

Perspectives and Income and Expense Budget for 2022

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Macroeconomic indicators for 2022 of the National Commission for Strategy and Prognosis

The elaboration of the current scenario regarding the evolution of the Romanian economy was made in the context of the uncertainties and risks manifested, with different intensities and durations over time, on the worsening of the medical situation, the increase in the prices of energy products and some raw materials and a continuity of supply chain deficiencies.

The last quarter of 2021 was marked by the overlapping of tensions, with effects unfavorable on both supply and demand, which led to a wider deceleration of economic evolution. Thus, based on the data published by the INS in the infra-annual statistics, we estimate a reduction in gross domestic product in the fourth quarter compared to the previous quarter, which corresponds to a significant deceleration of the annual dynamics.

Overall, economic growth was revised downwards by 0.8 points percentages in 2021. It should also be noted that the transition from the provisional series to those semi-final results for 2020 also benefited from a statistically positive effect on dynamics real GDP by 2021, by 0.3-0.4 percentage points. The changes are in line with most recent estimates by financial institutions.

		2020	2021	2022*	2023	2024	2025
GDP deflator		3,8	5,4	5,8	3,8	3,1	2,9
Average exchange rate	- ron/euro - %	4,8371	4,92	4,98	5,03	5,08	5,13
Average number of employees	- thous. pers. - %	5.031,8	5.104	5.205	5.355	5.480	5.595
Number of registered unemployed (end of year)	- thous. pers.	296,1	265	258	255	247	238
- Unemployment rate recorded at the end of the	- %	3,4	3,0	2,9	2,8	2,6	2,5
Total employed population (according to AMIGO)	- thous. pers. - %	8.521,1	7.840**	7.910	7.965	8.005	8.030
Average number of employees (according to AMIGO)	- thous. pers. - %	6.495,9	6.560	6.685	6.840	6.955	7.060
BIT unemployed (according to AMIGO)	- thous. pers.	451,8	435**	425	410	395	380
- BIM unemployment rate	- %	5,0	5,3	5,1	4,9	4,7	4,5
Gross average earnings	- ron/month. - %	5.213	5.608	6.095	6.578	7.104	7.627
Net monthly average earnings	- ron/month. - %	3.217	3.467	3.775	4.082	4.417	4.751
Real earnings	- %	4,9	2,7	2,2	4,3	5,1	4,8

* The macroeconomic framework has been adjusted in the context of price increases for energy goods and raw materials, as well as in the event of continued disruptions in supply chains, effects that are expected to be more pronounced in the first half of the
 **** Starting with 2021 year, a new framework regulation on European statistics on people and households, based on individual data collected from samples, (Regulation (EU) 2019/1700 of the European Parliament and of the Council of October 10, 2019). For this reason, the estimated data for 2021 are not comparable with those published for previous periods.



Given the evolution of the economy under the impact of the inflation shock in the fourth quarter 2021, as well as the appearance of wave 5 of the pandemic, as well as the continuation of the energy crisis, especially in the first part of 2022, an economic advance of 4.3% was estimated for the current year, slightly lower revision compared to the autumn forecast (4.6%) and a deflator of 6.1%, increasing, correlated with the increase in prices. This scenario did not take into account the triggering of a conflict caused by geopolitical tensions on the border with Ukraine.

		2020	2021	2022*	2023	2024	2025
GROSS DOMESTIC PRODUCT	- billion ron	1.055,5	1.190,3	1.317,3	1.440,1	1.560,1	1.678,6
of which gross value added in:	- real growth %	-3,9	7,0	4,6	5,3	5,0	4,5
- Industry		-9,1	5,9	4,4	5,3	5,0	3,9
- Agriculture, forestry, fishing		-16,2	20,3	3,1	3,0	2,7	2,0
- Constructions		10,0	0,2	9,0	11,2	9,2	7,5
- Services		-1,8	6,8	4,3	4,7	4,7	4,5
Net taxes on the product		-8,7	9,7	4,7	5,4	5,1	4,6
Final consumption		-3,6	6,4	4,1	4,5	4,4	4,1
Private consumption		-5,2	8,0	4,5	4,9	4,8	4,5
Government consumption		2	1,2	2,7	3,1	2,8	2,4
Gross fixed capital formation		6,8	8,2	9,3	11,2	9,0	7,1
Export of goods and services		-9,7	9,4	5,4	6,0	5,5	4,7
Import of goods		-5,1	12,4	7,2	7,3	6,7	5,7
Export of goods (FOB)	-millions of euros	62.173,4	73.114	79.097	85.137	91.040	96.880
	- %	-9,9	17,6	8,2	7,6	6,9	6,4
Import of goods (CIF)	-millions of euros	80.570,3	96.655	105.329	114.103	122.445	130.600
	- %	-6,6	20,0	9,0	8,3	7,3	6,7
Trade balance - (FOB-CIF)	-millions of euros	-18.396,9	-23.541	-26.232	-28.966	-31.405	-33.720
Current account balance	-millions of euros	-10.830	-15.218	-16.261	-16.742	-16.934	-17.140
	-% in GDP	-5,0	-6,3	-6,1	-5,8	-5,5	-5,2
Consumer Price Index (CPI)							
- end of the year		2,06	7,7	4,7	3,4	2,7	2,5
- annual average		2,63	5,0	6,5	3,7	2,9	2,6

Information extracted from Winter Prognosis 2021 – 2025 elaborated by National Commission for Strategy and Prognosis.



Main financial indicators and proposed income and expense budget for 2022

<i>in RON for the year ended</i>	2021 Actual	2022 Budget	Variation	%
Revenues from sales of residential property	703,317,672	1,217,899,669	514,581,997	73%
Cost of sales of residential property	(451,583,531)	(701,282,285)	(249,698,754)	55%
Net income from residential property	251,734,141	516,617,384	264,883,243	105%
Gains from investment property	399,188,179	216,427,902	(182,760,277)	-46%
Rental income	6,544,367	71,778,670	65,234,303	997%
Revenues from services to tenants	5,277,520	13,452,616	8,175,096	155%
Expenses from services to tenants	(5,277,521)	(13,452,616)	(8,175,095)	155%
Other property operating expenses	(4,850,821)	(26,337,995)	(21,487,174)	443%
Net rental income	1,693,545	45,440,675	43,747,130	2583%
Commissions for brokerage real estate	(3,142,561)	(5,498,963)	(2,356,402)	75%
Administrative expenses	(32,387,474)	(100,770,568)	(68,383,094)	211%
Other operating expenses	(10,118,954)	(12,410,854)	(2,291,900)	23%
Other operating income	5,688,365	3,560,586	(2,127,779)	-37%
Result from operating activity	612,655,241	663,366,162	50,710,921	8%
Financial income	13,666,907	2,588,891	(11,078,016)	-81%
Financial expenses	(21,903,343)	(18,530,642)	3,372,701	-15%
Result before tax	604,418,805	647,424,411	43,005,606	7%
Deferred and Effective Income tax	(94,731,652)	(98,714,478)	(3,982,826)	4%
Net result of the period	509,687,153	548,709,933	39,022,780	8%



Analysis of main financial positions

Turnover¹ increase with 36% up to 1,523,119,443 RON compared to prior year 1,120,016,103 RON due to increases in revenues from sales of residential property and rental income from commercial segment.

¹ Turnover includes revenues from sales of residential property, rental income, revenues from services to tenants, gains from investment property and other operating income.

Net Income from sales of residential property forecasted to increase 105% up to 516,617,384 RON due to increase of Revenues from sales of residential property with 73% and increased margin on sales to 42.4% from 35.8% generated by more developments and apartments reaching final completion stages that generate higher margins. Number of residential apartments to be sold in 2022 is projected to 1,032 apartments. The company expects in 2022 finalization of construction works for 4 residential developments, One Verdi Park, One Modrojan, One Floreasca Vista and One Timpuri Noi totaling 583 apartments.

Net rental income from commercial segment expected to increase 27 times (with 2583%) up to 45,440,675 RON in 2022 from actual 1,693,545 RON in 2021 due to increase in rental income up to 71,778,670 RON mainly due to significant increased revenue from high occupancy rate in One United Tower, start of revenue generated in One Cotroceni Office phase 1 following its completion in December 2021 and consolidation of Bucur Obor property following its acquisition.

Result from operating activity increase with 50,710,921 RON (8%) up to 663,366,162 RON forecasted in 2022 compared to actual 612,655,241 RON, mainly upside impacted by the increases in net income from residential property and net rental income from and downside due to the decrease of gains from investment property estimated to be lower than actual 2021 and administrative expenses growth.

Net result for the period estimated increase 8% to 548,709,933 RON compared to actual 509,687,153 RON in 2021.

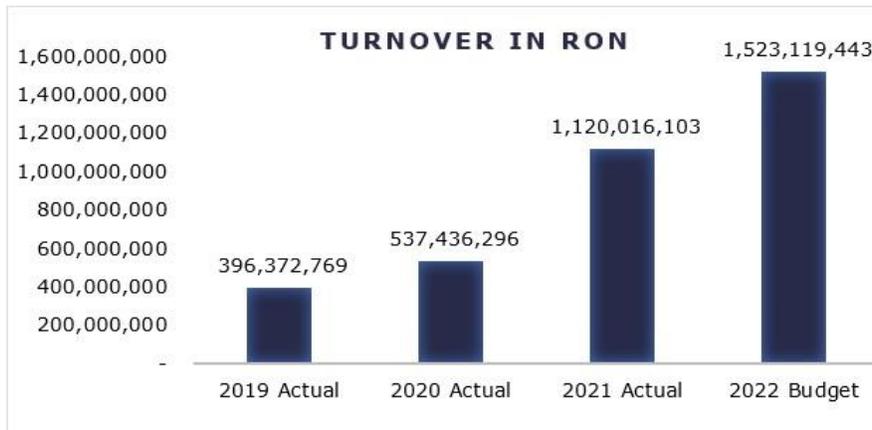
Main margins of profit and loss positions are presented below:

in % for the year ended	2021 Actual	2022 Budget	Variation
Net margin from residential sales	35.8%	42.4%	6.6%
Net margin from rental income	25.9%	63.3%	37.4%
Net margin from operating activity	54.7%	43.6%	-11.1%
Net margin result before tax	54.0%	42.5%	-11.5%
Net margin result of the period	45.5%	36.0%	-9.5%



Prior years actual and budget comparison

Turnover increased on a constant basis with significant percent from year to year reaching actual 2021 to be almost 4 times higher than 2019 and estimated for 2022 up to 1,523,119,443 RON, 36% higher than actual 2021.

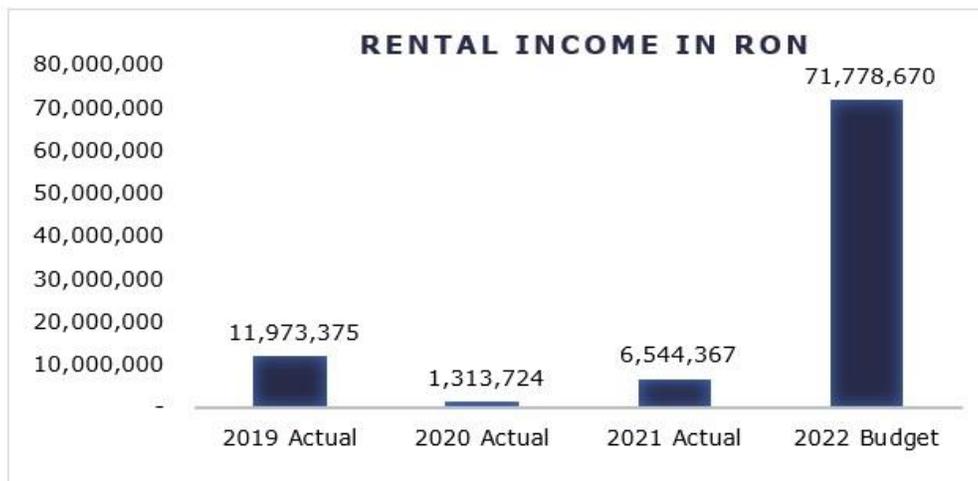


Revenues from sales of residential property significantly throughout the 3 actual years actual in 2021 being 703,317,672 RON, almost 5 times more than 2019 actual. The estimated revenues from sales of residential property is 1,217,899,669 RON, 73% increase compared to the actual of 2021.

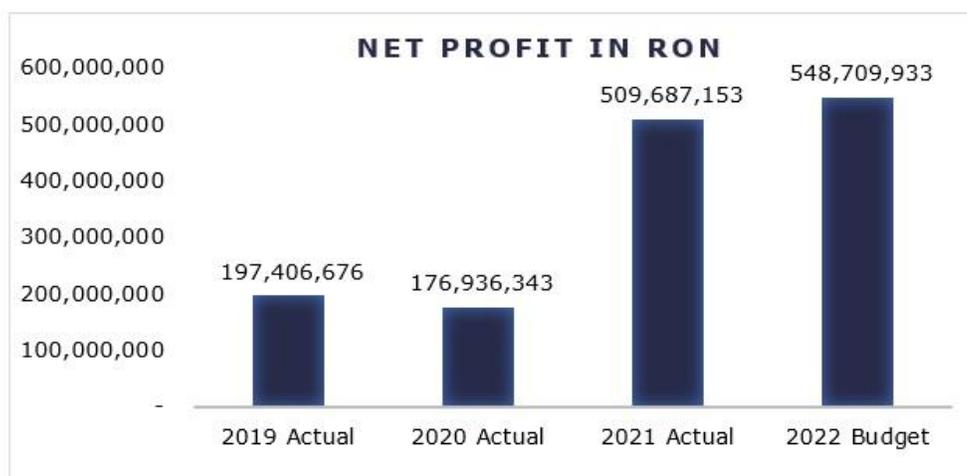




Rental income from commercial segment had variations during the analysed period due to different development cycle of office buildings and maturity of active rental contracts and started to increase again in 2021 to 6,544,367 RON, 6 times compared to the year before but around half compared to 2019. The forecast for 2022 is to increase up to 71,778,670 RON which is 6 times increase compared to 2019.



Net profit for the year significant growth in 2021 to 509,687,153 RON around 3 times more compared to the amounts recorded in 2019 and 2020. Expected increase in 2022 with 8% at 548,709,933 RON, compared to actual 2021.





<i>in RON for the year ended</i>	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2021 vs 2022
Turnover	396,372,769	537,436,296	1,120,016,103	1,523,119,443	36%
Revenues from sales of residential property	147,426,152	437,503,724	703,317,672	1,217,899,669	73%
Rental income from commercial segment	11,973,375	1,313,724	6,544,367	71,778,670	997%
Result from operating activity	252,778,611	217,325,786	612,655,241	663,366,161	8%
Net Profit in the year	197,406,676	176,936,343	509,687,153	548,709,933	8%



Cash Flow for 2022 (direct method)

<i>in RON for the period</i>	Budget 2022
Collections from residential sales	1,166,966,118
Collections from commercial segment	74,214,700
Total collections from sales and rentals	1,241,180,818
Development costs and investments	(1,162,506,607)
Commissions for brokerage real estate	(36,852,837)
Administrative expenses	(57,211,635)
Other operating expenses	(107,793,550)
Expenses from services to tenants	(17,013,202)
Income tax payments	(64,086,013)
Total payments from sales and rentals	(1,445,463,844)
Net Cash flow from operations	(204,283,026)
Bank loan received	418,620,417
Bank loan repayments	(92,813,490)
Interest Income	2,588,892
Interest Expenses	(18,530,643)
Other payments	(90,783,671)
Net cash flow from financing and investment	219,081,505
Net changes in cash and cash equivalents	14,798,479
Cash and cash equivalents beginning of year	508,347,161
Cash and cash equivalents at end of the year	523,145,640