Questions and Answers

Teleconference for the presentation of the Q1 2025 Financial Results

May 2025

1. **In the context of the financial results declining compared to Q1 2024, both in terms of revenue and net profit, is this primarily due to the real estate market and the general economic slowdown, or is it something specific to the niches in which MET operates? We've noticed the strong cash position. Looking at the net cash used in the cash flow statements, it appears that it hasn't been deployed as actively as in the past. What are the reasons for this? Were there fewer opportunities available on the market?**

   Answer:

   I'll start with the financial side, and Alex will continue with the opportunities and how we are capitalizing on them. Regarding the financial results, we had budgeted and scheduled the signing of the sale-purchase contracts for March 28, but this was postponed by one week, to April 4. The two targeted apartments would have brought both the revenue and profit in line with the levels recorded last year.

   At the same time, we observed a contraction, likely also from a statistical standpoint. Market operators have already reported that, in the first quarter of 2025, the real estate market in Bucharest experienced a 5–7% decline in the number of transactions compared to the same period last year. As for the cash position, it was received at the end of March, and investments, as well as the use of funds, have been made gradually, depending on the opportunities available to us. Of course, we did not rush to invest these funds, as we were closely monitoring economic and political developments. However, what we did prioritize was the analysis of opportunities. When it comes to results, the most important thing is that the net profit is in line with our budget. Revenues are not, but neither are the costs.

   It's clear that in a period marked by numerous uncertainties, both political and economic, it is very difficult to accurately forecast what might happen. I believe what is most important to highlight is that we had the ability to significantly reduce costs, to act dynamically and proactively, and we delivered the budgeted profit. As for investments, there are currently many opportunities in the market, and Meta Estate Trust has analyzed more opportunities in the past six months than it has in the three years since its founding. However, we couldn't make investment decisions in a politically uncertain environment. There was a moment when all the discussions we had with senior banking executives revolved around the same issue. They felt that without a clear election outcome, they couldn't visualize or implement their investment plans because if the outcome had been different, they would have had to completely rethink their entire strategy.

We have our project pipeline already established and, as mentioned, in June we will announce a fairly substantial investment. However, this doesn't mean we will fully deploy all the capital we have. We prefer to maintain a comfortable liquidity position because we are confident that many more opportunities will arise. We are also in direct contact with insolvency firms and are closely looking into acquiring distressed projects, whether through foreclosure sales or liquidations. The market is not quite there yet; it will probably take another six to nine months, maybe even a year, before such opportunities become more visible. But we are already monitoring them very closely. I believe that in a period of uncertainty, having a strong cash position is not only desirable but also very important.

2. **The number of preferred shares is decreasing, but according to Article 8.2 of the Articles of Association, they will still benefit from the 33% cap priority dividends from the profit. So, will there be any change for those who hold only ordinary shares? I'd like to understand if they are entitled to a larger share of the distributable profit.**

Answer:

I should start by outlining the benefits of preferred shares. The preferred shares are entitled to a priority dividend of 0.38 bani per share, capped at a maximum of 33% of the profit. What does this mean in practice? If we look at the 2023 results, the profit we recorded and how it was distributed in 2024 according to the General Meeting of Shareholders, we'll see that the 0.38 bani per share exceeded 33% of the total distributable profit. Therefore, the payment was limited to that 33%, which was granted in the form of free ordinary shares to the holders of preferred shares. What happened after the conversion program? In 2025, we redeemed 86% of the preferred shares, remaining 1,500,000 preferred shares with the same 0.38 bani per share priority dividend. This translates into a total priority dividend of 580,000 RON, representing less than 6% of the total distributable profit for the year 2024. Thus, the effect of the conversion program was to reduce the allocation to preferred shares from 33% in 2023 to under 6% in 2024, based on the profit for 2024, as approved by the General Meeting of Shareholders in April 2025. As a result, the impact is highly favorable for ordinary shareholders.

Our goal is to reduce the allocation to a level that is no longer significant for either new investors or existing holders of preferred shares. We have successfully brought this share down to below 6% of the total distributable profit for this year, which will go to the remaining preferred shares. Meanwhile, over 94% of the distributable profit will go to ordinary shares. This will be distributed either in the form of free ordinary shares as part of a new share capital increase or, as previously mentioned, we are carefully evaluating the possibility and timing of granting a cash dividend, which we will announce in the upcoming period.

Basically, once the preferred shares are cancelled, a process that is already underway and expected to be completed this year, the fundamentals of the ordinary shares will change entirely. It's important to keep in mind that the ordinary share is the one traded on the Bucharest Stock Exchange, not the preferred shares, and until now, the ordinary share was diluted by approximately 33%, due to the allocation from net profit. If we also look at the discount to the company's net book value, that discount was roughly in the same range. So, from a fundamental analysis perspective, the discount made sense. Now, if we reduce that dilution to just 6%, then theoretically and fundamentally, the value of the ordinary share has the potential to increase, bringing the discount down to around 6% as well. Therefore, the outlook is positive for holders of ordinary shares, and we hope this change will significantly increase interest in MET shares.

3. **Are pension funds allowed to invest in MET? As far as I know, they had restrictions regarding real estate investments.**

Answer:

Pension funds are looking for large tickets and are restricted from investing in unregulated markets. We now have a clear strategy specifically aimed at attracting pension funds into MET's shareholder base. This strategy has two main components: transitioning to the BVB Main Market and increasing the size of the company. That's why, over the next three years, we aim to double our assets, to double them by financial leverage, as we currently have a very low level of debt. Additionally, the area of investment in recurring income-generating assets, which Alex presented earlier, is highly bankable and attractive to banks at this time. Therefore, our objective is to move to the BVB Main Market and grow in size, in order to be on the radar of pension funds as well as all institutional investors.

4. **How do you manage to sell the apartments? Through which channels do you sell them—Imobiliare.ro, OLX, or do you have dedicated agents?**

Answer:

As we presented in the Q1 report, our team has a dedicated manager for the trading segment. Oana Văsteucă, through the Meta Homes channel and with advertising on Imobiliare and OLX, is responsible for sales and also manages both new acquisitions and investments in real estate projects. Of course, in collaboration with the investment team and with the approval of the Board of Directors. She also handles client relations for MET and oversees all sales channels. We have internalized this function and now have a dedicated manager. We operate our own platform, Meta Homes, and have our own accounts on Imobiliare and OLX, which allows us to fully leverage all available market tools to sell our apartments.

5. **Do you maintain the previously communicated budget targets for 2025? A turnover of RON 21.3 million and a net profit of RON 12 million?**

Answer:

Yes, we aim to reach the communicated figures, as we have mentioned in previous discussions. The preparation and monitoring of Meta Estate Trust's budget is a continuous process, monthly, and even weekly during certain periods, throughout the year. We have planned for a potential budget revision at mid-year, of course, only if necessary. Each month, during every Board of Directors meeting, we review both the current figures and projections for the upcoming months, quarters, and semesters, together with the Board.

If we observe that the current year's portfolio and market conditions are leading to significant deviations, either in revenue across the budgeted lines or in annual net profitability, then we will proceed with budget revision and communicate it to the market. This would be done starting in the second half of the year. That means, along with the results as of June 30, which we will publish at the end of August, we will present a budget revision only if necessary. If no such revision is announced, it means we are within our targets. We want to be transparent and stand by our analyses because, as we presented, the revenue target should be met based on our current portfolio. We did not include new or future projects in the revenue forecast. That being said, the revenue figure will also depend on the opportunities we capitalize on. For example, we have a project in which we plan to proceed with a cession in the near future, rather than a direct sale.

This means that the profit margin will be reflected in our portfolio, but the revenue will not account for the full value of the residential unit sold. Instead, we will recognize only the operational income from the margin. The main priority remains, of course, achieving net profit. Net profit is clearly our top priority. It is also evident that the year continues to be dynamic, and while political risks have subsided, there are still significant financial and economic risks. At this point, we do not foresee any events that would prevent us from meeting our targets and budget.

Nonetheless, we must keep in mind that our activity also depends on certain developments taking place in the projects we're invested in. This year, we aim to exit some projects we've been involved in for quite a long time, since around 2021–2022, which were restructured last year, and we hope to complete the exit process this year. At this point, the projects look good, are finalized, and one of them has already received its occupancy permit. We are now waiting to take possession of the apartments so we can resell them. However, as previously mentioned, revenue is only recognized when we take ownership of the apartments and sell them to end clients. We will evaluate this process very carefully because, while the revenue looks good on paper from a financial results perspective, our main objective is to keep risk at a minimum. When we take ownership and resell the apartments, we become the official sellers and must provide warranties to the clients. These apartments are subject to a 36-month warranty period, during which any hidden vices, of which we may not be fully aware, as the units were sold to us by developers, could pose risks. Even though we're simply reselling, such situations introduce some additional exposure. So, if we manage to cede the units while maintaining the same profit margin, the net margin will actually be even better, as we will avoid notarial costs and, importantly, reduce those risks. By ceding all rights and obligations, we will secure our margin, but the final sale of the apartments will be carried out by the developer. It may seem like a technical detail, but it is extremely important, as it has a significant impact on both our financial results and on off-balance sheet risks—risks that are not visible in the financial reports, yet they exist and must be carefully managed.

6. **Do clients understand how the cession fee works? What percentage of the units are sold during the construction phase, and how many are sold after being fully acquired and paid for by the company?**

Answer:

As Alex mentioned, we have an opportunity to assign. In 2024, there have been no assignments. In 2023, I would say assignments were not the majority, but they were significant. This is a context we can take advantage of. As Alex pointed out, one benefit is the possibility of selling more quickly. The project he referred to has already gone through the reception phase. What remains are co-apartmentation, registration in the land book, and final inspections, after which we will be able to take possession of the apartments.

If we see an opportunity to have the same margin more quickly, we want to take it in order to benefit from faster cash flows. Additionally, we’ve occasionally observed, not frequently, but from time to time, certain delays or, of course, hidden vices that we might not be able to detect. Through cession, we eliminate that risk by transferring it to the developer. While such cases are rare, this remains an option we can leverage depending on the level of interest we observe around the specific project or apartments. Typically, value maximization in trading investments occurs after the project is completed and after the supply on the secondary market has been absorbed, at which point we can secure a higher selling price. However, we appreciate the flexibility that direct assignment offers, especially for projects we want to exit quickly, projects we’ve been invested in for a long time, where we believe it’s more advantageous to exit sooner rather than wait to maximize the price. This dynamic and flexibility are extremely important, particularly in the real estate market, where the ability to adapt truly makes the difference.

7. **Regarding the recurring revenue business line: if I understand correctly, the retail segment will take shape this year with the Penny and Medical Clinic projects, so I expect that in the 2026 balance sheet and report, the growth of this line's share will be clearly reflected. Is that correct? My question is whether the residential segment will also be a priority within this business line. Nowadays, I don’t think any tenant expects their rent to decrease or even remain the same.**

Answer:

Yes. There are two aspects to consider, one related to the investment's performance and the other to its competitiveness in both the public and private capital markets. In terms of performance, all the retail projects we are analyzing come with very attractive financial and economic fundamentals. We’re talking about long-term lease agreements, 12 to 15 years, denominated in euros and indexed to inflation. Most importantly, the net yield for these opportunities stands between 8% and 9%. If we compare this with the residential rental market, a net yield of 8–9%, meaning after deducting property taxes and insurance, is very hard to find. It might be possible only in exceptional cases, but generally, such yields are not available in the residential segment.

It’s clear that residential capital appreciation could potentially be higher if you invest in a high-quality project in a prime location. However, it also requires higher operating costs; you need to maintain relationships with tenants, stay competitive with other rental listings, and possibly offer additional rental incentives. All of this makes the residential rental business, at an institutional level, currently less attractive.

It's no surprise that institutional funds are turning to the retail real estate market and not entering the residential space. If the long-term residential rental market were more competitive with the other real estate markets, we would start seeing institutional funds, which have dedicated investment lines for this type of asset, entering the space. And there are many such funds in Europe. When it comes to the competitiveness of capital markets, we need to consider what an investor can do with his money. Almost any individual investor can buy an apartment and rent it out. This remains a very popular investment method among Romanians.

If we were to do that, we wouldn't be able to offer our shareholders and the capital market something truly unique. In contrast, investments in retail parks and buildings leased to operators of medical clinics are far more exclusive and compelling. That's why we believe it's easier to convince an investor to buy a MET share, because not every investor has access to these types of opportunities. This is precisely why we focus on markets that are harder to access but which, of course, deliver much stronger financial performance.

8. **I noticed that you have increased both headcount and personnel costs. Do you anticipate further growth throughout 2025 and the following year? I'm trying to assess the cost structure behind your announced target of doubling in the coming years. It's not entirely clear to me from which angle you plan to scale — will you rotate capital more quickly, or are you targeting short-term investments? I also appreciate that you mentioned foreclosures/distressed assets.**

Answer:

As we also presented in our report, we have decided on the investment team. We have three investment managers. There are two in the executive leadership team, and Oana, who is the Chief Operational Officer and supports us across all our business segments. Additionally, we have two more support staff members within the company. We do not see the need to further expand the team. With this structure, we are perfectly sized to achieve and pursue the targets we have set out.

When it comes to scaling or capital rotation, our goal is to grow organically through the recurring income asset segment, where projects are larger in size. Also, by leveraging financial gearing and bank financing in this area, we aim to double our current portfolio and total assets over the next three years. It's a very straightforward calculation. If we assume a net profit of 10% on equity, this means that our equity will grow by 10% year over year, which is a reasonable and achievable target.

Considering the three-year timeframe, we also benefit from a compounding effect and a slight exponential growth of capital. Currently, our debt-to-equity ratio is around 6–7%, which is very low. We based our projections on a very simple set of assumptions: an organic annual growth of 10% in equity over the next three years, and a gradual increase in the debt ratio, reaching up to 35% by the third year. If we apply this calculation, you'll see that total assets, meaning both equity and the leveraged (debt-financed) portion, will effectively double. Therefore, we believe these targets are quite achievable.

As for costs, including personnel expenses, we budgeted higher costs for this year. However, if we look at what we achieved in Q1, they are below budget and I believe even below 2024 levels, if I'm not mistaken. They are approximately 28% lower than in 2024 and around 20% below the budget. We prepared the budget under a maximal scenario, assuming favorable market conditions that might have allowed for even more growth. In such a scenario, we wouldn't have been able to pass the General Meeting vote with a fixed-cost budget unless we had anticipated that level of flexibility.
That's why we budgeted higher costs, only in the event that meaningful opportunities would arise. If we observe that the economic situation continues to stagnate, as we saw in Q1, then of

course, as mentioned, we have the flexibility and ability to avoid incurring those costs and to operate with a significantly lower cost budget in order to achieve our net profit target.

9. **Could you please provide us with a status update regarding the litigation topic?**

Answer:

Here we have good news. We've secured an initial stage victory, as we have received a first-instance ruling that dismisses the complaint filed by the former administrator of the company MMT, deeming it unfounded. We are now awaiting the court's written reasoning, which we expect to be published around mid-June. From that moment, theoretically, the decision could be appealed within 30 days. In any case, we believe that the court's conclusion validates the position we have taken and the strategy we have implemented in handling this litigation. We will continue on this path until a final decision is reached. Therefore, from my point of view, there are strong arguments supporting our stance on this case. We will keep you updated as new developments arise on this matter.

10. **How do you view Hubix in relation to us? Are they competitors, potential partners, or simply not relevant to us?**

Answer:

I would say the relationship with Hubix is a mix of competition and partnership. Our peers in the market were able to raise capital quite quickly and purchased the apartments in Novarion, which helped us execute a very timely and favorable exit. So, in the first quarter, I would say we acted as partners. Moving forward, we would be open to similar partnerships, in the sense that the investments made by Meta Estate Trust are thoroughly analyzed in terms of their viability.

As we've mentioned in previous discussions, we operate with three levels of review when making an investment decision: the initial analysis conducted by the investment team, followed by validation from the Investment Committee, and finally, approval by the Board of Directors. This structure ensures that every investment undergoes a thorough review, both from a legal perspective and in terms of economic viability and project feasibility.

And I believe this level of analysis is also well-regarded by the market. The market recognizes that Meta Estate Trust chooses to invest in feasible, profitable projects. That's why a partnership, even if never formally discussed, with Hubix makes sense. Likewise, we are open to collaboration with other potential investors in the market, and in the long term, we aim to establish similar partnership structures with banks as well. From the very beginning, we have promoted the idea that our business model cannot operate in a vacuum.
We need partnerships, and beyond that, we need an ecosystem. I would be glad to see other market players emerge and take on the kind of role that Hubix played in the transaction mentioned earlier. The more solutions we have that enable us to execute faster exits, the more we can increase the speed of rotation of our capital, which will naturally have a positive impact on our financial results.

Supporting the development of the ecosystem, whether we're talking about the financial market or the real estate market, is one of the objectives that Meta Estate Trust actively pursues. I believe in an abundance mindset, so every time we see a new partner emerge, somewhat similar to us, I'm genuinely pleased. Over the past 3–4 years since our founding, we've often felt like we were pushing the market in a certain direction, trying to educate it, institutionalize it, and we've experienced the challenges of sustaining that effort. That's why we're glad to have another institutional or semi-institutional partner join the ecosystem. What we need to do in this market is to build it up; we need large-scale projects, we need vehicles capable of raising capital from our private capital markets, and we need to not have anymore cases like Nordis or similar ones. We can only achieve this through coordinated efforts and by investing capital in professionally analyzed projects, in the most transparent way possible. Transparency is a fundamental criterion for restoring trust in the market.

What's particularly interesting is that Romania's capital market, and I'm not referring only to the public capital market, but especially to the private capital market, is very active when it comes to real estate. Romanians invest heavily in real estate. For me, this is still part of the capital market; it's just that people invest in real estate through a different form, either by purchasing apartments directly or, more commonly, by entering into sale-purchase promise agreements. Now, of course, we're seeing a legislative framework being developed to better regulate these practices. But the conclusion I draw is that Romanians have a strong appetite for investment; they just lack a wide variety of investment products. I believe that the more diverse and abundant the investment offering becomes, the more the market will develop in a healthy and sustainable way.

11. **Do you plan to move from the AeRO market to the Main Market? If so, what are the criteria that need to be met, and what is the estimated plan or timeline for achieving this goal?**

Answer:

As mentioned earlier, we are on a straight line for the transition to the Main Market. The steps involved are those previously discussed, regarding the operations on the composition and structure of equity.

As soon as these operations are completed, the prospectus for the transition to the Main Market will be submitted. We estimate that the prospectus will be submitted in the first quarter and that the transition will be completed in the first quarter of 2026. I had hoped to complete it by December 31st, but we have two capital reduction operations to finalize, and each of them requires a two-month opposition period, in accordance with the current legislation.

The criteria that need to be met include both qualitative and quantitative requirements. In terms of quantitative criteria, we meet all of them. We have sufficient market capitalization, a free float well above the minimum requirement, we've been listed for more than three years, and we have more than three sets of audited financial statements. So, from a quantitative perspective, we fully meet all the necessary conditions.

From a qualitative perspective, the BVB regulation includes a well-established corporate governance code, which we largely already comply with. There are just two or three policies that we still need to define and implement before we submit the prospectus. These are elements we've already reviewed and plan to implement in the coming period, by the end of the year, so that we can meet all the required criteria and reflect them in the prospectus for the transition to the Main Market.

12. **How quickly do you expect to reinvest the current record-level cash held in your accounts?**

    Answer:

    The available cash we had in our accounts as of March 31st will be reinvested in the coming period. We have already contracted four projects, each with a 15% advance payment, and we are actively looking to make further investments in the area of income-generating assets. We hope to have some news in this regard by June 30, before the next half-year report, and we are currently analyzing at least 5–6 opportunities in the market that look very attractive. As previously mentioned, these opportunities will go through our Investment Committee and the decision of the Board of Directors, and will then be presented on the stock exchange to shareholders and potential investors.

13. **Considering the clearer political outlook, what impact do you anticipate on the real estate market in the short and medium term?**

    Answer:

    Regarding the impact of political outlook on the real estate market in the short and medium term, from my perspective as Chief Financial Officer, I believe there are still 2-3 key stages to go through this year. One very important stage is the finalization of the new government. An equally important next step is the upcoming update of the country's credit rating.

    We hope that a government formed quickly, with clearly announced measures and a well-negotiated stance with those who influence Romania's country rating, will lead to positive outcomes, namely, maintaining our current rating. Of course, there will be another important milestone, in my view, at the beginning of autumn regarding the Bucharest City Hall, the new mayor, and the new vision. We hope this will lead to a medium-term unblocking of real estate projects in Bucharest.

    It is clear that, in the short term, nothing particularly significant will happen. And of course, from my point of view, the last part of the year will be crucial, and we will closely monitor the much-discussed deficit, as well as how the reforms proposed by the new government will have an impact, both in terms of fiscal measures to be implemented and the state's spending and deficit reduction efforts. This will go hand in hand with monitoring inflation toward the end of the year. The initial forecasts from the National Bank of Romania indicated a decline, and we hope this trend will be maintained. Of course, we need to see how they will be reassessed after the upcoming political decisions and fiscal measures, in the second half of 2025. We will closely monitor. There seems to be a sense of optimism following the election results. However, we must pay close attention to how the state will continue to attract capital and, just as importantly, at what interest rates.

We’re already seeing that, in the U.S., about a week and a half ago, there was quite a significant surprise. We hope that won’t be the case here as well. Our financing will be in euros, based on a margin plus Euribor. Euribor has decreased significantly and is holding up very well. So, in this context, being part of the European Union is definitely a positive factor. However, the bottom line is that we will remain extremely vigilant going forward. We do not believe that the risks have passed or that everything ahead will be purely opportunistic and favorable.