

Q1

RomReal Limited
First Quarter 2024 Report
30 May 2024



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

Highlights First Quarter 2024

Net Asset Value (NAV)

- Net Asset value was EUR 0.42 (NOK 4.87, before any tax) per share, up 1.5% from the year-end 2023. EUR/NOK was 11.72 end of Q1 2024 versus 11.26 by the end of Q4.23.

Operational highlights

- During the First quarter of 2024, the Company sold 3 plots on the Ovidiu Lake Side project for a total consideration of EUR 0.16m.
- So far in Q2 2024, the Company has not concluded any sales.
- Total infrastructure investments by the end of first quarter 2024 was EUR 9.33m, of this EUR 4m represents finalised projects, mostly related to Ovidiu Lake Side.

Financial Results

- Net Result for the quarter was a gain of EUR 231,000, compared to a EUR 389,000 loss in 1Q 2023. Net change in cash flow for the quarter was a positive EUR 427,000 compared to negative of EUR 289,000 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 3.91 million plus a total of EUR 2.79m unsettled receivables related to binding sales agreements, totalling EUR 6.70m, or about EUR 0.16 per share. Due to the weaker market situation, the outstanding vendor financing agreements are followed up with extra attention.

Macro and real estate market highlights

- On 13 May 2024, the National Bank decided to keep the monetary "Policy rate" at 7%, unchanged since April 2023. Other key interest rates and minimum reserve requirements to the banking sector were also kept unchanged.
- By the end of Q1.2024, the annual inflation rate was 6.6%. unchanged from the end of December 2023. By the end of April 2024 the inflation dropped to 5.9% (yoy).
- According to the European Commission (last update 15th May 2024), the 2024 GDP growth is estimated to be 3.3%, versus an estimated 2.9% in the report of 15 January 2024.
- Asking prices for apartments and houses in Romania increased in the First quarter of 2024 compared to Fourth quarter of 2023 (EUR 1,500/m²) to EUR 1,580/m² at the end of 1Q 2024 and EUR 1,596/ m² at the end of April 2024. In Constanta, average prices increased by 4.95% during the First quarter of 2024 (EUR 1,632/m² at the end of March 2024 compared to EUR 1,555/m² at the end of December 2023), according to www.imobiliare.ro index.

Key Financial Figures

EUR '000	Q1 2024	Q1 2023
Operating Revenue	1,500	101
Operating Expenses	(291)	(352)
Other operating income/ (expense), net	(923)	(230)
Net financial income/(cost)	89	83
Pre-tax result	374	(398)
Result for the period	231	(389)
Total assets	17,532	16,271
Total liabilities	351	432
Total equity	16,931	15,839
Equity %	99.5%	97.3%
NAV per share (EUR)	0.41	0.38
Cash position	3,906	3,810

Movement in Net Asset Value

The Net Asset Value (NAV) increased to EUR 17,180,000 at the end of Q1 2024 compared to EUR 16,931,000 at the end of Q4 2023.

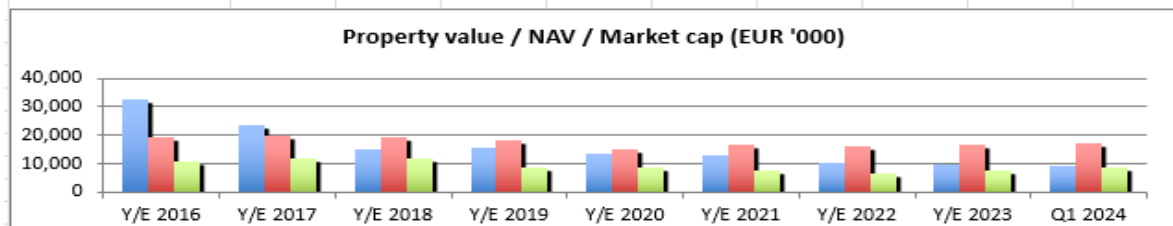
Asset base	Q1 2024			Q4 2023		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	2,377	0.06	0.67	3,016	0.07	0.82
Assets held for sale	0	0.00	0.00	0	0.00	0.00
Inventories	6,692	0.16	1.90	6,686	0.16	1.82
Cash	3,906	0.09	1.11	3,480	0.08	0.94
Other assets/(liabilities)	4,205	0.10	1.19	3,750	0.09	1.02
Net asset value	17,180			16,931		
NAV/Share		0.42	4.87		0.41	4.60
Change in NAV vs previous quarter	1.5%			1.4%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q4 2023.

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 2016	Y/E 2017	Y/E 2018	Y/E 2019	Y/E 2020	Y/E 2021	Y/E 2022	Y/E 2023	Q1 2024
Property value	32,787	23,419	14,962	15,435	13,420	13,192	10,118	9,702	9,069
NAV	19,369	19,930	19,603	18,501	15,035	16,826	16,230	16,931	17,180
Market cap	11,052	12,100	11,848	8,469	8,687	7,860	6,826	7,570	8,522
Market cap/NAV	57%	61%	60%	46%	58%	47%	42%	45%	50%



Cash Flow

EUR '000	Q1 2024	Q1 2023
Net cash flow from operating activities	(181)	(301)
Net cash flow used in investing activities	607	12
Net cash flows from financing activities	-	-
Net cash change during period	427	(289)

Operating cash flow for Q1 2024 was positive EUR 427,000 compared to a negative EUR 289,000 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 European Commission (last update 15th May 2024), the 2023 GDP growth is estimated to have increased to 2.1%, a modest upwards revision from the 15 January 2024 statement. This is primarily due to higher private consumption supported by higher real income. The Romanian economy expanded 0.1% year-on-year in the first quarter of 2024, following a 2.9% rise in the previous three-month period, preliminary estimates showed black.

The European Commission forecast a GDP growth of 3.3% in 2024 and 3.1% in 2025.

By the end of 1.Q.2024, the annual inflation rate was 6.6%. unchanged from the end of December 2023. By the end of April 2024 the inflation dropped to 5.9% (yoy). The Commission forecasts an inflation of 5.9% and 4.0% in 2024 and 2025 respectively. The most recent 2024 and 2025 GDP estimates are somewhat higher than the previous prognosis from the Commission.

Real Estate market facts

The transaction market 1st quarter 2024: Based on data from Colliers of 21 May 2024, the first quarter 2024 totalling with real estate investments of EUR 202m (ex residential housing), up 69% compared with the first quarter of 2023. Romania's volume in 1Q.2024 represented 16% of the total volume in CEE, clearly higher than the previous quarters.

The main drivers were transactions in the retail segment with about 2/3 of the total volume. Colliers only considers completed transactions where payment and transfer have taken place. Therefore a significant transaction (Globalworth's sale of industrial assets to CTP) of EUR 170m could be added in 2nd quarter 2024.

Retail market 1st quarter 2024: Again according to Colliers, the retail segment represented about 2/3 of the total transaction volume, followed by the hotel segment with about 20 per cent of the remaining transactions.

Industrial and logistics market 1st quarter 2024: According to Colliers, the total value of retail and logistics transactions was about EUR 30m, or about 15 per cent of the total volume.

Residential: Started 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 First quarter of 2024 compared to Fourth quarter of 2023 (EUR 1,500/m²) to EUR 1,580/m² at the end of 1Q 2024 and EUR 1,596/ m² at the end of April 2024. In Constanta, average prices increased by 4.95% during the First quarter of 2024 (EUR 1,632/m² at the end of March 2024 compared to EUR 1,555/m² at the end of December 2023), according to www.imobiliare.ro index.

Operational Overview

Lake Side (No.1 on the table) – Following the end of Q1 2024, the Company concluded sale of three plot from the Ovidiu Lake Side project. Two houses are still for sale. Street and utilities have been delivered to the City Hall for public use according to the agreement. The City Hall delivered the utilities to the water company in February 2023. The final transfer of the agreed land (about 700m²) 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 as well as electrical works have commenced. The first apartment block is about 85% finished and costs hitherto is slightly below the budget. The target completion date of the first block is 1 September 2024.

Industrial Park (No. 3 on the table) – The project is still advertised for sale. The development activity in the neighbourhood is expanding including various NATO/Romanian defence projects. The Company plans to renew the infrastructure building permit before year-end 2024.

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 stable but expected to increase over time with more parking enforcements by the local authorities. This income is a mix of spot parking and monthly rental agreements. The Company is considering a new PUZ application process.

Ovidiu Residence 3 (No. 4 in the table, 7,100 sqm) –The Company will commence a process to regulate the plot located nearby the road between Ovidiu and Constanta for industrial and logistic use. It is expected to 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 March 2024 of 5 plots with a total size of 159,127 m2:

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	1,126
2 Ovidiu (Oasis)	Constanta North/Ovidiu	22,041
3 Centrepoint	Constanta North/Ovidiu	121,672
4 Ovidiu Residence 3	Constanta North/Ovidiu	7,100
5 Balada Market	Central Constanta	7,188
Total		159,127

Shareholder Information

Rank	Name	Holding	Ownership
1	SIX SIS AG	10,331,934	24.98%
2	GRØNSKAG, KJETIL	5,963,046	14.41%
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	1,682,756	4.07%
7	GRØNLAND, STEINAR	1,366,097	3.30%
8	Energi Invest as	1,253,211	3.03%
9	Orakel AS	1,101,000	2.66%
10	BNP Paribas	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	447,639	1.08%
17	Citibank	220,000	0.53%
18	Jo Egil Aalerud	166,864	0.40%
19	Eurotrade AS	161,952	0.39%
20	Nordnet Liv	158,757	0.38%
	TOP 20	38,850,277	93.92%

(1) This is the Top 20 Shareholder list as per 24 May 2024.

(2) The total issued number of shares issued at end Q1 2024 was 41,367,783.

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

(4) Chairman Kjetil Grønskag owns directly and indirectly 5,913,006 shares corresponding to 14.41%.

(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 and should be mindful of the uncertain global backdrop. 2024 is also a mayor election year in Romania and that is always creating some extra political turbulence. The general slower drop in inflation than previously predicted in Romania than in many peers, would indicate the first cut in inflation by the National Bank could be pushed into 2025. With such a scenario in horizon, RomReal will continue its careful approach including cost focus, minimised risks, and no cash return to its shareholders.

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting Principles

The condensed consolidated interim financial statements for the First 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 First 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 Q1 2024 and Q4 2023

The interpretations below refer to comparable financial information for Q1 2024 and Q4 2023. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

Operating Revenue

The operating revenue during Q1 2024 was EUR 1,500,000 compared to a total of EUR 131,000 reported in Q4 2023. 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 291,000 in Q1 2024 compared to a total negative EUR 764,000 in Q4 2023. The main elements of cost relate to the administrative expenses (EUR 167,000) and the payroll costs (EUR 87,000). The unrealised loss in respect of the inventories portfolio was EUR 7,000.

Other operating income/ (expense), net

The other operating income/ (expense) during the quarter were loss of EUR 923,000, compared to a loss of EUR 230,000 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 Q1 2024, RomReal generated an operating gain of EUR 285,000, compared to a loss of EUR 578,000 in Q4 2023.

Financial Income and expense

Financial result for Q1 2024 was a net gain of EUR 89,000 compared to a net financial gain of EUR 84,000 in Q4 2023. 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 Q1 2024 was a gain of EUR 374,000 compared to a loss before tax of EUR 494,000 in Q4 2023.

Cash and cash equivalents

The Company's cash and cash equivalents position at end of Q1 2024 was EUR 3,906,000 compared to EUR 3,480,000 as at end of Q4 2023.

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

Romreal portfolio / sale transactions to be completed in 2024-2025						
No	Plot name	Location	Agreed sale value (EUR)	Installments received@ 17.05.2024	To cash 2024	To cash 2025
1	Ovidiu Lakeside 4 blocks	Ovidiu Constanta	1,714,750	1,714,750		
2	Ovidiu Lakeside block 9	Ovidiu Constanta	238,463	238,463		
3	Ovidiu 7.900 sqm plot	Ovidiu Constanta	474,000	237,000	142,200	94,800
4	Ovidiu Oasis plot Cocorilor 1	Ovidiu Constanta	108,000	5,000		103,000
5	Ovidiu 5 ha plot 40.054 sqm	Ovidiu Constanta	2,958,480	1,029,873	875,427	1,053,180
6	Ovidiu 5 ha plot 9.946 sqm	Ovidiu Constanta	795,680	265,232	232,071	298,377
Total			6,289,373	3,490,318	1,249,698	1,549,357

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		
	YTD 2024	YTD 2023
Rent revenue	61	44
Revenue from sale of assets	1,439	57
Operating revenue	1,500	101
Payroll expenses	(87)	(81)
Management fees	(31)	(26)
Inventory (write off)/reversal	(7)	(117)
General and administrative expenses	(167)	(127)
Operating expenses	(291)	(352)
Profit/ (loss) before other operating items	1,209	(250)
Other operating income/(expense), net	(923)	(230)
Profit from operations	285	(480)
Financial income	80	55
Financial costs	0	(0)
Foreign exchange, net	9	28
Result before tax	374	(398)
Tax expense	(143)	9
Result of the period	231	(389)

CONSOLIDATED BALANCE SHEET

Figures in thousand EUR

ASSETS	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current assets			
Investment properties	2,377	4,414	3,016
Property, plant and equipment	34	56	41
Deferred tax asset	55	55	55
Total non current assets	2,466	4,525	3,112
Current assets			
Inventories	6,692	5,650	6,686
Other short term receivables	4,467	2,286	4,120
Cash and cash equivalents	3,906	3,810	3,480
Total current assets	15,065	11,746	14,285
Assets held for sale	-	-	0
TOTAL ASSETS	17,532	16,271	17,398
EQUITY AND LIABILITIES	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Equity			
Share capital	103	103	103
Contributed surplus	87,117	87,117	87,117
Other reserves	160	160	160
Retained earnings	(69,223)	(74,762)	(69,342)
Result of current period	231	(389)	59
FX reserve	(1,209)	3,608	(1,167)
Total equity	17,180	15,839	16,931
Non current liabilities			
Deferred income tax	96	92	96
Total non current liabilities	96	92	96
Current Liabilities			
Other payables	115	339	369
Contract liabilities	-	-	0
Tax payable	140	1	1
Total current liabilities	255	340	370
TOTAL EQUITY AND LIABILITIE	17,532	16,271	17,398

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Figures in thousand EUR

	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Profit for the year	231	59	(389)
Other comprehensive income			
Exchange differences on translation of foreign operations	(4,817)	-4,778	41
Other comprehensive income for the year, net of tax	(4,817)	(4,778)	41
Total comprehensive income for the year, net of tax	(4,586)	(4,718)	(348)

CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Net cash flow from operating activities	(181)	(564)	(301)
Net cash flow from investing activities	607	(55)	12
Net cash flows from financing activities	-	-	-
Net cash change during period	427	(619)	(289)
Cash at beginning of period	3,480	4,098	4,098
Cash and cash equivalents at end of the period	3,906	3,480	3,810

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Equity at the beginning of the period	16,931	16,230	16,230
Result for the period	231	59	(388)
Other changes	17	642	(3)
Equity at the end of the period	17,180	16,931	15,839

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first 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 First 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 May 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

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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.

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.