

Perspectives and Income and Expense Budget for 2024

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Macroeconomic indicators for 2024 of the National Commission for Strategy and Prognosis

The elaboration of the current scenario regarding the evolution of the Romanian economy was made considering the uncertainties and risks manifested (including the economy performance at UE level as well in USA and China and the war in Ukraine and Middle East), the available statistic data regarding Q3'23 economic increase and the evolution of certain indicators for September – November 2023.

In 2023 the economy increased at a lower pace compared to 2022 (2% growth in 2023 vs 4.1% in 2022), however the inflation rate as well as the current balance account deficit as % of GDP went down compared to the prior year.

- percentage change from previous year%

		2022	2023	2024	2025	2026	2027
GROSS DOMESTIC PRODUCT	- billion ron	1,401.3	1,589.4	1,738.9	1,886.1	2,035.4	2,181.8
	- real growth %	4.1	2	3.4	4	4.4	4.1
of which gross value added in:							
- Industry		-4.6	-2.6	0.8	2.5	3.8	3.9
- Agriculture, forestry, fishing		-23.4	6.2	5.7	2.9	1.6	1.4
- Constructions		2.5	8.8	7.6	9.1	9.0	6.7
- Services		8.6	2.4	3.5	3.9	4.2	4.0
Net taxes on the product		8.9	2.8	3.8	4.2	4.6	4.2
Final consumption		3.7	2.6	3.3	3.3	3.7	3.5
Private consumption		5.8	2.3	3.4	3.9	4.3	4.0
Government consumption		-3.3	3.6	3.2	1.2	1.5	1.8
Gross fixed capital formation		5.9	10.4	7.0	8.2	8.1	6.4
Export of goods and services		9.7	-1.9	2.9	4.1	5.1	4.9
Import of goods		9.5	-2.0	4.1	4.8	5.7	5.2
Export of goods (FOB)	-millions of euros	91,940	93,100	97,400	102,940	109,420	115,800
	- %	23.1	1.3	4.6	5.7	6.3	5.8
Import of goods (CIF)	-millions of euros	126,030	122,040	128,870	136,310	144,730	152,780
	- %	28.1	-3.2	5.6	5.8	6.2	5.6
Trade balance - (FOB-CIF)	-millions of euros	-34,090	-28,947	-31,475	-33,367	-35,310	-36,985
Current account balance	-millions of euros	-26,040	-23,432	-24,022	-24,529	-25,135	-25,212
	-% in GDP	-9.1	-7.2	-6.9	-6.6	-6.3	-5.9
Consumer Price Index (CPI)							
- end of the year		16.4	6.6	4.6	3.4	2.6	2.3
- annual average		13.8	10.4	5.6	4.0	2.9	2.6

Note: 2022 GDP information is semi-definitive

Source: Winter Prognosis 2023 – 2027 elaborated by National Commission for Strategy and Prognosis.



- percentage change from previous year% -

	2022	2023	2024	2025	2026	2027
GDP deflator	13.2	11.2	5.8	4.3	3.3	3.0
Average exchange rate - ron/euro	4.93	4.95	5.00	5.06	5.12	5.18
Average number of employees - thous. pers.	5,209.5	5,268.6	5,354.0	5,454.0	5,563.0	5,658.0
- %	2.3	1.1	1.6	1.9	2.0	1.7
Number of registered unemployed (end of year) - thous. pers.	239.1	235.6	215.0	200.0	190.0	186.0
- Unemployment rate recorded at the end of the - %	3.0	2.9	2.7	2.5	2.3	2.2
Total employed population (according to AMIGO) - thous. pers.	7,806.5	7,725	7,765	7,835	7,915	7,980
- %	0.7	-1.0	0.5	0.9	1.0	0.8
BIT unemployed (according to AMIGO) - thous. pers.	464.4	450.0	445.0	420.0	394.0	370.0
- BIM unemployment rate - %	5.6	5.5	5.4	5.1	4.7	4.4
Gross average earnings - ron/month.	6,126.0	6,971.0	7,640.0	8,241.0	8,824.0	9,390.0
- %	10.7	13.8	9.6	7.9	7.1	6.4
Net monthly average earnings - ron/month.	3,801.0	4,352.0	4,778.0	5,156.0	5,522.0	5,876.0
- %	11.3	14.5	9.8	7.9	7.1	6.4
Real earnings - %	-2.2	3.7	4	3.8	4.1	3.7

Source: Winter Prognosis 2023 – 2027 elaborated by National Commission for Strategy and Prognosis.

For 2024, the National Commission for Strategy estimates an economic growth of 3.4% and a GDP of RON 1,738.9 billion. The annual average inflation rate in 2024 is estimated to reduce by 4.8pp., to 5.6% (vs 10.4% in prior year), while the forecasted inflation at yearend is 4.6%.

The average exchange rate for the same year is expected to reach 5 RON/1 EUR, i.e. 1% higher compared to 2023.



Macroeconomic indicators at European level

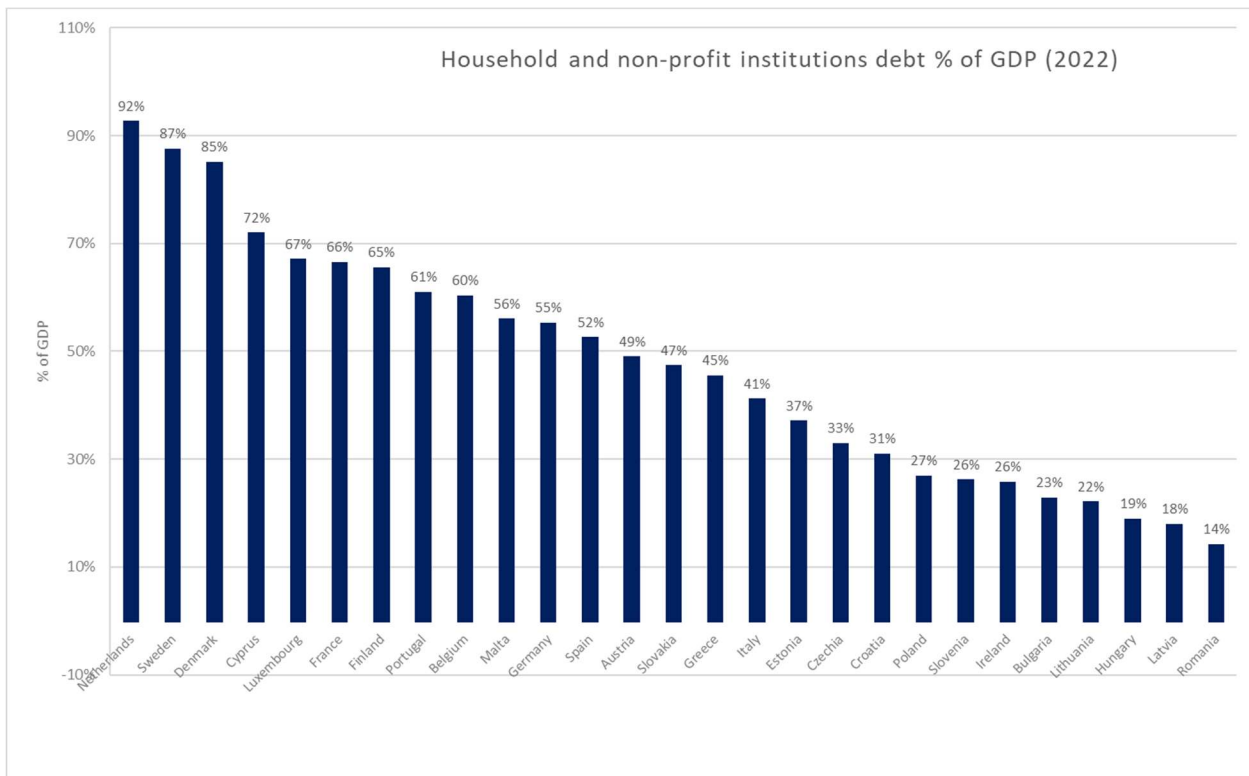
The analyses below are based on the available Eurostat statistics, Hypostat 2023 report as well as other available market reports. (N.B. Hypostat is a report published by European Mortgage Federation and includes a review of Europe's mortgage and housing market).

In 2022 Romania had a GDP per capita of EUR 10,030 (EUR 10,250 in 2023), higher than Bulgaria and Serbia, but lower than Hungary, Poland, and Czech Republic. However, at the same period it had the lowest level of indebtedness of households and non-profit organizations as % of GDP (14%) and of outstanding residential loans as % of GDP (7.5%).

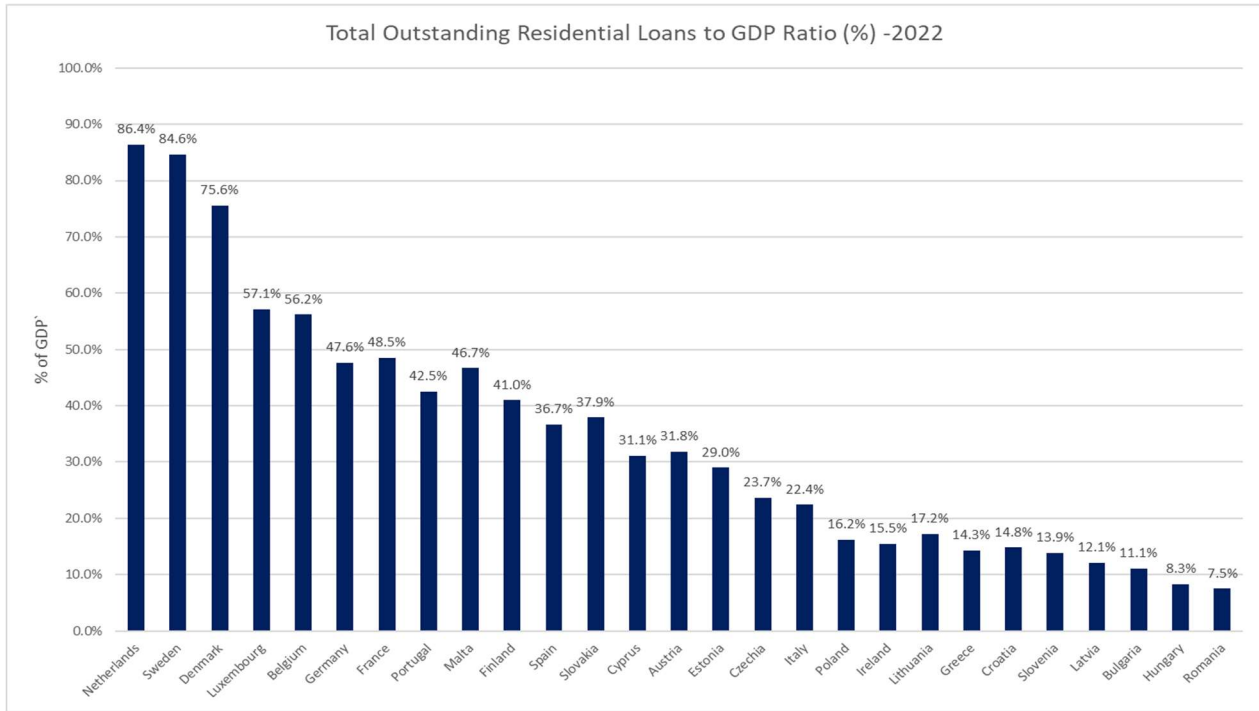
Real GDP per capita (EUR)

Real GDP per capita	EUR						Variation YoY (%)					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Romania	8,910	9,300	9,000	9,600	10,030	10,250	n/a	4%	-3%	7%	4%	2%
Bulgaria	6,330	6,630	6,400	6,950	7,680	7,850	n/a	5%	-3%	9%	11%	2%
Serbia	5,200	5,460	5,440	5,920	6,230	6,430	n/a	5%	0%	9%	5%	3%
Hungary	12,690	13,310	12,730	13,690	14,350	14,360	n/a	5%	-4%	8%	5%	0%
Poland	12,500	13,070	12,810	13,770	14,620	14,700	n/a	5%	-2%	7%	6%	1%
Czech Republic	17,990	18,460	17,400	18,020	18,460	18,330	n/a	3%	-6%	4%	2%	-1%

Source: Eurostat real GDP per capita

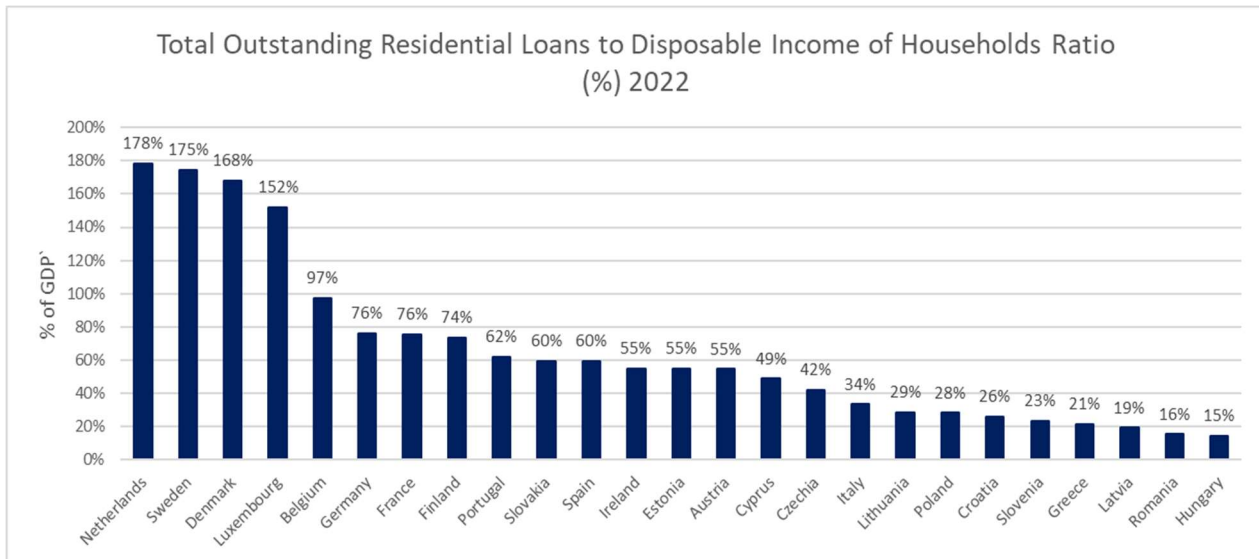


Source: Eurostat



Source: Hypostat 2023

According to available market reports, in 2022 Romania had the second lowest rate of outstanding residential loans to disposable income of households, however this must be correlated also with the mortgage rate, Romania having at the same period the third higher rate in Europe.



Source: Hypostat 2023



Rata medie a dobânzii credite ipotecare (%) - 2022



Sursa: Deloitte Property Index 2023



Macroeconomic indicators at Bucharest metropolitan area level

Bucharest metropolitan area represents the main market for One's residential and commercial segments and contributes with almost one third to Romania's GDP. Gross domestic product per capita at Bucharest level is more than double than the one at country level.

In terms of employment, on average 22% of employees are in Bucharest while the net monthly average earnings are approx. 50% higher than the rest of the country.

		2022	2023	2024	2025	2026	2027
GROSS DOMESTIC PRODUCT	- billion ron	398	446	489	530	573	615
	- % of total *	28.2	28.2	28.2	28.2	28.2	28.2
GROSS DOMESTIC PRODUCT/capita - Bucharest - euro		35,291	39,316	42,474	45,384	48,072	50,593
<i>GROSS DOMESTIC PRODUCT/capita - total - euro</i>		<i>15,012</i>	<i>16,820</i>	<i>18,280</i>	<i>19,663</i>	<i>21,056</i>	<i>22,400</i>
Average number of employees	- no. - thous. pers. - Bucharest	1,155	1,167	1,188	1,216	1,247	1,274
	- no. - thous. pers. - total	5,210	5,259	5,342	5,445	5,554	5,646
	- % of total	22.2	22.2	22.2	22.3	22.4	22.6
	- % change vs prior year - Bucharest	2.4	1.0	1.8	2.4	2.5	2.2
	- % change vs prior year - total	2.3	0.9	1.6	1.9	2.0	1.7
Net monthly average earnings	- ron/month	5,110	5,827	6,382	6,904	7,414	7,897
	- % change vs prior year - Bucharest	11.7	14.0	9.5	8.2	7.4	6.5

*Total is referred as being the value at Romania level.

Source: Fall Prognosis 2023 – 2027 by regions elaborated by National Commission for Strategy and Prognosis.



Main financial indicators and proposed income and expense budget for 2024

<i>in RON for the year</i>	2023 Actual	2024 Budget	Variation	%
Revenues from sales of residential property	1,130,393,968	1,424,997,629	294,603,661	26%
Cost of sales of residential property	(802,740,979)	(877,987,559)	(75,246,580)	9%
Other property operating expenses - residential	(12,124,094)	(11,451,629)	672,465	-6%
Net income from residential property	315,528,895	535,558,441	220,029,546	70%
Gains from investment property	260,631,796	148,070,964	(112,560,832)	-43%
Rental income	98,073,783	125,784,429	27,710,646	28%
Revenues from services to tenants	30,280,868	50,640,421	20,359,553	67%
Expenses from services to tenants	(30,280,868)	(50,640,421)	(20,359,553)	67%
Other property operating expenses - office	(11,452,425)	(25,288,735)	(13,836,310)	121%
Net rental income	86,621,358	100,495,694	13,874,336	16%
Commissions for brokerage real estate	(14,977,030)	(19,557,160)	(4,580,130)	31%
Administrative expenses	(82,020,505)	(76,407,342)	5,613,163	-7%
Net other operating (expense) / income	(4,090,753)	(514,018)	3,576,735	-87%
Result from operating activity	561,693,761	687,646,578	125,952,817	22%
Financial income	32,136,778	9,268,493	(22,868,285)	-71%
Financial expenses	(62,109,094)	(79,402,290)	(17,293,196)	28%
Result before tax	531,721,445	617,512,781	85,791,336	16%
Income tax	(82,102,915)	(92,302,045)	(10,199,130)	12%
Net result of the period	449,618,530	525,210,736	75,592,206	17%



Analysis of main financial positions

Turnover forecasted to grow with 15% up to RON 1,749,493,444 (RON 1,524,067,113 in 2023) due to increases in revenues from sales of residential property and rental income from commercial segment.

Turnover includes revenues from sales of residential property, rental income, revenues from services to tenants, gains from investment property, gains from bargain purchase and other operating income.

Net Income from sales of residential property forecasted to increase 70% up to RON 535,558,441. The increase is the effect of the higher revenues from sales of residential property, that are expected to go up with 26% in 2024 and higher net margin on sales (to 37.6%, +9.7pp in 2024 vs 2023). The better margin is explained by already solid sales generated at the developments currently under construction, which are set to progress towards completion, therefore positively influencing the net margin, in line with the revenue recognition policy applied by the Group.

Net rental income from commercial segment is expected to increase in 2024 with 16% up to RON 100,495,694 (RON 86,621,358 in 2023), driven mainly by higher rental income. Rental income and revenues from services to tenants is forecasted to increase with 37% to RON 176,424,851 (RON 128,354,651 in 2023) driven by tenants moving in to One Cotroceni Park Phase 2, that was delivered early 2023, and which is estimated to be full leased out this year. The Company also plans a full lease of One Cotroceni Park Phase 1 before the yearend.

Result from operating activity forecasted to increase with 22% (i.e., 125,952,817) up to RON 687,646,578 in 2024 compared to actual RON 561,693,761, driven by higher sales of residential property.

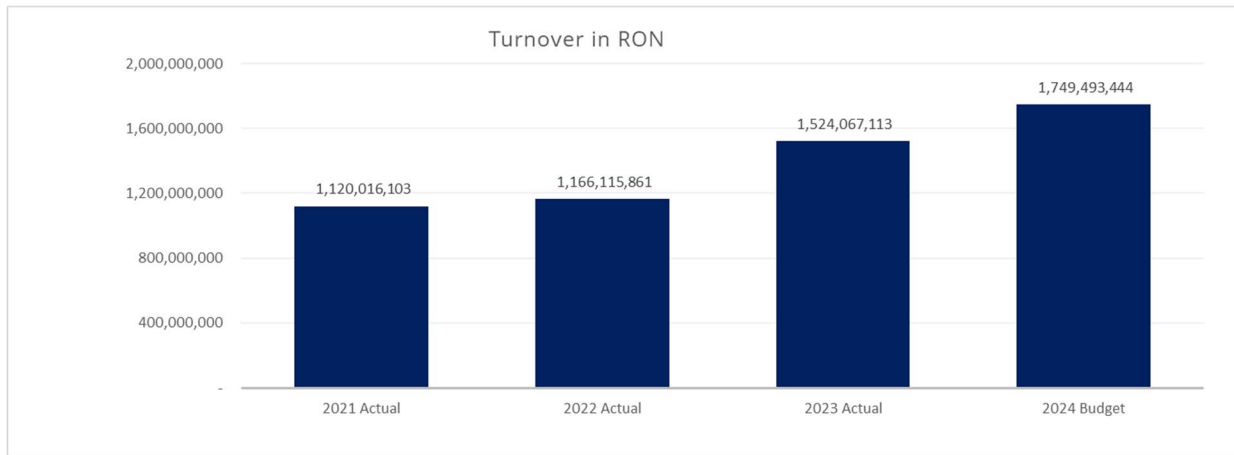
Net result for the period is estimated to increase by 17% to RON 525,210,736 compared to actual RON 449,618,530 in 2023.



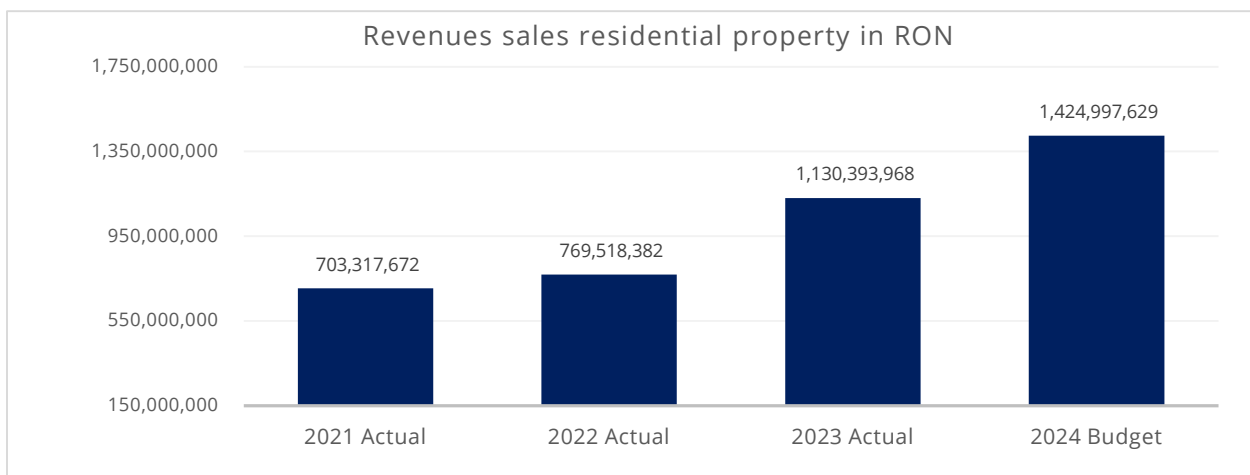
Prior years actual and budget comparison

Turnover had an ascending trend during 2021-2023, reaching RON 1,524,067,113 in 2023, 31% higher compared to 2022 and 36% higher than 2021.

In 2024 it is forecasted a turnover of RON 1,749,493,444, 15% higher compared to prior year. The increase is driven by higher income both from residential and rental segment.



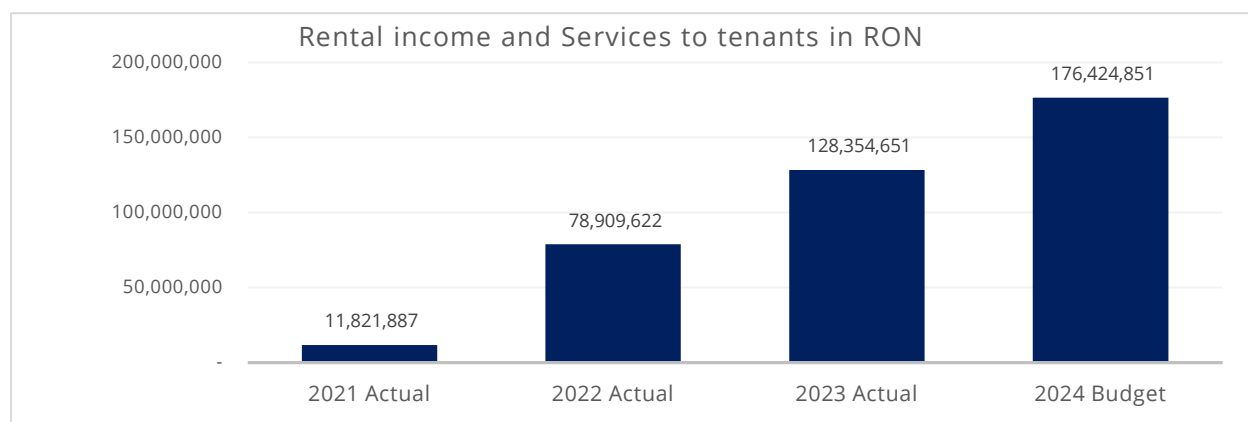
Revenues from sales of residential property constantly increased during 2021-2023, exceeding the milestone of RON 1 billion in 2023. The estimated revenues from sales of residential property are RON 1,424,997,629, 26% increase compared to the actual of 2023.



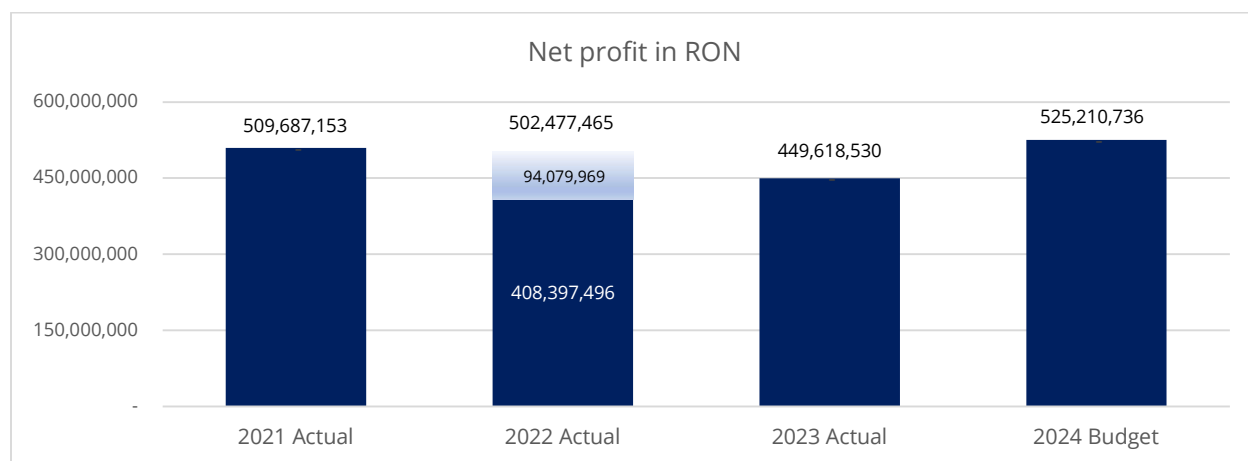
Rental income and revenues from services to tenants had an ascending trend during 2021-2023 driven by the revenues coming from tenants at One Tower (leased out 100% as of December 31st,



2023), One Cotroceni Park Phase 1 (leased out at 88% as of December 31st, 2023, One Victoriei Plaza (acquisition finalized in Q3 2022, 100% leased out), as well as the impact of the results generated by Bucur Obor, consolidated under the commercial segment. The forecast for 2024 is a 37% increase vs. 2023, up to RON 176,424,851.



Net profit for the year decreased in 2023 vs 2022 by 11%, however if we exclude the 2022 one-off gain obtained in connection to Bucur Obor acquisition (RON 94.1 million), 2023 net profit is **10%** higher than prior year. Expected increase in 2024 with 17% compared to 2023, at RON 525,210,736.



*Net profit in 2022 includes one-off Bucur Obor gains from bargain purchase of RON 94,079,969 that were registered at a deeply discounted price vs the market value of the acquired company, as appraised by Colliers

in RON for the year	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 vs 2023
Turnover	1,120,016,103	1,166,115,861	1,524,067,113	1,749,493,444	15%
Revenues from sales of residential property	703,317,672	769,518,382	1,130,393,968	1,424,997,629	26%
Rental income and services to tenants	11,821,887	78,909,622	128,354,651	176,424,851	37%
Result from operating activity	614,183,059	576,527,425	561,693,761	687,646,578	22%
Net Profit in the year	509,687,153	502,477,465	449,618,530	525,210,736	17%