
RomReal Limited

Investor presentation

Third Quarter (Q3) 2023 results

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Q3 2023 results – Highlights

Net Asset Value (NAV)

- Net Asset value was EUR 0.40 (NOK 4.55, before any tax) per share, an increase of 5.6% measured in EUR from the end of the second quarter 2023. EUR/NOK was 10.67 end 2022 versus 11.30 by the end of Q3.23.

Operational highlights

- During the third quarter of 2023, the Company sold the second of the four older houses (on Oasis) for a total consideration of EUR 0.11m, In addition 40,054 m2, part of the Ovidiu Residence (50,000m2) for a total consideration of EUR 3m was agreed sold with a two year sellers credit. The Company also entered a pre-sale agreement for a different part of the Ovidiu Residence, for a total sellers-credit consideration of EUR 0.8m.
- Following the end of Q3 2023, the Company concluded sale of one minor plot on the Ovidiu Lake Side project for a total consideration of EUR 0.06m.
- Total infrastructure investments by the end of 3rd quarter 2023 was EUR 8.6m, from which EUR 4m represents finalised projects. Even though two larger sellers credit transactions were agreed during the 3rd quarter, the underlying residential market is clearly slower with less activity and more limited bank financing available.

Q3 2023 results – Highlights

Financial Results

- Net Result for the quarter was a profit of EUR 934,000, compared to a EUR 760,000 loss in 3Q 2022. Net change in cash flow for the quarter was a negative EUR 113,000 compared to negative of EUR 331,000 in the same period last year. This was mainly due to capitalized expenses related to infrastructure.
- At the end of the quarter, the Company had a cash position of EUR 3.3 million plus a total of EUR 4.68m unsettled receivables related to binding sales agreements, totalling EUR 8.0m, or about EUR 0.2 per share. Due to the weaker market situation, the outstanding vendor financing agreements are followed up with extra attention and presently one instalment is somewhat overdue.

Macro and real estate market highlights

- On 8th November this year, the National Bank decided to keep the monetary “Policy rate” at 7%, unchanged since March 2023. Other key interest rates were also kept unchanged.
- By the end of Q3.2023, the annual inflation rate showed a drop to 8.8% versus 9.4% for the last 12 months by the end of second quarter 2023.
- The Romanian GDP slowed to 0.2% year-on-year in the third quarter of 2023, well below market expectations of 2.5% growth and following a 1% increase in the previous three-month period, a preliminary estimate showed. On a seasonally adjusted quarter-on-quarter basis, the economy expanded 0.4% in Q3 versus 1.3% by the end of Q2.2023.
- Asking prices for apartments and houses in Romania increased in the third quarter of 2023 compared to second quarter of 2023 (EUR 1,429/m²) to EUR 1,437/m² at the end of August 2023. In Constanta, average prices increased by 2.45% during the third quarter of 2023 (EUR 1,546/m² at the end of August 2023 compared to EUR 1,509/m² at the end of June 2023), according to www.imobiliare.ro index.

NAV movement in Q3 2023

Asset base	Q3 2023			Q2 2023		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	2,877	0.07	0.78	4,399	0.11	1.24
Assets held for sale	0	0.00	0.00	0	0.00	0.00
Inventories	6,932	0.17	1.89	6,449	0.16	1.82
Cash	3,323	0.08	0.90	3,436	0.08	0.97
Other assets/(liabilities)	3,574	0.09	0.97	1,528	0.04	0.43
Net asset value	16,705			15,813		
NAV/Share		0.40	4.55		0.38	4.46
Change in NAV vs previous quarter	5.6%			(0.2%)		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q2 2023.

Financial highlights 3Q.23- IFRS

EUR '000	Q3 2023	Q3 2022
Operating Revenue	3,140	2,212
Operating Expenses	(254)	59
Other operating income/ (expense), net	(1,615)	(1,458)
Net financial income/(cost)	59	64
Pre-tax result	1,329	876
Result for the period	934	760
Total assets	17,384	17,704
Total liabilities	679	467
Total equity	16,705	17,237
Equity %	96.1%	97.4%
NAV per share (EUR)	0.40	0.42
Cash position	3,323	3,831

RomReal Properties Q3 2023

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	2,475
2 Ovidiu residence	Constanta North/Ovidiu	9,946
3 Ovidiu (Oasis)	Constanta North/Ovidiu	22,041
4 Centrepont	Constanta North/Ovidiu	121,672
5 Ovidiu Residence 2 and 3	Constanta North/Ovidiu	15,000
6 Balada Market	Central Constanta	7,188
Total		178,322

For further information on the properties please visit www.romreal.com

Operational highlights

Lake Side (No.1 on the table) – The Company did not make any sales this quarter of the three remaining plots and two houses and the units are still for sale. Following the end of Q3 2023, the Company concluded sale of one plot from the Ovidiu Lake Side project. Street and utilities have been delivered to the City Hall for public use according to agreement. The City Hall delivered the utilities to the water company in February 2023.

Oasis (No. 3 on the table) – Both block structures have already been re-authorized by Ovidiu City Hall. The Company has finalised the works for water and sewage on the plot as well and the gas connection for all plots on site. The building authorisation of electrical works and the roads is obtained. The first apartment block is about 70% finished and costs hitherto is slightly below the budget. The second of the four old houses were sold and paid/sold during the third quarter 2023.

Industrial Park (No. 4 on the table) – The project is still advertised for sale. The development activity in the neighbourhood is expanding including various NATO/Romanian defence projects.

Balada Market (No. 6 on the table) – The project is for sale. The installation of the parking system was completed in May and the parking income is picking up, but still at a modest level. This income is a mix of spot parking and monthly rental agreements.

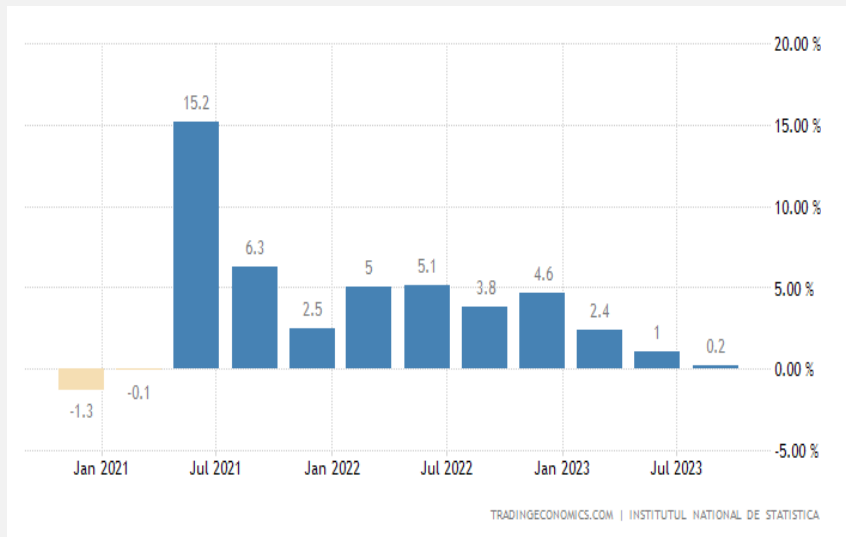
Ovidiu Residence (former Badulescu plot (No. 2 on the table)) – The Company has signed a two year contract (with vendor financing) for 40,054 m², for a large part of the Ovidiu Residence (50,000m²) for a total consideration of EUR 3m. The Company also entered a pre-sale agreement for a different part of the Ovidiu Residence, for a total sellers-credit consideration of EUR 0.8m.

Ovidiu Residence 2 (former 7,900 sqm) - The Company has commenced a process to regulate the plot located nearby Lakeside for residential use. It is still expected the urbanistic regulation/PUZ of the plot to be approved by local authorities, now most likely during first quarter 2024. The Company has signed a pre-contract for sale of the plot with a local investor.

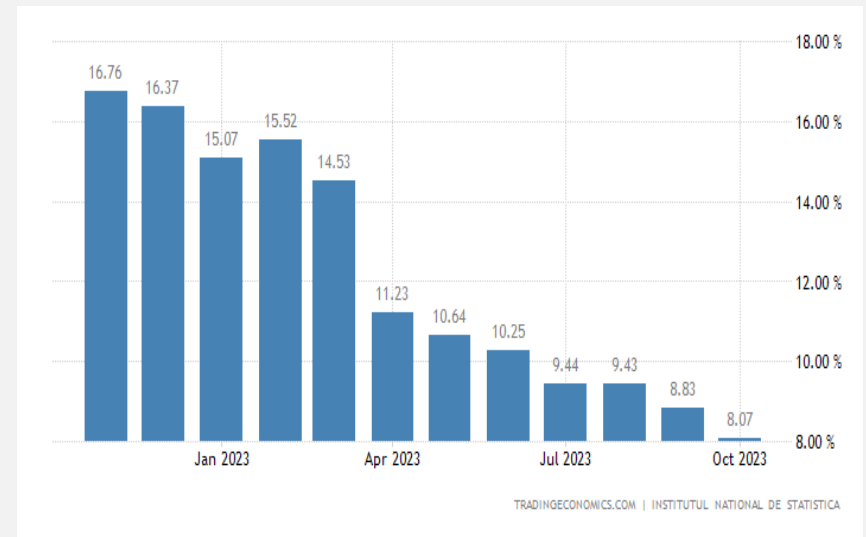
Ovidiu Residence 3 (former 7,100 sqm) – The Company has commenced a process to regulate the plot located nearby the road between Ovidiu and Constanta for residential use. It is expected to include infrastructure investments. It is still expected the urbanistic regulation/PUZ of the plot to be approved by local authorities, now most likely during first quarter 2024.

Romanian Macro development

- The Romanian GDP slowed to 0.2% year-on-year in the third quarter of 2023, well below market expectations of 2.5% growth and following a 1% increase in the previous three-month period, a preliminary estimate showed.
- On 8th November this year, the National Bank decided to keep the monetary “Policy rate” at 7%, unchanged since March 2023. Other key interest rates were also kept unchanged.
- By the end of Q3.2023, the annual inflation rate showed a drop to 8.8% versus 9.4% for the last 12 months by the end of second quarter 2023.

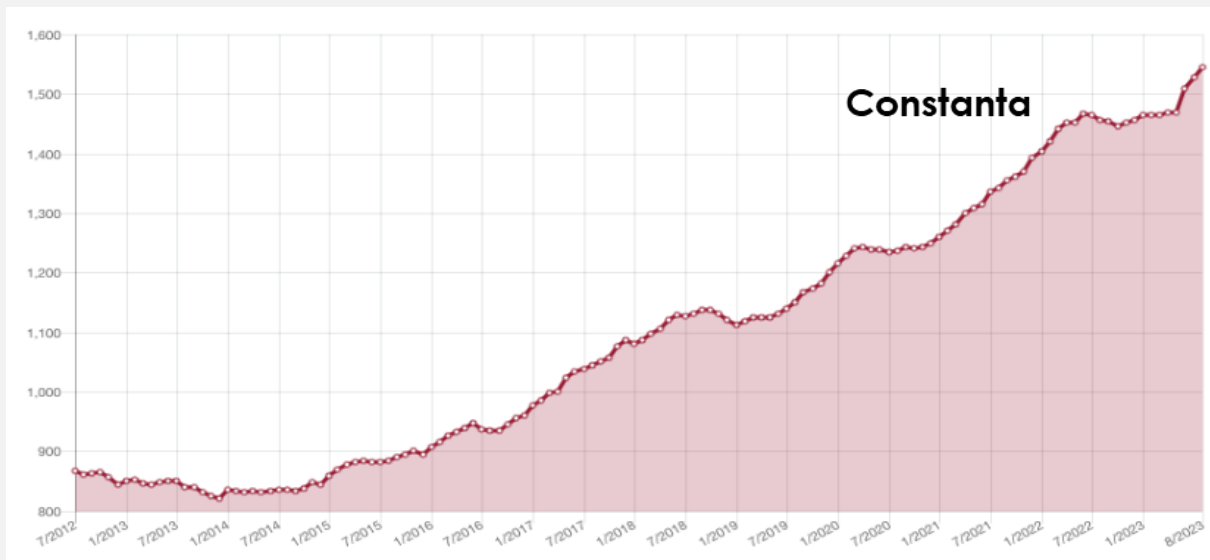
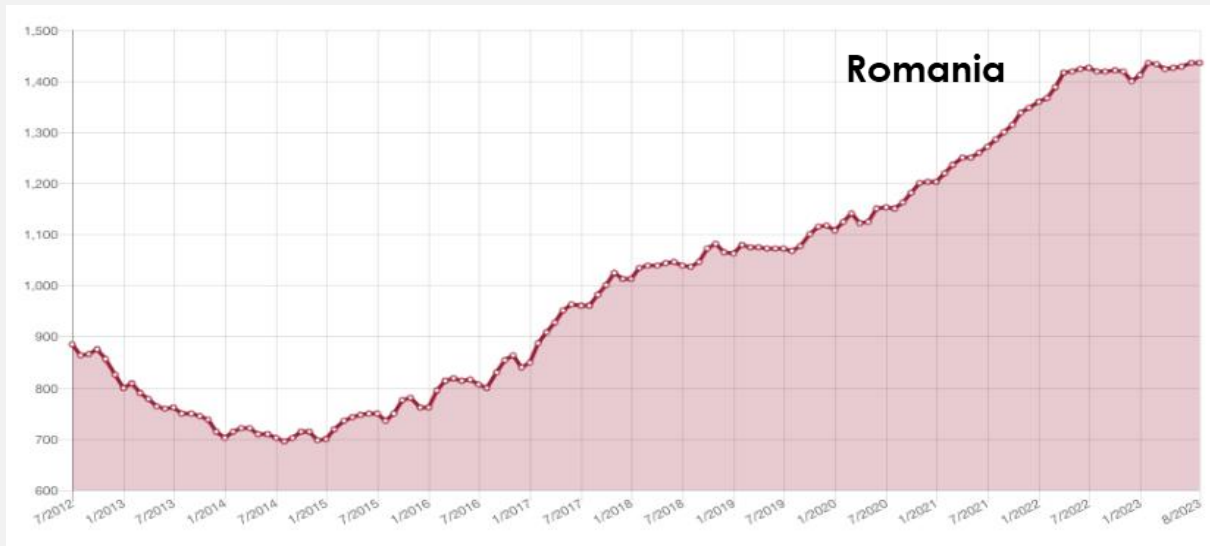


Romania quarterly GDP evolution (Data INS)



Romania Inflation Rate (Data INS)

Apartment Price Development (End September 23)



- Starting from January 2023, the calculation methodology of the Imobiliare.ro index has been improved following a major upgrade. Therefore, the value of the Imobiliare.ro index have been replaced by the data obtained by applying the new methodology for the period 2012-present. Asking prices for apartments and houses in Romania increased in the third quarter of 2023 compared to second quarter of 2023 (EUR 1,429/m²) to EUR 1,437/m² at the end of august 2023.

- In Constanta, average prices increased by 2.45% during the third quarter of 2023 (EUR 1,546/m² at the end of August 2023 compared to EUR 1,509/m² at the end of June 2023), according to www.imobiliare.ro index.

RomReal shareholders as at 20/11/2023

Rank	Name	Holding	Ownership
1	SIX SIS AG	10,331,934	24.98%
2	GRØNSKAG, KJETIL	5,913,006	14.29%
3	THORKILDSEN, WENCHE	5,392,985	13.04%
4	SAGA EIENDOM AS	3,386,636	8.19%
5	AUSTBØ, EDVIN	2,108,500	5.10%
6	Danske Bank A/S	1,543,851	3.73%
7	GRØNLAND, STEINAR	1,292,886	3.13%
8	Energi Invest as	1,253,611	3.03%
9	Orakel AS	1,101,000	2.66%
10	BNP Paribas	991,717	2.40%
11	SPAR KAPITAL INVESTOR AS	940,236	2.27%
12	THORKILDSEN INVEST AS	829,478	2.01%
13	KVAAL INVEST AS	725,000	1.75%
14	Arild Persson	721,000	1.74%
15	Anders Hoen	689,557	1.67%
16	AKSEL MAGDAHL	453,066	1.10%
17	Frenico AS	396,000	0.96%
18	NORDNET LIVSFORSIKRING AS	232,957	0.56%
19	CITIBANK	220,000	0.53%
20	Jo Egil Aalerud	166,864	0.40%
	TOP 20	38,690,284	93.54%

•(1) This is the Top 20 Shareholder list as per 20 November 2023.

•(2) The total issued number of shares issued at end Q3 2023 was 41,367,783.

•(3) Thorkildsen Invest AS is a Company controlled by Thorkildsen family.

•(4) Chairman Kjetil Grønskag owns directly and indirectly 5,913,006 shares corresponding to 14.29%.

Outlook

- Both the CPI and GDP growth in Romania is heading lower hitherto 2023. The CPI is reduced less rapid than most experts expected and GDP the opposite. The weakening macro fundamentals have already resulted in clearly slower sales in all the remaining projects. Due to the weaker market situation, the outstanding vendor financing agreements are followed up with extra attention, and presently one important instalment is somewhat overdue. The slower sales process and challenges with some of the vendor financing is presently slowing down the aimed Romanian exit. To maintain a solid cash position even in a bearish scenario, certain infrastructure investments are frozen.

Thank you

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For further information on RomReal, including presentation material relating to this interim report and financial information, please visit www.romreal.com

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