volume, meaning they are the easiest to sell. Of course, they also have strong growth potential, as we view the VAT threshold of EUR 120,000 as a key factor when it comes to price appreciation potential and transaction speed.

14. **For the recurring revenue line, are you also analyzing office buildings? For example, wholesale leasing and retail subleasing?**

Answer:

We are not analyzing this market, as we consider it more suitable for operators. On one hand, the office market has been in decline since the onset of the pandemic. Currently, the fundamentals of the office market are similar to those of the residential market—perhaps even more concerning in terms of future supply, which appears to be problematic.

The number of office square meters to be delivered in Bucharest in the coming years is close to zero. So, there will still be some opportunity in this segment, but it cannot be compared to the residential market, where demand has been steadily increasing. As for the business model of leasing office space wholesale and subleasing it retail, it's important to note that the office market is not our area of expertise at this time. Given the current context, we do not consider this market to be a viable opportunity. Of course, we cannot predict how the situation may evolve in the future.

Instead, I believe we will continue to focus on owning real estate assets—holding properties that we can lease out, optimizing their financing, lowering the financing interest rates as much as possible, and maximizing yields. Our strategy is more oriented toward owning assets and leasing them to operators who will manage them, while we focus on raising capital, both in the form of equity and debt.

15. **If I'm not mistaken, you have used market making services in the past. Do you plan to use them again this year or after transitioning to the main market?**

Answer:

We do not plan to use market making services this year. We hope that, given the significant trading volume we've seen over the past month, we can activate our own share buyback program. Essentially, we act as our own market makers, aiming to achieve better results than those recorded last year. We conducted an analysis when we decided to discontinue the use of market making services last year. We found that we were able to buy back shares from the market and provide a similar level of liquidity through our own program, while also optimizing costs. However, if we see more competitive services offered by brokers in the future, we would certainly be open to reconsidering this decision.

16. **Regarding credit lines, what are the current bank offers like for your business? Is it worth using as much bank leverage as possible?**

Answer:

It depends on the type of projects. For retail park developments, we believe there is a significant opportunity, as we are seeing the potential to achieve net yields—after property tax, operating costs, and insurance—ranging between 7.5% and 9%.

For these types of assets, we are able to secure back-to-back financing contracts—meaning for the duration of the lease agreements, which typically range between 10 and 15 years. Depending on the bank and its internal policies, financing terms can vary between 10 and 12 years, with some banks even offering up to 15 years. The effective annual interest rate we can obtain for such loans ranges between 5% and 6%, which enables these assets to generate positive leverage—since the yield exceeds the cost of bank financing. This contributes directly to maximizing the return on equity.

At the moment, we are looking at assets that, with this bank leverage, can generate a 10% return on equity solely from rental income in the first year—without factoring in capital appreciation or rent indexation to inflation. If we do include capital appreciation and rent indexation, depending on the specific cases we are analyzing, we can see an annualized internal rate of return on equity exceeding 15%.

Why do I say it is opportune to use these financing lines for such assets? Not only from the perspective of return on equity, but also from a risk standpoint. Considering that the lease agreements are signed with companies that have very strong credit ratings, solid financials, and are locked in for long durations with no break options, the risk is extremely low. The likelihood that a tenant would fail to pay rent—thus preventing us from meeting our own obligations toward the bank—is very low. Therefore, using bank leverage for this line of business is both a suitable and advantageous strategy.