

Deal 5: Meta Estate Trust CFO Raluca Dragan on IPO

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On August 30, 2022, CEE Legal Matters reported that Popovici Nitu Stoica & Asociatii had advised Meta Estate Trust on its IPO and listing of shares on the AeRO market of the Bucharest Stock Exchange. CEE In-House Matters spoke with Raluca Dragan, CFO at Meta Estate Trust, to learn more about the matter.

CEEIHM: To start, please introduce Meta Estate Trust.

Dragan: Meta Estate Trust is a company founded in the first half of 2021 by a group of Romanian entrepreneurs with extensive experience in capital markets and real estate. The business model involves investments in the real estate segment, with a short capital turnover cycle, with a focus on the large urban residential segment.

Our vision is to democratize real estate investment in Romania. Our mission is to create and develop an innovative financial instrument that offers investors the opportunity to achieve sustainable returns in the real estate market, regardless of available capital. By democratizing

investments, we mean accessibility, diversification, risk mitigation, transparency, and capital protection. Meta Estate Trust has a professional team with complementary business expertise, including real estate and capital markets. The investment policy is based on three fundamental criteria: capital protection through contractual guarantees, risk/return balance, and a short turnover cycle.

The company carried out two private placements and an IPO, leading to a share capital of RON 87 million. Starting August 29, 2022, Meta Estate Trust has been listed on the AeRO market of the Bucharest Stock Exchange, with the stock symbol MET. Since its establishment and to date, Meta Estate Trust has invested more than EUR 17 million in 24 real estate projects, accomplishing total exits from 6 of them so far.

CEEIHM: What was the rationale for the IPO? What is the raised capital intended for?

Dragan: We offer those interested in the real estate market an attractive alternative considering the level of expertise, diversification, and liquidity in a sector that has been traditionally rather illiquid. In addition, investors who aim to build a diversified portfolio through capital markets instruments have a very interesting new option for the real estate sector. The decision of going public has been one taken since inception and was aimed, amongst others, at increasing the speed of the company's growth and, more specific to the actual timing, at taking advantage of the business opportunities arising in times of contraction of the economic cycle. We also plan to access more segments of the real estate market in addition to the residential one in which we are currently operating, in order to offer even more diversification to our investors and to balance our portfolio and cash-flows by also including recurring income-producing assets. This involves significantly increased funding needs which we aim to continue to cover in the following months also through other mechanisms offered by the capital market (e.g. bond issues).

Moreover, being listed allows us to better attract and retain talented people in the company, generate liquidity for our shareholders, and increase the reputation of the organization.

CEEIHM: And why did you opt for the AeRO market?

Dragan: With the listing of MET shares on the AeRO market, a little over a year after the company's establishment, we took another step in the development of the business, continuing the path towards the proposed targets: the transfer to the BVB main market and the achievement of a volume of assets of EUR 100 million. Listing on the AeRO market instead

of the main one was a natural step considering the short history of the company, as the criteria for listing on the main market includes 3 years of operations (3 annual financial statements submitted with the authorities). We have a business model that differentiates us from other listed issuers and we are happy to fulfill our assumed mission of democratizing real estate investments. We have created the conditions for investors to become our long-term partners and we will use capital market mechanisms to bring more value to shareholders.

CEEIHM: What was the most complex aspect of the listing from a legal perspective?

Dragan: Listing an entity in Romania involves a well-planned process, with clear milestones and very good communication, including on the legal aspects (especially on the corporate side). The IPO of Meta Estate Trust was our focus from inception, therefore the corporate governance as well as the structure and business model were designed and planned also taking into account the listing process. I would say that in general the most complex aspect of the listing was sticking to the milestones we have set up for ourselves, especially considering the macroeconomic environment during H1 2022. Due to the complementary expertise that we have as a team and the support we benefited from our partners, we successfully delivered our promise of making the company public.

CEEIHM: And why did you choose PNSA as your advisor for this IPO?

Dragan: PNSA has been our legal services partner since the establishment of Meta Estate Trust. They were chosen due to their expertise, their professionalism, as well as to the fact that they have a well-developed department focused on the capital market. All this has been proven very useful during the IPO process and we appreciate their help throughout the development lifecycle of the company until now.

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