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# RomReal Limited

## Investor presentation

Third Quarter (Q3) 2020 results

Harris Palaondas - IR  
Webcast

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# Q3 2020 results – Highlights

## **Net Asset Value (NAV)**

- Net Asset value was EUR 0.44 (NOK 4.73) per share, about 1.0% lower compared to the end of the second quarter 2020.
- There were no further changes were made to the value of the investment properties during the quarter.

## **Operational highlights**

- The Company continued investments in the infrastructure in order to add more value to the plots. By the end of the 3rd quarter 2020, amount invested is around EUR 2.4 million (ex VAT).
- During Q4 2020, the Company entered a sale agreement for one more Lakeside plot (no. 1 on the list), for a total amount of EUR 55,130, received in one instalment.
- After 8 years in the Courts, the Company successfully obtained a final and irrevocable order of Constanta Court of Appeal who decided a full restitution of a 1,453m<sup>2</sup> plot.
- The piece of land is already agreed sold when all formalities are finalized, presumably in Q1 2021, for a gross price of about EUR 390,000.
- The pandemic is negatively affecting the Company's on-going permitting as well as its sales & marketing process.

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# Q3 2020 results – Highlights

## **Financial Results**

- Net Result for the quarter was EUR 13,000 loss compared to a EUR 196,000 loss in 3Q 2019.
- Net change in cash flow for the quarter was a negative EUR 254,000 compared to minus EUR 62,000 in the same period last year.
- Cash position of EUR 2.5 million plus a total of EUR 739,000 in unsettled receivables related to binding sales agreements, totaling at close to EUR 3.2 million or about EUR 0.1 per share.
- After the end of the period the Company has paid the EUR 1.05 million of the tax claim being therefore exempted for payment of penalties, irrespective of the outcome of the final Court decision to be issued in this case.

## **Macro and real estate market highlights**

- Romania's GDP has decreased during the first 9 months of 2020 by 5.1% compared to the same period the previous year accord to flash data released by the National Statistic Institute.
- During Q3 2020 average residential prices in Romania declined by 2.2% at end of September 2020 and have gained a 2.4% increase by the end of October thus remaining relatively flat.
- At the end of October prices are still 3% higher compare with the same period last year, averaging at EUR 1.335 per m2.

## NAV movement in Q3 2020

Asset base	Q3 2020			Q3 2019		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	4,242	0.10	1.09	11,287	0.27	2.69
Assets held for sale	2,329	0.06	0.60	2,191	0.05	0.52
Inventories	8,975	0.22	2.31	2,492	0.06	0.59
Cash	2,554	0.06	0.66	2,490	0.06	0.59
Other assets/(liabilities)	282	0.01	0.07	658	0.02	0.16
Net asset value	18,381			19,117		
NAV/Share		0.44	4.73		0.46	4.55
Change in NAV vs previous quarter	-1.0%			-0.7%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q2 2020

## Financial highlights - IFRS

<b>EUR '000</b>	<b>Q3 2020</b>	<b>Q3 2019</b>
Operating Revenue	32	43
Operating Expenses	(186)	(152)
Other operating income/ (expense), net	135	46
Net financial income/(cost)	9	(171)
Pre-tax result	(10)	(235)
Result for the period	(13)	(238)
Total assets	19,020	19,572
Total liabilities	639	456
Total equity	18,381	19,117
Equity %	96.6%	97.7%
NAV per share (EUR)	0.44	0.46
Cash position	2,554	2,490

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## RomReal Properties Q3 2020

<b>Plot name</b>	<b>Location</b>	<b>Size (m2)</b>
1 Ovidiu Lakeside	Constanta North/Ovidiu	51,308
2 Badulescu plot	Constanta North/Ovidiu	50,000
3 Ovidiu (Oasis)	Constanta North/Ovidiu	24,651
4 Centrepont	Constanta North/Ovidiu	121,672
5 Gunaydin plot	Constanta North/Ovidiu	15,000
6 Balada Market	Central Constanta	7,188
<b>Total</b>		<b>269,819</b>

For further information on the properties please visit [www.romreal.com](http://www.romreal.com)

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# Operational highlights

## Lake Side (No.1 on the table)

- During Q4 2020 the Company sold one more plot, for a total amount of EUR 55,130, received in full.
- Even during the present lock-down there is some interest for RomReal's plots, however prospective buyers are taking more time than usual in making a purchase decision.

## Oasis (No. 3 on the table)

- The Company is following the developments with the Municipality authorizations with the most important permit missing being the environmental approval.
- The Company expects more specific sales processes to develop when the pending regulation and utility issues are granted.

## Industrial Park (No. 4 on the table)

- The Company is discussing a sale of around 15,000-20,000 m<sup>2</sup> to an International Group.
- The Company is in an on-going dialogue with local authorities regarding necessary permits.

## Balada Market (No. 6 on the table)

- The entire market area is open and the Company has had no loss of income from May 2020.

## Badulescu plot (No. 2 on the table)

- Even during the present lock-down there is some interest for plots/the project, however prospective buyers are delaying their purchase decision.



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## Operational highlights 2

### **Contestation against the Tax Authority Decision no. F-CT 344/29.05.2018**

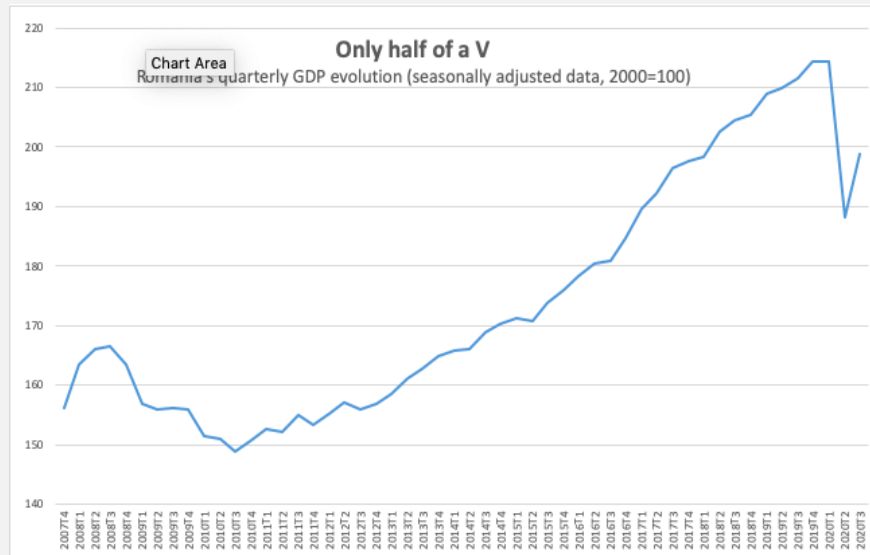
- The Company has paid the claim totaling EUR 1.05 million during 4th quarter 2020, being therefore exempted for payment of penalties, irrespective of the outcome of the final Court decision to be issued in this case.
- By forwarding this tax claim of EUR 1.05m, the Company's "worst case loss" has been reduced by Eur 0.65 million from previously EUR 1.7 million.
- The Company is continuing the legal process in the Court, the next phase of the case will be on the Court of Appeal agenda on 13th January 2021.

### **Restitution claim, plot of 1,453 sqm, Constanta Court case no. 2567/118/2016**

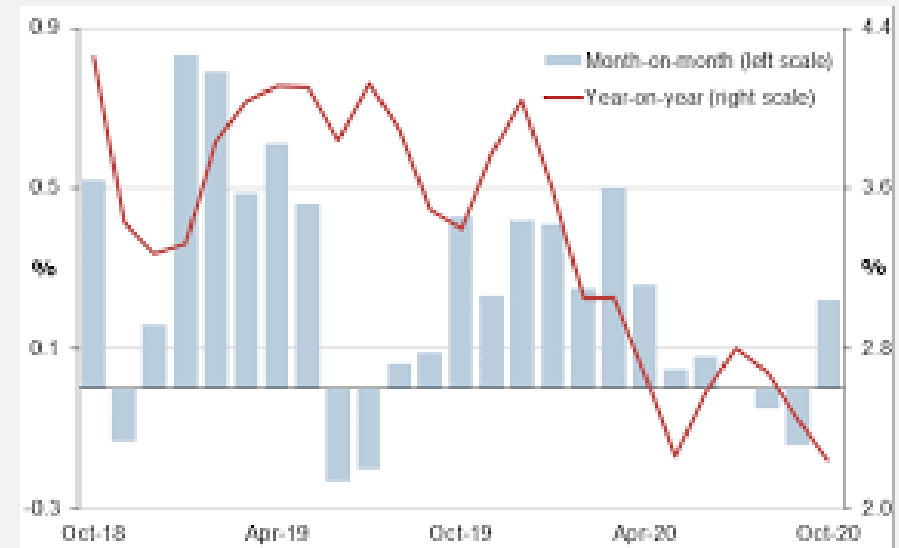
- The Company successfully obtained a final and irrevocable order of Constanta Court of Appeal who decided restitution of the land in full.
- The piece of land is already agreed to be sold to the buyer of the Company's previous Mamaia North plots, as soon as the administrative procedures for the transfer of the plot to the Company will be finalised, presumably in Q1 2021, for a price of about EUR 390,000 gross.

# Romanian Macro development

- Romania recorded an economic decline of 6% in the third quarter of 2020, compared to the similar period of 2019.
- Compared to the previous quarter recorded an increase of 5.6%, according to flash data from the National Institute of Statistics (INSI).
- Between January 1 and September 30, 2020, the GDP decreased, compared to the similar period of 2019, by 5.1%
- There have been about 400,000 confirmed cases of coronavirus in Romania so far, and the country is currently under a State of Alert.



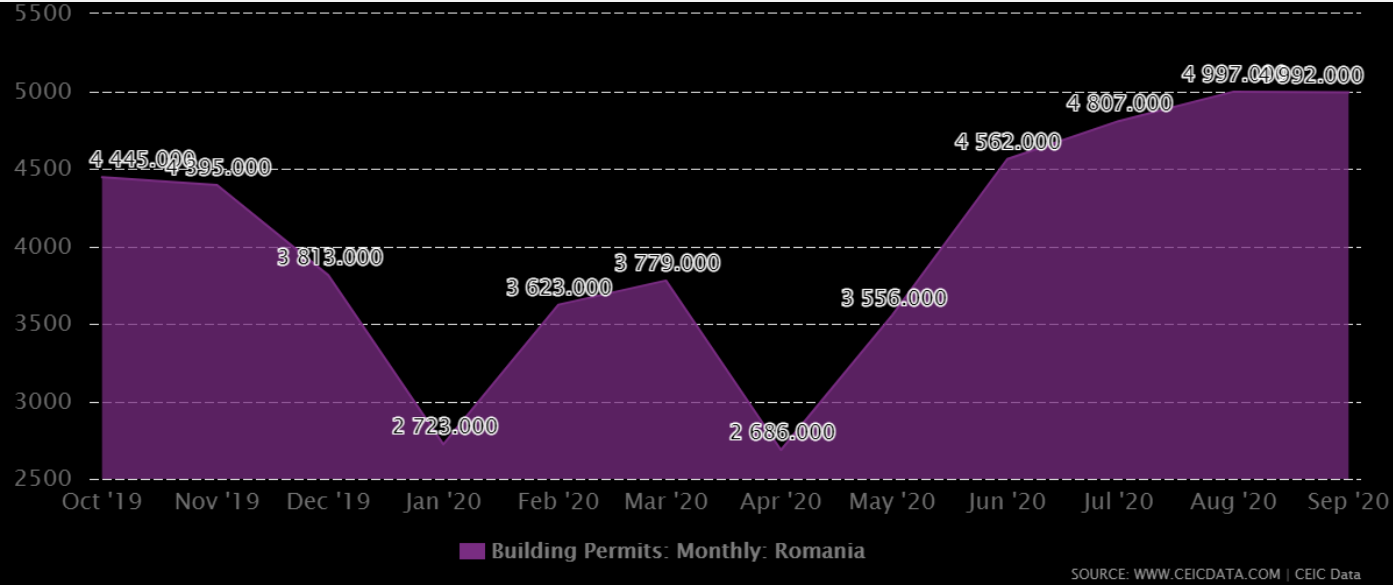
Romania quarterly GDP evolution (Data INS)



Romania Inflation Rate (Data INS)

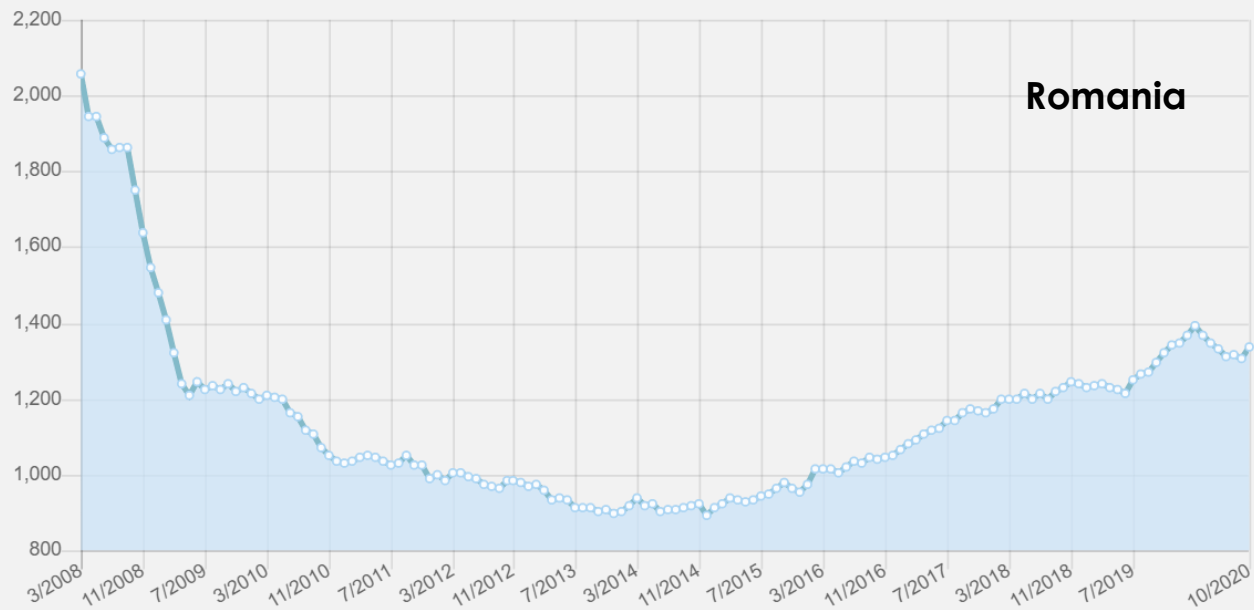
# Romania Real Estate Update

- The total investment volume for the first nine months of 2020 was at EUR 731 million, a 31% increase compared with the same period of 2019.
- Investors have focused almost exclusively on office projects that reflect 93% of the transaction volume, and have been active mainly in the Bucharest market, that being 85% of the total transaction volume.

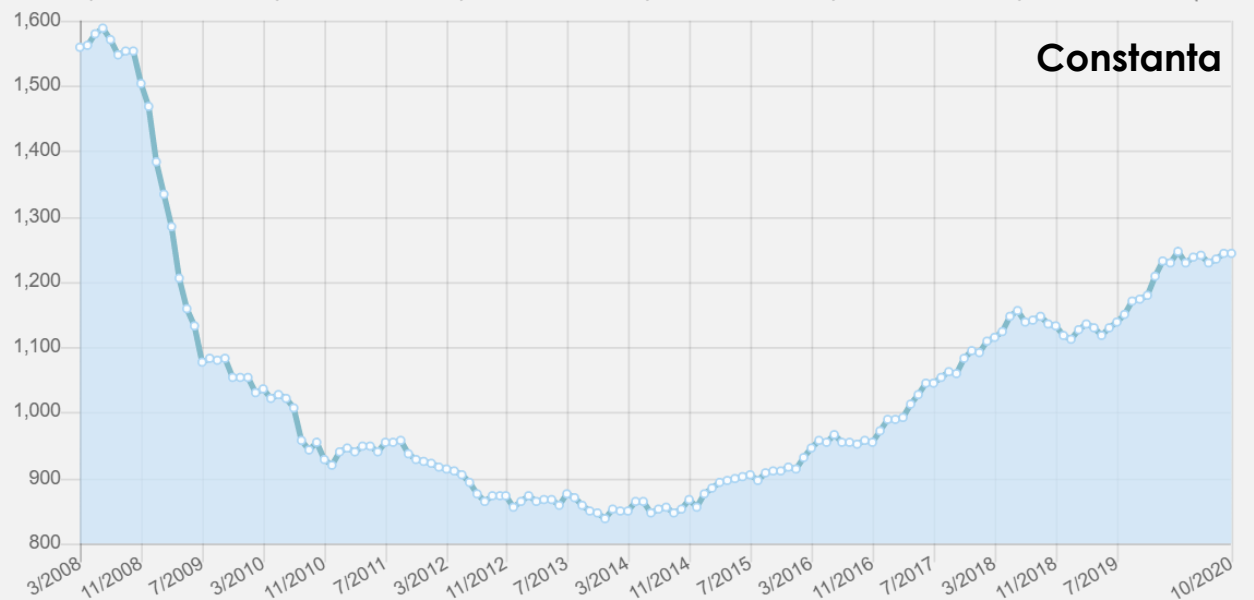


Romania Residential Building Permits Trend (Data CEIC)

# Apartment Price Development (Oct 20)



- During Oct 2020 residential average prices in Romania apartments increased by 2.4% compared to the end of the 3<sup>rd</sup> quarter 2020 and 3% higher compare with the same period last year. Average prices are at EUR 1.335 per m<sup>2</sup>



- In Constanta, average prices stayed relatively flat during Q3 2020, current averaging at EUR 1.244 per m<sup>2</sup>. Compared with October 2019, prices are 6% higher

# RomReal shareholders as at 20/11/2020

RANK	SHARES	%	SHAREHOLDER
1	10,331,934	24.98%	SIX SIS AG
2	5,392,985	13.04%	THORKILDSEN, WENCHE SYNNØVE
3	4,422,475	10.61%	GRØNSKAG, KJETIL
4	3,262,976	7.89%	SAGA EIENDOM AS
5	2,108,500	5.10%	AUSTBØ, EDVIN
6	1,504,950	3.64%	Danske Bank A/S
7	1,236,948	2.99%	ENERGI INVEST AS
8	1,101,000	2.66%	ORAKEL AS
9	991,717	2.40%	BNP Paribas Securities Services
10	940,236	2.27%	SPAR KAPITAL INVESTOR AS
11	829,478	2.01%	THORKILDSEN INVEST AS
12	824,473	1.99%	GRØNLAND, STEINAR
13	718,000	1.74%	PERSSON, ARILD
14	689,557	1.67%	HOEN, ANDERS MYSSSEN
15	558,306	1.35%	JONAS BJERG PENSION PLAN, NTS TRUSTEES LTD
16	481,480	1.16%	SILJAN INDUSTRIER AS
17	476,403	1.15%	MAGDAHL, AKSEL
18	417,855	1.01%	CLEARSTREAM BANKING S.A.
19	396,000	0.96%	FRENICO AS
20	381,278	0.92%	KVAAL INVEST AS
<b>TOTAL</b>	<b>36,818,821</b>	<b>89.00%</b>	

(1) This is the Top 20 Shareholder list as per 20NOV2020.

(2) The total issued number of shares issued at end Q3 2020 was 41,367,783.

(3) Chairman Kjetil Grønskag owns directly and indirectly 4,422,475 shares corresponding to 10.6%.

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

(5) The above list is the 20 largest shareholders according to the VPS print out; please note that shareholders might use different accounts and account names, adding to their total holding.

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## Main focus areas going forward

- RomReal, is focusing on land value enhancing activities in order to improve the shareholder value and exit.
- The pandemic is slowing down the Company's on-going permitting as well as its sales & marketing process, and combined with the ongoing tax dispute case, it creates short-term uncertainty, reducing our financial flexibility.
- The Company's Management is focused in maintaining a solid cash position until an improvement of the business conditions appears. Only then a return on capital may be considered.

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# Thank you

**Investor Relations**  
**Harris Palaondas**

+40 731 123037 | [investors@romreal.com](mailto:investors@romreal.com)  
16 Burnaby Street, Hamilton HM11, Bermuda

For further information on RomReal, including presentation material relating to this interim report and financial information, please visit [www.romreal.com](http://www.romreal.com)

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