

# Q2

**RomReal Limited**  
**Second Quarter 2024 Report**  
**30 August 2024**



RomReal is a Company focusing on the Romanian Real Estate market. The Company owns premium properties in the Constanta region.

## Highlights Second Quarter 2024

### Net Asset Value (NAV)

- Net Asset value was EUR 0.41 (NOK 4.68, before any tax) per share, down 1.1% from Q1 2024. EUR/NOK was 11.39 end of Q2 2024 versus 11.72 by the end of 1Q 2024.

### Operational highlights

- During the Second quarter of 2024, the Company sold the third of the four older houses (on Oasis) for a total consideration of EUR 0.125m. Sale of the final old house for a similar price to a Company associated person has been approved by the Board after the end of the 1 half 2024.
- So far in Q3 2024, the Company sold a plot of about 15,000 m<sup>2</sup> on Centre Point.
- Total infrastructure investments by the end of second quarter 2024 was EUR 9.73m, of this EUR 4.28m represents finalised projects, mostly related to Ovidiu Lake Side.

### Financial Results

- Net Result for the quarter was a loss of EUR 169,000, compared to a EUR 19,000 profit in 2Q 2023. Net change in cash flow for the quarter was a positive EUR 99,000 compared to negative of EUR 374,000 in the same period last year. This was mainly due to sale of plots and capitalized expenses related to infrastructure.
- At the end of the quarter, the Company had a cash position of EUR 4.0 million plus a total of EUR 2.4m unsettled receivables related to binding sales agreements, totalling EUR 6.4m, or about EUR 0.15 per share. The outstanding vendor financing agreements are followed up with extra attention.

### Macro and real estate market highlights

- On 7 August 2024, the National Bank decided to cut the monetary "Policy rate" to 6.5%, from 6.75% (until June 2024 it was 7% unchanged since April 2023). Other key interest rates were also lowered by 0.25% while the minimum reserve requirements to the banking sector were kept unchanged.
- By the end of Q2.2024, the annual inflation rate declined to 4.9% from 6.61% at the end of 1Q 2024. The annual inflation picked up somewhat again end July to 5.4%, above consensus of 5.2%.
- According to the Institutul National de Statistica, the GDP showed a seasonally adjusted quarterly basis growth of only 0.1 % in second quarter 2024. The most recent GDP growth estimate from the European Commission of 15 May was 3.3%. Following the below expected growth figures in 2. Quarter 2024, the 2024 growth estimate is expected to be reduced.
- Asking prices for apartments and houses in Romania increased in the Second quarter of 2024 compared to First quarter of 2024 (EUR 1,580/m<sup>2</sup>) to EUR 1,603/m<sup>2</sup> at the end of 2Q 2024 and EUR 1611/m<sup>2</sup> at the end of July 2024. In Constanta, average prices increased by 2.08% during the Second quarter of 2024 (EUR 1,666/m<sup>2</sup> at the end of June 2024 compared to EUR 1,632/m<sup>2</sup> at the end of March 2024), according to [www.imobiliare.ro](http://www.imobiliare.ro) index.

## Key Financial Figures

EUR '000	Q2 2024	Q2 2023
Operating Revenue	193	169
Operating Expenses	(345)	(168)
Other operating income/ (expense), net	(66)	(47)
Net financial income/(cost)	69	56
Pre-tax result	(149)	10
Result for the period	(169)	19
Total assets	17,261	16,244
Total liabilities	275	431
Total equity	16,986	15,813
Equity %	98.4%	97.3%
NAV per share (EUR)	0.41	0.38
Cash position	4,005	3,436

### Movement in Net Asset Value

The Net Asset Value (NAV) decreased to EUR 16,986,000 at the end of Q2 2024 compared to EUR 17,180,000 at the end of Q1 2024.

Asset base	Q2 2024			Q1 2024		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	2,377	0.06	0.65	2,377	0.06	0.67
Assets held for sale	0	0.00	0.00	0	0.00	0.00
Inventories	7,025	0.17	1.93	6,692	0.16	1.90
Cash	4,005	0.10	1.10	3,906	0.09	1.11
Other assets/(liabilities)	3,578	0.09	0.99	4,205	0.10	1.19
Net asset value	16,986			17,180		
NAV/Share		0.41	4.68		0.42	4.87
Change in NAV vs previous quarter	-1.1%			1.5%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q1 2024.

## Valuation of Properties

The end of year 2023 independent valuation of the Company's property was executed by Colliers Romania. The property portfolio was evaluated in accordance with the ANEVAR Valuation Standards 2013, which include the International Valuation Standards, issued by the IVSC in 2011. The valuation also complies with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB); and it is performed in accordance with the RICS Valuation Standards, 8th edition. A new external valuation is scheduled to take place during December 2024.

EUR '000	Y/E 2017	Y/E 2018	Y/E 2019	Y/E 2020	Y/E 2021	Y/E 2022	Y/E 2023	Q1 2024	Q2 2024
Property value	23,419	14,962	15,435	13,420	13,192	10,118	9,702	9,069	9,402
NAV	19,930	19,603	18,501	15,035	16,826	16,230	16,931	17,180	16,986
Market cap	12,100	11,848	8,713	8,687	7,860	6,826	7,570	8,522	12,824
Market cap/NAV	61%	60%	47%	58%	47%	42%	45%	50%	75%



## Cash Flow

EUR '000	Q2 2024	Q2 2023
Net cash flow from operating activities	(354)	(307)
Net cash flow used in investing activities	453	(67)
Net cash flows from financing activities	-	-
<b>Net cash change during period</b>	<b>99</b>	<b>(374)</b>

Operating cash flow for Q2 2024 was positive EUR 99,000 compared to a negative EUR 374,000 in the same quarter last year. The net positive change is mainly explained by the cash collected from sale of plots and capitalized expenses made during the quarter. The net cash from investing activities includes the collections made in respect of the sold plots.

## Market Facts – Macro

According to the Institutul National de Statistica, the GDP showed a seasonally adjusted quarterly on a quarterly basis of only 0.1 % in second quarter 2024. The Romanian GDP rose 0.8% in the second quarter of 2024. This marked the thirteenth successive period of expansion. The most recent GDP growth estimate from the European Commission of 15 May was 3.3%. Following the below expected growth figures in 2. Quarter 2024, the 2024 growth estimate is expected to be reduced to about 2.5%.

By the end of Q2.2024, the annual inflation rate declined to 4.9% from 6.61% at the end of 1Q 2024. The annual inflation picked up somewhat again end July to 5.4%, above consensus of 5.2%. Non-food and service are the main contributors to the jump in inflation in July 2024. The decreasing (but still high) inflation has allowed the Central Bank to start cutting rates, last time 7 August 2024 to 6.5%.

On the negative side, the increasing Romanian fiscal deficit well above the Government limit of 5% in 2024 and the upcoming President and general elections later this year.

## **Real Estate market facts**

The transaction market 1<sup>st</sup> half 2024: Based on data from Colliers of 21 August 2024, the first half 2024 real estate investments amounted to EUR 419m (ex. residential housing), up two and a half times from 1H. 2023. The pipeline for the rest of the year is also looking healthy.

The main drivers were transactions in the retail and industrial segment with about 2/3 of the total volume. This is a change from previous period with office as the largest segment. The largest deal hitherto in 2024 was the sale by Globalworth of their industrial portfolio to CTP for an estimated EUR 170m. The second largest deal was the sale by Expo Market Doraly of a retail and warehouse portfolio for an estimated EUR 90m.

Retail market 1<sup>st</sup> half 2024: According to Colliers, the retail segment expanded by about 106,000 m<sup>2</sup> with another 250,000 m<sup>2</sup> under construction. The first half 2024 growth is a significant expansion from 1H.2023.

Industrial and logistics market 1<sup>st</sup> half 2024: According to Colliers, about 300,000 m<sup>2</sup> has been concluded over the last two quarters, lifting the modern stock to about 7.3million m<sup>2</sup>. The pipeline of I & L over the next 12 months is another 700,000m<sup>2</sup>.

Residential: The final 2023 data confirm show an increase of dwellings of about 71,000 versus 73,000 in 2022 (all time high). The only available data for this year show a completion of 11,000 dwellings for 1<sup>st</sup> quarter 2024, a reduction of 26% from 2023. Total new output in 2024 should turn-out decent, with a full-year estimate of about 50,000.

## **Operational Overview**

Lake Side (No.1 on the table) –Two houses are still for sale. The final transfer of the agreed land (promenade area), about 700m<sup>2</sup>, to the municipality of Ovidiu is planned to take place late 2024.

Oasis (No. 2 on the table) –The Company has finalised the works for water and sewage on the plot as well as the gas connection for all plots on site. The construction of roads and parking area as well as electrical works have commenced and will be finalised end of 2024, The first apartment block is for practical purposes finished and costs hitherto is slightly below the budget. The target completion date of the first block is 1 September 2024. The sales and marketing activities have just commenced. The final fourth house built in 2007 is agreed sold after the end of first half 2024.

Industrial Park (No. 3 on the table) – The project is still advertised for sale. A sale of 15,000 m<sup>2</sup> is agreed to a local developer with an agreed first 25% down-payment in week 35 and the rest in monthly instalments over 24 months. The development activity in the neighbourhood is expanding including various NATO/Romanian defence projects. The works to renew the infrastructure building permit before year-end 2024 has started.

Balada Market (No. 5 on the table) – The project is for sale. The installation of the parking system was completed in May 2023 and the parking income is slowly growing but expected

to increase over time with more parking enforcements by the local authorities. The Company is considering a new PUZ application process.

Ovidiu Residence 3 (No. 4 in the table, 7,100 sqm) –The Company has commenced a process to regulate the plot located nearby the road between Ovidiu and Constanta for industrial and logistic use. It will include infrastructure investments and the urbanistic regulation/PUZ of the plot to be approved by local authorities, now most likely during first quarter 2025.

### The Property Portfolio

The Company's land bank consists at the end of June 2024 of 5 plots with a total size of 158,818 m2:

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	1,126
2 Ovidiu (Oasis)	Constanta North/Ovidiu	21,732
3 Centrepoint	Constanta North/Ovidiu	121,672
4 Ovidiu Residence 3	Constanta North/Ovidiu	7,100
5 Balada Market	Central Constanta	7,188
<b>Total</b>		<b>158,818</b>

## Shareholder Information

Rank	Name	Holding	Ownership
1	SIX SIS AG	10,331,934	24.97%
2	GRØNSKAG, KJETIL	6,023,006	14.56%
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	1,698,122	4.10%
7	GRØNLAND, STEINAR	1,330,700	3.22%
8	Energi Invest as	1,253,211	3.03%
9	Orakel AS	1,101,000	2.66%
10	Brown Bothers	991,717	2.40%
11	SPAR KAPITAL INVESTOR	940,236	2.27%
12	KVAAL INVEST AS	935,000	2.26%
13	THORKILDSEN INVEST AS	829,478	2.01%
14	Arild Persson	722,912	1.75%
15	Anders Hoen	689,557	1.67%
16	AKSEL MAGDAHL	417,637	1.01%
17	Citibank	220,000	0.53%
18	Jo Egil Aalerud	166,864	0.40%
19	Eurotrade AS	161,952	0.39%
20	Nordnet Liv	125,872	0.30%
	<b>TOP 20</b>	<b>38,827,319</b>	<b>93.86%</b>

(1) This is the Top 20 Shareholder list as per 22 August 2024.

(2) The total issued number of shares issued at end Q2 2024 was 41,367,783.

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

(4) Chairman Kjetil Grønskag owns directly and indirectly 6,023,006 shares corresponding to 14.56%.

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

## Outlook

Romania has an open economy with a widening budget deficit and should be mindful of the uncertain global backdrop. Late 2024 is a mayor election year in Romania and that is creating some extra political turbulence. The Romanian National Bank has cut the “policy rate” twice and last time on 7 August to 6.5%. This is helpful for the mortgage market, and the commercial banks have started to cut their lending rates accordingly and this should be helpful for the residential market in particular. Even with such a scenario in horizon, RomReal will continue its careful approach including cost focus, modest risks, and no cash return to its shareholders yet.

## INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

### Accounting Principles

The condensed consolidated interim financial statements for the Second quarter of 2024, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. The accounting policies applied in the preparation of the quarterly result are consistent with the principles applied in the financial statements for the year to 31 December 2023. The financial statements have been prepared on a going concern basis.

To information presented in the interim report for the Second quarter of 2024 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining of 2024, and major related party transactions.

### Comparative data for Q2 2024 and Q1 2024

The interpretations below refer to comparable financial information for Q2 2024 and Q1 2024. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

### Operating Revenue

The operating revenue during Q2 2024 was EUR 193,000 compared to a total of EUR 1,500,000 reported in Q1 2024. This consists of the revenue resulting mainly from the disposals made during the quarter as well as the rent earned by the Company in respect of some of the plots.

### Operating Expenses

Total operating expenses amounted to a negative EUR 345,000 in Q2 2024 compared to a total negative EUR 291,000 in Q1 2024. The main elements of cost relate to the administrative expenses (EUR 236,000) and the payroll costs (EUR 88,000). The unrealised gain in respect of the inventories portfolio was EUR 10,000.

### Other operating income/ (expense), net

The other operating income/ (expense) during the quarter were loss of EUR 66,000, compared to a loss of EUR 47,000 during the same period of the previous year. The vast part of the total amount is represented by the cost of the disposed assets.

### Profit/ (loss) from operations

During Q2 2024, RomReal generated an operating loss of EUR 218,000, compared to a gain of EUR 285,000 in Q1 2024.

### Financial Income and expense

RomReal Limited Second quarter 2024

Financial result for Q2 2024 was a net gain of EUR 69,000 compared to a net financial gain of EUR 89,000 in Q1 2024. During the quarter the RON remained stable compared to EUR.

The Company's policy is to hedge these effects by retaining most of its cash in Lei, receiving negotiated interest from the bank and by denominating all receivables in Euros. Although not reflected from an accounting perspective, practice in real-estate is that transactions are denominated in EUR and payments made at the exchange rate ruling at the date of payment, hence reducing the risk of cash losses due to exchange rate movements.

### Result before tax

The result before tax in Q2 2024 was a loss of EUR 149,000 compared to a gain before tax of EUR 374,000 in Q1 2024.

### Cash and cash equivalents

The Company's cash and cash equivalents position at end of Q2 2024 was EUR 4,005,000 compared to EUR 3,906,000 as at end of Q1 2024.

RomReal portfolio / sale transactions to be completed in 2024/2025.

Romreal portfolio / sale transactions to be completed in 2024-2025						
Plot name	Location	Agreed sale value (EUR)	Installments received@ 01.08.2024	To cash 2024	To cash 2025	To cash 2025
Ovidiu Lakeside 4 blocks	Ovidiu	1,714,750	1,714,750			
Ovidiu Lakeside block 9	Ovidiu	238,463	238,463			
Ovidiu 7.900 sqm plot	Ovidiu	474,000	284,400	94,800	94,800	
Ovidiu Oasis plot Cocorilor 1	Ovidiu	108,000	55,243		52,757	
Ovidiu 5 ha plot 40.054 sqm	Ovidiu	2,958,480	1,344,131	561,169	1,053,180	
Ovidiu 5 ha plot 9.946 sqm	Ovidiu	795,680	364,691	132,612	298,377	
Ovidiu Oasis plot Cocorilor 2	Ovidiu	125,000	13,016			111,984
<b>Total</b>		<b>6,414,373</b>	<b>4,014,694</b>	<b>788,581</b>	<b>1,499,114</b>	<b>111,984</b>

### Taxation

The Company is required to calculate its current income tax at a flat rate of 16%. Starting 2024 all Group companies are subject to 16% tax on taxable profits.

The Company accounts for deferred tax on all movements in the fair values of its investment properties at a flat rate of 16%. Any change in the deferred tax liability or change in the deferred tax asset is reflected as an element of income tax in the profit and loss statement. The Company recognises deferred tax asset for the amount of carried forward unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Figures in thousand EUR

	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Rent revenue	60	59	122	103
Revenue from sale of assets	133	110	1,572	167
<b>Operating revenue</b>	<b>193</b>	<b>169</b>	<b>1,693</b>	<b>271</b>
Payroll expenses	(88)	(77)	(175)	(158)
Management fees	(31)	(26)	(62)	(52)
Inventory (write off)/reversal	10	126	3	9
General and administrative expenses	(236)	(191)	(403)	(318)
<b>Operating expenses</b>	<b>(345)</b>	<b>(168)</b>	<b>(636)</b>	<b>(520)</b>
<b>Profit/ (loss) before other operating items</b>	<b>(152)</b>	<b>1</b>	<b>1,057</b>	<b>(249)</b>
Other operating income/(expense), net	(66)	(47)	(990)	(277)
<b>Profit from operations</b>	<b>(218)</b>	<b>(45)</b>	<b>67</b>	<b>(526)</b>
Financial income	60	76	140	131
Financial costs	-	(1)	0	(1)
Foreign exchange, net	9	(20)	18	8
<b>Result before tax</b>	<b>(149)</b>	<b>10</b>	<b>225</b>	<b>(388)</b>
Tax expense	(20)	9	(163)	17
<b>Result of the period</b>	<b>(169)</b>	<b>19</b>	<b>63</b>	<b>(370)</b>

## CONSOLIDATED BALANCE SHEET

Figures in thousand EUR

ASSETS	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
<b>Non-current assets</b>			
Investment properties	2,377	4,399	3,016
Property, plant and equipment	52	50	41
Deferred tax asset	55	55	55
<b>Total non current assets</b>	<b>2,484</b>	<b>4,504</b>	<b>3,112</b>
<b>Current assets</b>			
Inventories	7,025	6,449	6,686
Other short term receivables	3,747	1,854	4,120
Cash and cash equivalents	4,005	3,436	3,480
<b>Total current assets</b>	<b>14,777</b>	<b>11,740</b>	<b>14,285</b>
Assets held for sale	-	-	0
<b>TOTAL ASSETS</b>	<b>17,261</b>	<b>16,244</b>	<b>17,398</b>
<b>EQUITY AND LIABILITIES</b>	<b>Jun 30, 2024</b>	<b>Jun 30, 2023</b>	<b>Dec 31, 2023</b>
<b>Equity</b>			
Share capital	103	103	103
Contributed surplus	87,117	87,117	87,117
Other reserves	160	160	160
Retained earnings	(74,702)	(74,761)	(74,762)
Result of current period	63	(370)	59
FX reserve	4,245	3,564	4,253
<b>Total equity</b>	<b>16,986</b>	<b>15,813</b>	<b>16,931</b>
<b>Non current liabilities</b>			
Deferred income tax	97	81	96
<b>Total non current liabilities</b>	<b>97</b>	<b>81</b>	<b>96</b>
<b>Current Liabilities</b>			
Other payables	179	348	369
Contract liabilities	-	-	0
Tax payable	0	2	1
<b>Total current liabilities</b>	<b>179</b>	<b>350</b>	<b>370</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,261</b>	<b>16,244</b>	<b>17,398</b>

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Figures in thousand EUR

	Jun 30, 2024	Dec 31, 2023	Jun 30, 2023
<b>Profit for the year</b>	63	59	(370)
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	681	642	(119)
<b>Other comprehensive income for the year, net of tax</b>	681	701	(119)
<b>Total comprehensive income for the year, net of tax</b>	744	701	(489)

## CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

	Jun 30, 2024	Dec 31, 2023	Jun 30, 2023
Net cash flow from operating activities	(534)	(564)	(608)
Net cash flow from investing activities	1,060	(55)	(55)
Net cash flows from financing activities	-	-	-
<b>Net cash change during period</b>	526	(619)	(662)
Cash at beginning of period	3,480	4,098	4,098
<b>Cash and cash equivalents at end of the period</b>	4,005	3,480	3,436

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

	Jun 30, 2024	Dec 31, 2023	Jun 30, 2023
Equity at the beginning of the period	16,931	16,230	16,230
Result for the period	63	59	(370)
Other changes	(8)	642	(47)
<b>Equity at the end of the period</b>	16,986	16,931	15,813

## Responsibility Statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the second quarter of 2024, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the interim report for the Second quarter of 2024 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining period of 2024, and major related party transactions.

30 August 2024

The Board of Directors RomReal Limited Hamilton, Bermuda:

Kjetil Grønskag (Chairman & CEO), Bendt Thorkildsen (Director) and Heidi Sørensen Austbø (Director).

Questions should be directed to: Kjetil Grønskag: Chairman & CEO, +44 776 775 4119



## **CONTACT INFORMATION**

RomReal Limited

Postal address: Burnaby Building, 16 Burnaby street, Hamilton HM11, Bermuda Telephone:

Tel- +1-441-293-6268 Fax +1-441-296-3048 | [www.RomReal.com](http://www.RomReal.com)

Visiting address: 54 Cuza Voda street, Constanța, Romania

Tel: +40-241-551488 Fax: +40-241-551322

## **IR**

Kjetil Gronskog

+44 776 775 4119 | [investors@RomReal.com](mailto:investors@RomReal.com)

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).

## **DISCLAIMER**

The information included in this Report contains certain forward-looking statements that address activities, events or developments that RomReal Limited ("the Company") expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets in which RomReal is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors, we refer to RomReal's Annual Report for 2023. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and RomReal disclaims any and all liability in this respect.