

Q3

RomReal Limited
Third Quarter 2024 Report
29 November 2024



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

Highlights Third Quarter 2024

Net Asset Value (NAV)

- Net Asset value was EUR 0.41 (NOK 4.77, before any tax) per share, down 1.2% from Q2 2024. EUR/NOK was 11.76 end of Q3 2024 versus 11.39 by the end of 2Q 2024.

Operational highlights

- During the Fourth quarter 2024, the Company sold the last of the four older houses on Oasis for a total consideration of EUR 0.125m. The buyer of this house was a Company associated person and has been approved by the BOD. In addition, one of the two houses on Lakeside was agreed sold.
- Total infrastructure investments by the end of third quarter 2024 was EUR 10.11m, 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 216,000, compared to a EUR 934,000 profit in 2Q 2023. Net change in cash flow for the quarter was a positive EUR 113,000 compared to negative of EUR 113,000 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 4.1 million plus a total of EUR 2.3m unsettled receivables related to binding sales agreements, totalling EUR 6.4m, or about EUR 0.16 per share. The outstanding vendor financing agreements are followed up with extra attention.

Macro and real estate market highlights

- On 8 November 2024, the National Bank decided to keep the monetary "Policy rate" similar to August at 6.5%. Other key interest rates and the minimum reserve requirements to the banking sector were kept unchanged. The National Bank kept this key rate unchanged from April 2023 to June 2024 at 7%.
- By the end of Q3.2024, the annual inflation rate declined to 4.60% from 4.90% at the end of 2Q 2024. The annual inflation rate edged up to 4.7% in October.
- According to the Institutul National de Statistica, the GDP showed a growth of 1.1% on a non-adjusted basis versus a 2.3% expansion by 3rd quarter 2023. The most recent GDP growth estimate from the European Commission of 15 November was 1.4% for 2024 and 2.5% for 2025. The Romanian economy expanded by 1.1% year-on-year in the third quarter 2024 in non-adjusted terms, versus 2.3% in the same period 2023.
- Asking prices for apartments and houses in Romania increased in the Third quarter of 2024 compared to Second quarter of 2024 (EUR 1,603/m²) to EUR 1,656/m² at the end of 3Q 2024 and EUR 1,681/m² at the end of October 2024. In Constanta, average prices increased by 2.04% during the Third quarter of 2024 (EUR 1,700/m² at the end of September 2024 compared to EUR 1,666/m² at the end of June 2024), according to www.imobiliare.ro index.

Key Financial Figures

EUR '000	Q3 2024	Q3 2023
Operating Revenue	68	3,140
Operating Expenses	(277)	(254)
Other operating income/ (expense), net	(4)	(1,615)
Net financial income/(cost)	77	59
Pre-tax result	(136)	1,329
Result for the period	(216)	934
Total assets	17,172	17,384
Total liabilities	397	679
Total equity	16,776	16,705
Equity %	97.7%	96.1%
NAV per share (EUR)	0.41	0.40
Cash position	4,118	3,323

Movement in Net Asset Value

The Net Asset Value (NAV) decreased to EUR 16,776,000 at the end of Q3 2024 compared to EUR 16,986,000 at the end of Q2 2024.

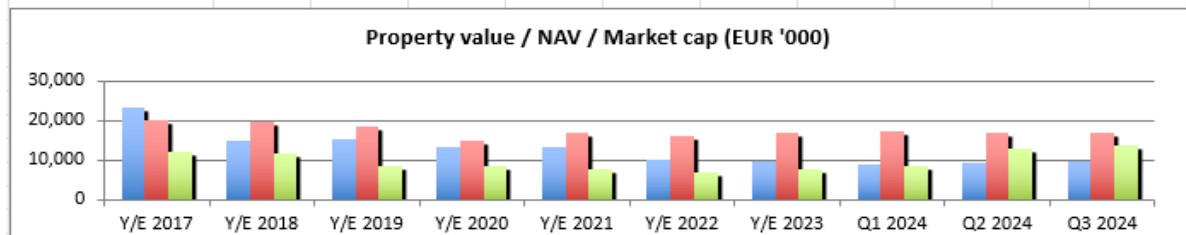
Asset base	Q3 2024			Q2 2024		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	2,377	0.06	0.68	2,377	0.06	0.65
Assets held for sale	0	0.00	0.00	0	0.00	0.00
Inventories	7,392	0.18	2.10	7,025	0.17	1.93
Cash	4,118	0.10	1.17	4,005	0.10	1.10
Other assets/(liabilities)	2,889	0.07	0.82	3,578	0.09	0.99
Net asset value	16,776			16,986		
NAV/Share		0.41	4.77		0.41	4.68
Change in NAV vs previous quarter	-1.2%			-1.1%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q2 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	Q3 2024
Property value	23,419	14,962	15,435	13,420	13,192	10,118	9,702	9,069	9,402	9,769
NAV	19,930	19,603	18,501	15,035	16,826	16,230	16,931	17,180	16,986	16,776
Market cap	12,100	11,848	8,441	8,687	7,860	6,826	7,570	8,522	12,824	13,569
Market cap/NAV	61%	60%	46%	58%	47%	42%	45%	50%	75%	81%



Cash Flow

EUR '000	Q3 2024	Q3 2023
Net cash flow from operating activities	(280)	(72)
Net cash flow used in investing activities	392	(41)
Net cash flows from financing activities	-	-
Net cash change during period	113	(113)

Operating cash flow for Q3 2024 was positive EUR 113,000 compared to a negative EUR 113,000 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

By the end of Q3.2024, the annual inflation rate declined to 4.60% from 4.90% at the end of 2Q 2024. The annual inflation rate edged up to 4.7% in October. The European Commission has an inflation estimate of 3.9% and 3.6% by the year-end 2025 and 2026 respectively.

According to the Institutul National de Statistica, the GDP showed a growth of 1.1% on a non-adjusted basis versus a 2.3% expansion by 3rd quarter 2023. The most recent GDP growth estimate from the European Commission of 15 November was 1.4% for 2024 and 2.5% for 2025 and 2.9% for 2026. The Romanian economy expanded by 1.1% year-on-year in the third quarter 2024 in non-adjusted terms, versus 2.3% in the same period 2023.

The increasing Romanian fiscal deficit with an estimate of 8% is clearly above the Government limit of 5% in 2024. The upcoming President (the 8th of December final round) and general elections on the 1st of December this year is taking place. From a positive note, the gross

Public debt of GDP is estimated to be only 52% by the end of this year, but expected to grow somewhat ahead.

Real Estate market facts

The transaction market 1st-3rd Quarter 2024: Based on data from Colliers, the first 9 months 2024 real estate investments in Romania amounted to about EUR 600m (ex. residential housing), up 190% versus the same period 2023. The pipeline for the rest of the year is healthy.

In CEE the total volumes in the three quarters 2024 was EUR 5bn, an increase of 24% y-o-y. Colliers is estimating a total volume in the CEE of EUR 7bn for 2024. This is still about 30% below the 10-year average.

The prime yield in Bucharest is according to Colliers for office, industrial and retail is 7.5%, 7.5% and 7.25% respectively.

Operational Overview

Lake Side (No.1 on the table) –On house is still for sale. One of the two houses on Lakeside was agreed sold during fourth quarter. The final transfer of the agreed land (promenade area), about 700m², to the municipality of Ovidiu is planned to take place mid-2025.

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 would be finalised during first quarter 2025. The first apartment block is for practical purposes finished and costs hitherto is slightly below the budget. The sales and marketing activities have commenced, but no apartment is sold yet. The final fourth house built in 2007 is agreed sold after the end of third quarter. On the second apartment structure, vital external works like windows and hydro isolation are progressing well. Interior works will not start before a satisfactory sales progress is realised in the first apartment block.

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 works to renew the infrastructure building permit before end of first quarter 2025. The Company will commence cleaning of the plot in order to fulfil new Environmental standards.

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 when decided, but not implemented, parking enforcements by the local authorities. The Company has commenced works for a new PUZ application process.

Ovidiu Residence 3 (No. 4 in the table, 7,100 sqm) – The project is for sale. The Company has commenced a process to regulate the plot located nearby the road between Ovidiu and Constanta for industrial and logistic use.

The Property Portfolio

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

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

Shareholder Information

Rank	Name	Holding	Ownership
1	SIX SIS AG	10,331,934	24.98%
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	1,633,616	3.95%
7	GRØNLAND, STEINAR	1,325,700	3.20%
8	Energi Invest as	1,253,211	3.03%
9	Orakel AS	1,101,000	2.66%
10	Brown Brothers	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	401,207	0.97%
17	Citibank	220,000	0.53%
18	Jo Egil Aalerud	166,864	0.40%
19	Eurotrade AS	161,952	0.39%
20	Nordnet Liv	123,878	0.30%
	TOP 20	38,739,389	93.66%

(1) This is the Top 20 Shareholder list as per 21 November 2024.

(2) The total issued number of shares issued at end Q3 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. November/December 2024 is a mayor election year in Romania and that is creating some extra political uncertainty. Consequently, the Romanian National Bank has kept the "Policy rate" unchanged at 6.5%. With such near-term horizon, RomReal will continue its careful cost focus, modest risks, and no cash return to its shareholders. The catalyst for RomReal is a sizeable property sales increase.

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting Principles

The condensed consolidated interim financial statements for the Third 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 Third 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 Q3 2024 and Q3 2023

The interpretations below refer to comparable financial information for Q3 2024 and Q2 2024. They are prepared for RomReal on a consolidated basis and use consistent accounting policies and treatments.

Operating Revenue

The operating revenue during Q3 2024 was EUR 68,000 compared to a total of EUR 3,140,000 reported in Q3 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 277,000 in Q3 2024 compared to a total negative EUR 254,000 in Q3 2023. The main elements of cost relate to the administrative expenses (EUR 156,000) and the payroll costs (EUR 88,000). The unrealised loss in respect of the inventories portfolio was EUR 2,000.

Other operating income/ (expense), net

The other operating income/ (expense) during the quarter were loss of EUR 4,000, compared to a loss of EUR 1,615,000 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 Q3 2024, RomReal generated an operating loss of EUR 212,000, compared to a gain of EUR 1,270,000 in Q3 2023.

Financial Income and expense

Financial result for Q3 2024 was a net gain of EUR 77,000 compared to a net financial gain of EUR 59,000 in Q3 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 Q3 2024 was a loss of EUR 136,000 compared to a gain before tax of EUR 1,329,000 in Q3 2023.

Cash and cash equivalents

The Company's cash and cash equivalents position at end of Q3 2024 was EUR 4,118,000 compared to EUR 3,323,000 as at end of Q3 2023.

RomReal portfolio / sale transactions to be completed in 2024 - 2026.

Romreal portfolio / sale transactions to be completed in 2024-2026							
No	Plot name	Location	Agreed sale value (EUR)	Installments received@ 01.11.2024	To cash 2024	To cash 2025	To cash 2026
1	Ovidiu Lakeside 4 blocks	Ovidiu	1,714,750	1,714,750			
2	Ovidiu Lakeside block 9	Ovidiu	238,463	238,463			
3	Ovidiu 7.900 sqm plot	Ovidiu	474,000	341,280	37,920	94,800	
4	Ovidiu Oasis plot Cocorilor 1	Ovidiu	108,000	68,308		39,692	
5	Ovidiu 5 ha plot 40.054 sqm	Ovidiu	2,958,480	1,731,993	173,307	1,053,180	
6	Ovidiu 5 ha plot 9.946 sqm	Ovidiu	795,680	464,150	33,153	298,377	
7	Ovidiu Oasis plot Cocorilor 2	Ovidiu	125,000	40,155			84,845
9	Ovidiu Oasis plot Cocorilor 4	Ovidiu	125,000	10,000			115,000
10	Ovidiu Ind park 15.534 sqm	Ovidiu	554,190	173,184	34,637	207,821	138,548
Total			7,093,563	4,782,283	279,017	1,693,871	338,393

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

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Rent revenue	68	67	190	170
Revenue from sale of assets	0	3,073	1,572	3,240
Operating revenue	68	3,140	1,762	3,411
Payroll expenses	(88)	(77)	(263)	(235)
Management fees	(31)	(26)	(93)	(78)
Inventory (write off)/reversal	(2)	(5)	1	4
General and administrative expenses	(156)	(146)	(558)	(464)
Operating expenses	(277)	(254)	(913)	(773)
Profit/ (loss) before other operating items	(208)	2,886	849	2,638
Other operating income/(expense), net	(4)	(1,615)	(993)	(1,892)
Profit from operations	(212)	1,270	(145)	745
Financial income	76	53	215	184
Financial costs	-	0	0	(1)
Foreign exchange, net	1	6	19	14
Result before tax	(136)	1,329	89	942
Tax expense	(80)	(395)	(243)	(378)
Result of the period	(216)	934	(153)	564

CONSOLIDATED BALANCE SHEET



Figures in thousand EUR

ASSETS	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Non-current assets			
Investment properties	2,377	2,877	3,016
Property, plant and equipment	48	43	41
Deferred tax asset	55	55	55
Total non current assets	2,480	2,975	3,112
Current assets			
Inventories	7,392	6,932	6,686
Other short term receivables	3,182	4,155	4,120
Cash and cash equivalents	4,118	3,323	3,480
Total current assets	14,691	14,409	14,285
Assets held for sale	-	-	0
TOTAL ASSETS	17,172	17,384	17,398
EQUITY AND LIABILITIES	Sep 30, 2024	Sep 30, 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	(74,702)	(74,762)	(74,762)
Result of current period	(153)	564	59
FX reserve	4,250	3,522	4,253
Total equity	16,776	16,705	16,931
Non current liabilities			
Deferred income tax	97	82	96
Total non current liabilities	97	82	96
Current Liabilities			
Other payables	300	242	369
Contract liabilities	-	-	0
Tax payable	0	355	1
Total current liabilities	300	597	370
TOTAL EQUITY AND LIABILITIES	17,172	17,384	17,398

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Figures in thousand EUR

	Sep 30, 2024	Dec 31, 2023	Sep 30, 2023
Profit for the year	(153)	59	564
Other comprehensive income			
Exchange differences on translation of foreign operations	729	642	(95)
Other comprehensive income for the year, net of tax	729	701	(95)
Total comprehensive income for the year, net of tax	575	701	469

CASH FLOW STATEMENT (UNAUDITED)

Figures in thousand EUR

	Sep 30, 2024	Dec 31, 2023	Sep 30, 2023
Net cash flow from operating activities	(454)	(564)	(721)
Net cash flow from investing activities	1,092	(55)	(55)
Net cash flows from financing activities	-	-	-
Net cash change during period	638	(619)	(776)
Cash at beginning of period	3,480	4,098	4,098
Cash and cash equivalents at end of the period	4,118	3,480	3,323

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Figures in thousand EUR

	Sep 30, 2024	Dec 31, 2023	Sep 30, 2023
Equity at the beginning of the period	16,931	16,230	16,230
Result for the period	(153)	59	564
Other changes	(3)	642	(89)
Equity at the end of the period	16,776	16,931	16,705

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the third 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 Third 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.

29 November 2024

The Board of Directors RomReal Limited Hamilton, Bermuda:

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

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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.