RomReal Limited Annual Report 2020

16 April 2021

RomReal is a Company focused on the Romanian real estate market. Established in 2005 and owns a premium portfolio of properties in the Black Sea – Constanta region

2020 Highlights

Net Asset Value (NAV)

Net Asset value was EUR 0.36 (NOK 3.87 before any tax) per share, that being 19% lower compared to 2019.

The year-end 2020 valuation was concluded by Knight Frank in February 2021 and the values of the Group's investment property have been updated accordingly. The like for like value of the investment properties has decreased by about 7.3% during 2020 reflecting the general market challenges brought by the pandemic, according to the external valuer.

Operational highlights

During 2020, the Company sold a total of 10 plots of around 7,000 sq. meters from the Ovidiu Lakeside project for a total consideration of EUR 1.23 million. Hitherto, in 2021, the Company has sold 4 plots for a total EUR 0.21 million.

During 2020, EUR 1.1 million (ex VAT) have been further invested in infrastructure, primarily in Industrial Park and Lakeside.

Industrial Park, a sale of in total 3 plots totalling about EUR 0.8 million has been terminated for the time being. The Company is planning to file a law suit against the local water utility. The Balada Market property is marketed for sale. However, a court case has been commenced as the local Municipality has withdrawn a PUZ issued in 2015.

Financial Results

Net Result for the year was EUR 2.94 million loss compared to a EUR 0.81 million loss in 2019.

During November 2020 the Company decided to make a EUR 1.05 million payment in relation to the tax dispute with the local tax authorities, to benefit a waiver of any potential penalties.

At the end of 2020, the Company had a cash position of EUR 1.2 million plus a total of EUR 0.42 million in unsettled receivables related to binding sales agreements, totalling EUR 1.62 million or about EUR 0.04 per share.

Macro and real estate market highlights

Romania's GDP contracted during 2020 by 3.9%, compared to a growth rate of 4.1% in 2019, according to data from the Country's statistical board (INS). The Economist intelligence unit expects the economy to recover in 2021 with real GDP growth of 4.5%, after a decline of 3.9% in 2020.

During March 2021 the average residential prices in Romania reached an average price of EUR 1,379/sqm, indicating a small 0.9% decrease compared with the same period last year. In Constanta, average prices at the end of March 2021 reached at EUR 1,268/sqm. showing an increase of 1.7% compared with the same period last year according to www.imobiliare.ro

Key Financials

EUR '000	2020	2019
Operating Revenue	700	336
Operating Expenses	(3,804)	(694)
Other operating income/ (expense), net	(215)	(292)
Net financial income/(cost)	(641)	(1,215)
Pre-tax result	(3,962)	(1,854)
Result for the period	(3,958)	(1,890)
Total assets	15,340	19,013
Total liabilities	305	387
Total equity	15,035	18,501
Equity %	98.0%	97.3%
NAV per share (EUR)	0.36	0.45
Cash position	1,207	2,320

For a more detailed analysis of the key financials please turn to page 23 of this report.

Property Portfolio

Total size of the Company's Property Portfolio ("Land Bank") totaled 267,914 sqm at the end of 2020. The Company owns prime location plots in the Black Sea region, County Constanta:

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	49,403
2 Badulescu plot	Constanta North/Ovidiu	50,000
3 Ovidiu (Oasis)	Constanta North/Ovidiu	24,651
4 Centrepoint	Constanta North/Ovidiu	121,672
5 Gunaydin plot	Constanta North/Ovidiu	15,000
6 Balada Market	Central Constanta	7,188
Total		267,914

For further information on the Company's property portfolio, please visit www.RomReal.com

Romanian Macro development

Romania's Gross Domestic Product has dropped by 3.9% during the pandemic year of 2020, compared to 2019, according to the latest flash report by the National Institute of Statistics (INS). Although a decrease of 12% has been reported in the second quarter of last year, it was recovered in the last part of 2020.

There have been almost 1 million confirmed cases of coronavirus in Romania to date and various parts of the country are in different stages of lockdown. On the positive side, Romania is one of the leading European countries in terms of vaccination ranking 7th among the EU member states.

The Government has struggled with containing coronavirus (Covid-19) outbreaks since the onset of the pandemic and continues to enforce a "soft" lockdown that went into force on November 9th. The parliamentary election on December 6th resulted in a surprise victory for the Social Democrats, but centre-right forces still managed to form a ruling coalition centred on the National Liberal Party. The Economist intelligence unit expects the economy to recover in 2021 with real GDP growth of 4.5%, after a decline of 3.9% in 2020.
On a positive note, the bank tax on total assets, introduced in December 2018, was removed, while Romania's FTSE Russell upgrade to emerging market status was effective from September 2020. In addition, the Government launched a tax incentive scheme to improve the overall equity position of firms. However, some developments, for instance, in the areas of privatization and the banking sector, may be perceived as reversals in the transition process. One such example is a new anti-privatization law that has temporarily frozen sales of state assets until after the Covid-19 crisis, with potentially negative effects on the listing of state-owned enterprises as well as on capital market development and corporate governance.

RomReal Ethical Policy

Introduction
RomReal is only involved in minor construction or development projects, but aiming to maintain its principles with regards to Ethical Policy since its listing to the Oslo Stock Exchange. These can be found below:

Energy
From initial site surveys, through to the specification of fixtures and fittings, the Company aims to identify the most energy-efficient solutions. The Company is seeking more intelligent and sustainable approaches to design, construction and materials.

Water
All of the developments consider ways in which water usage can be reduced, both during construction and occupancy. Where possible, specifying ways of increasing the efficiency of water usage within the infrastructure of our developments, delivering responsibility and cost-efficiency.

Materials
The Company is aiming to select all construction materials carefully. The aim is to protect natural resources and reduce carbon emissions, thereby contributing to a healthy environment for the residents in all developments.

Waste
RomReal is aware of the need to reduce and manage waste across our operations and is aiming to fulfil all legal requirements. It also supports and encourages residents in their own recycling efforts.

Community
From introducing improvements to the local infrastructure to including spaces for socialising and local amenities, the aim is to contribute to sustainable communities for everyone.

Healthy Living
RomReal recognizes our responsibility to support healthy lifestyles and meet the needs and aspirations of residents. RomReal seeks to maximize the natural benefits of sunlight, daylight and open space within each development.

Education
RomReal seeks to deliver sustainable development through its ethical policy and working practices. The terms of reference include requirements for economic and social progress at a local level. The Company has supported educational initiatives, both those that spread best practice in sustainable development, and those that enhance the local educational infrastructure in general.

Shareholder Overview

Please see below the list of the top 20 shareholders in RomReal as of 07 April 2021:

	SHAREHOLDER	SHARES	%
1	SIX SIS AG	10,331,934	24.98%
2	THORKILDSEN, WENCHE SYNNØVE	5,392,985	13.04%
3	GRØNSKAG, KJETIL	4,228,000	10.22%
4	SAGA EIENDOM AS	3,262,976	7.89%
5	AUSTBØ, EDVIN	2,108,500	5.10%
6	Danske Bank A/S	1,506,445	3.64%
7	ENERGI INVEST AS	1,242,159	3.00%
8	ORAKEL AS	1,101,000	2.66%
9	BNP Paribas Securities Services	991,717	2.40%
10	SPAR KAPITAL INVESTOR AS	940,236	2.27%
11	GRØNLAND, STEINAR	831,802	2.01%
12	THORKILDSEN INVEST AS	829,478	2.01%
13	PERSSON, ARILD	718,000	1.74%
14	HOEN, ANDERS MYSSEN	689,557	1.67%
15	KVAAL INVEST AS	518,900	1.25%
16	SILJAN INDUSTRIER AS	481,480	1.16%
17	MAGDAHL, AKSEL	476,403	1.15%
18	Banque de Luxembourg S.A.	409,725	0.99%
19	NORDNET LIVSFORSIKRING AS	407,852	0.99%
20	FRENICO AS	396,000	0.96%
	TOTAL TOP 20	36,865,149	89%

(1) This is the Top 20 Shareholder list as per 07 April 2021.

(2) The total issued number of shares issued at 07 April 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 4,475,730 shares corresponding to 10.8%. The above list is the 20 largest shareholders according to the VPS (cumputerized shareholder register) print out; please note that shareholders might use different accounts and account names, adding to their total holding.

Board of Directors

Mr. Grønskag holds a master of General Business (siviløkonom) from Handelshøyskolen BI and is a Certified Financial Analyst (CFA) from Norwegian School of Economics and Business Administration. Mr. Grønskag has a long experience within international banking and Real Estate. Mr Grønskag has significant Directorship experience from both listed and private companies. He is a Norwegian citizen and resides in London, UK.

Kjetil Grønskag - Chairman of the Board and CEO

Ileana Lacramioara Isarescu is a corporate professional with over 15 year of international experience in business development in real estate, finance and IT. Having worked in Vienna and New York, Ileana is currentl the Governmental Programs Executive for IBM South East Europe, and resides in Bucharest, Romania. Ileana holds a MBA degree from Harvard Business School and a MSc in International Economics from the Academy of Economic Studies Bucharest.

Lacramioara Isarescu - Board member

Mr. Thorkildsen holds a Master of Science (MSc) in International Marketing and Strategy from the Norwegian School of Economics and Business Administration. Mr. Thorkildsen has more than 20 years with varied experience with particular focus on business development/sales (IT). During the last 10 years Mr. Thorkildsen also has held various Directorship including in the real-estate industry. He is a Norwegian citizen.

Bendt Thorkildsen – Board Member

Mrs Austbø is a State Authorised Public Accountant from Handelshøyskolen BI in Oslo. Mrs Austbø has 14 years' experience from both audit and Management with Norwegian and global equities, working for KPMG and long equity funds at Terra Fondsforvaltning and Arctic Fund Management. Mrs Austbø also has Directorship and CEO experience from privately held companies. She is a Norwegian citizen and resides in Oslo.

Heidi Sørensen Austbø – Board member

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors Report and the RomReal Ltd consolidated and annual financial statements as of 31 December 2020. To the best of our knowledge, we confirm that RomReal Ltd and RomReal Group's consolidated annual financial statements for 2020 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union (EU), IFRSs as issued by the International Accounting Standards Board (IASB).

The information presented in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and results for the period viewed in their entirety.

DIRECTORS REPORT 2020

RomReal Directors

The Board of Directors of RomReal is responsible for the supervision and administration of the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner.

The Directors are shown below together with their interest in the number of shares in the Company per 31 December 2020 and per 31 December 2019:

		31 December 2020	31 December 2019
Kjetil Grønskag	Appointed Nov 2006	**4,451,626**	4,422,475
Heidi Sørensen Austbø	Appointed April 2017	**Nil**	Nil
Bendt Thorkildsen	Appointed April 2016	**6,245,234**	6,245,234
Lacramioara Isarescu	Appointed April 2014	**Nil**	Nil
TOTAL		**10,696,860**	**10,667,709**

Operations Update

The Management is focused on divesting plots at commercially profitable prices as well as to increase the attractiveness of land plots and upgrade of its land's planning permits. Below are operational highlights that took place during the year:
Lake Side (No.1 on the table) –The Company has several on-going processes for selling plots in the area.

During the fourth quarter 2020, the Company sold a total of 16 plots from the Lake side project for a total consideration of EUR 0.356m. So far during 2021, the Company sold 4 plots for a total EUR 0.21m.

Oasis (No. 3 on the table) –The Company is going to re-authorise the works for finalising the blocks erected on site in order to add more value to the whole plot and authorise the works for constructing the utilities in the area.

The Company expects more specific sales processes to commence when the pending regulation and utility issues are granted.

Industrial Park (No. 4 on the table) – A conditional sale of in total 3 plots totalling about EUR 0.8m has been terminated. The Company is planning to file a Court case against the local water utility, as in the Company's opinion, the water Company has penetrated the land and located pipes on the property without the Company's consent.

Balada Market (No. 6 on the table) - The plot and building is marketed for sale. A court case has been commenced as the local Municipality has withdrawn a PUZ issued in 2015.

Badulescu plot (No. 2 on the table) – Located close to the Lakeside, the Company is planning to regulate the plot for residential use. The plot is located very close to the Lake Side project.

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

After an eight-year battle in Court, including an application to the Romanian High Court of Justice and Constanta Court of Appeal, the Company successfully obtained late 2020 a final and irrevocable order of Constanta Court of Appeal who decided restitution of the land in full.

The Court decision shows the impartiality of the Romanian Courts and respect to the rule of law, as well as the integration of Romanian Court of law system into the European law system.

The piece of land is already agreed to be sold for about EUR 0.39m to the buyer of the Company's previous Mamaia North plots, as soon as the Court verdict will be received in official writing, and the administrative procedures for the transfer of the plot to the Company are finalised. This is expected during 2Q 2021.

Contestation against the Tax Authority Decision No. F-CT 344/29.05.2018

The Constanta Court of Appeal rejected the Company's contestation. As soon as the Company will receive the written decision issued by Court of Appeal, it will appeal the decision to High Court of Justice in Bucharest, which is the highest and ultimate decision body.

Key features of the real estate market

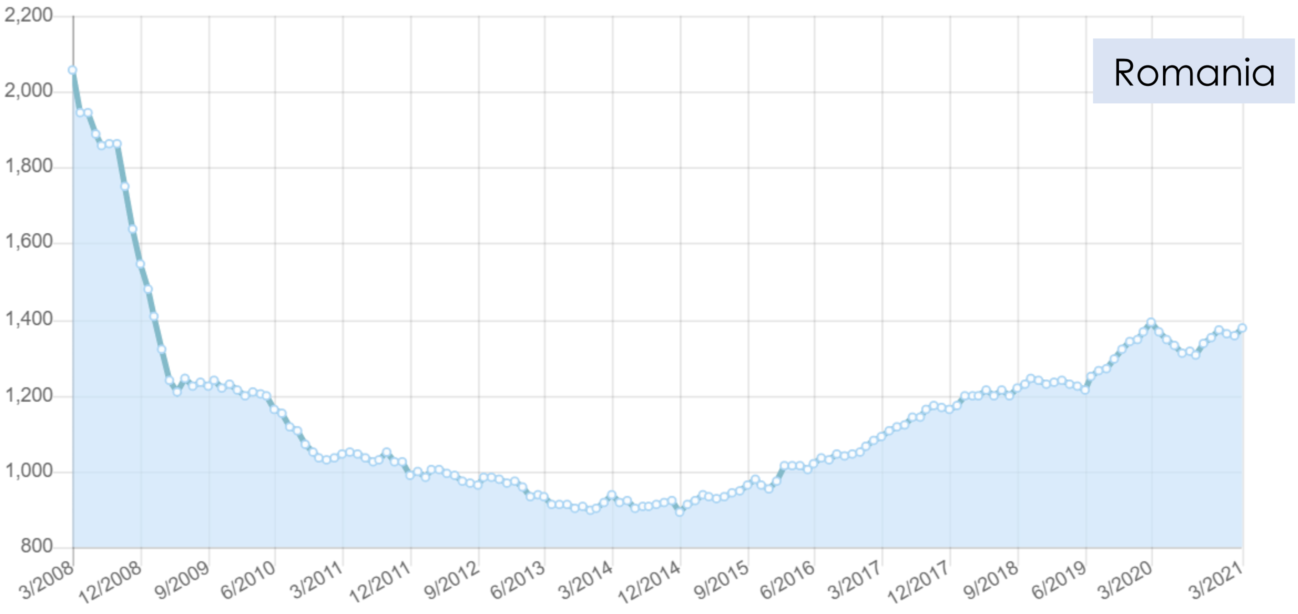
Office: At the end of 2020, Bucharest modern office stock reached at 2.95 mln. sq m of office space, more than half, respectively 63% being class A. Regarding the most developed areas, 18% of the modern office stock is located in Calea Floreasca/ Barbu Vacarescu sub-market, followed by Center-West and Dimitrie Pompeiu with an equal share of 15%.

Retail: Stock reached at the end of 2020 at 3.90 mln. sq m of shopping centers and retail parks, as circa 139,000 sq m were delivered throughout the year in defiance of a restrictive year when most of the retailers found themselves on the non-essentials list. As concerns the modern stock layout, 31% is concentrated in Bucharest while the rest is scattered throughout the regional cities. When looking at the stock's format, retail parks prevail with 63% of the total modern area.

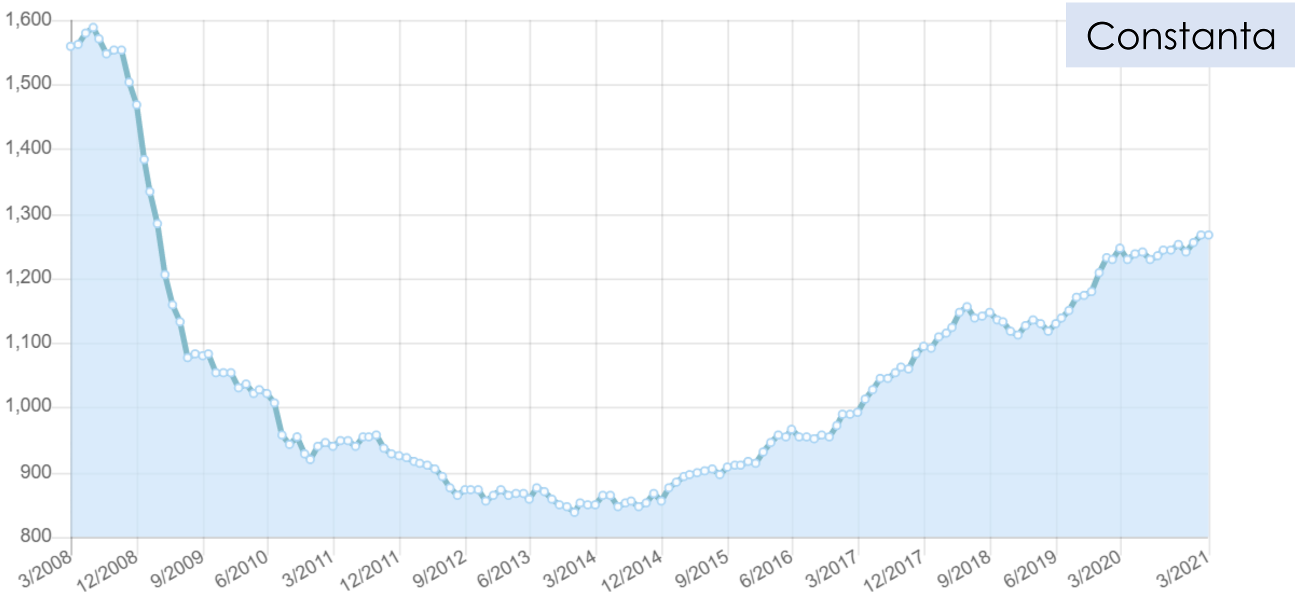
Industrial: Stock in Romania reached at the end of 2020 at approx. 5.1 million sqm after more than half a million, respectively, 574,000 sqm were delivered over the year. About 65% of the total 2020 delivered area is in Bucharest, Romania's largest industrial hub, while the remaining 35% is scattered throughout the country in regional cities such as Deva, Oradea, Sibiu, etc. In addition, increased competition amongst developers and constant demand for high standard logistics spaces led to a permanent progress in the quality of new supply; at the end of 2020, 87% of the total modern area being class A.

According to CBRE report, in spite of a challenging 2020, developers continued their search for land plots best suitable for their projects. The most active real estate sector proved to be the residential market with numerous investors either entered as new players on this market, either increased their portfolio strategizing for the next place to be.

The following graphs indicate the apartment prices trend in Romania and Constanta in March 2021:



According to the largest online broker in Romania imobiliare.ro, apartment prices in Romania have shown a 0.9% decrease to EUR 1,379 per m2 compared with the same period last year. Since the bottom in December 2013, the average price has increased by 52%.



Apartment prices in Constanta have seen an increase of 1.7% to EUR 1,268 per m2 as of March 2021, compared with the same period last year. Since the bottom in Dec. 2013, the average price has increased 50%.

Accounts and financial position

RomReal has prepared the financial statements as of 31 December 2020, on the basis of going concern. While the industry has faced significant challenges in Romania, RomReal actively seeks to improve liquidity, capitalize on its strong assets base, and take advantage of the future developments of the country's economy.

Operating revenues

RomReal had consolidated operating revenues of EUR 0.70 million in 2020 compared to EUR 0.34 million in 2019. The main revenue streams were rental income from the Balada Market and sales of plots.

Operating expenses

Total consolidated operating expenses were EUR 3.80 million in 2020 compared to EUR 0.69m million in 2019. RomReal (parent Company) operating losses were EUR 3.46 million in 2020 being at the same level of EUR 1,09 million in 2019.

Profit/Loss

Consolidated profit/loss after tax in 2020 was a loss of EUR 3.96 million compared to a loss after tax of EUR 1.89 million in 2019. RomReal (parent Company) loss after tax was EUR 3.46 million in 2020 compared to EUR 1.10 million loss in 2019.

The end of year 2019 independent land bank portfolio valuation has shown a decrease of 7.3% on a like for like basis compared to the end of year 2019 valuation representing a decrease in value of EUR 1.05 million on a like for like basis.

Dividends

The Directors are not proposing any dividends for the period.

Balance sheet

RomReal had on a consolidated basis a total balance sheet of EUR 15.03 million at 31 December 2020. RomReal (parent Company) had a total balance sheet of EUR 15.09 million. Total consolidated equity at 31 December 2020 amounted to EUR 15.04 million (parent Company EUR 15.03 million) compared with EUR 18.50 million in 2019 (parent Company EUR 18.50 million). The Company has total current liabilities of EUR 0.02 million at 31 December 2020 (parent Company EUR 0.06 million).

Net cash flow from consolidated operations was negative EUR 1.91 million at December 31 2020 compared to negative EUR 0.55 million in 2019 (parent Company negative EUR 0.26 million compared to negative EUR 0.25 million in 2019). Consolidated current assets were EUR 10.65 million at 31 December 2020 compared to EUR 12.93 million at 31 December 2019 (parent Company EUR 0.20 million in 2020 compared to EUR 1.51 million in 2019).

Financial risk

The Company will continue to pursue all available legal means for challenging the effects of such reassessment, in order to cancel the additional tax liabilities.

During November 2020 the Company decided to make a EUR 1.05 million payment in relation to the tax dispute with the local tax authorities, to benefit a waiver of any potential penalties. The legal process regarding the tax dispute is set to continue unchanged.

Organization

RomReal Ltd operates in Romania through its fully owned subsidiary S.C. Westhouse Group SRL (WHG). WHG holds an office in Constanta, Romania, and a small team of five employees, legal operations of the subsidiary companies being supervised by Cristea & Partners Law office headed by Mr. Adrian Cristea. The employees mainly deal with managing the assets, accounting compliance and reporting as well as sales/ marketing.

Working Conditions, Equal Opportunities, Health and Environmental issues

RomReal works continuously on facilitating employee development, good health, enthusiasm and commitment among its employees. The Company also encourages employees to use public transport on travelling to reduce pollution. Women and men in comparable jobs receiving the same pay.

Corporate Governance

RomReal Ltd (RomReal) is trying to focus on practicing good corporate governance, which will strengthen confidence in the Group and thereby contribute to the best possible long-term value creation to the benefit of the shareholders, the employees and other stakeholders. The purpose of its principles for corporate governance is to regulate the division of roles between shareholders, the Board and the Executive Management more comprehensively than is required by legislation.

The Norwegian code of practice for corporate governance (the code) has been issued by the Norwegian Corporate Governance Board (NCGB). It builds on the principle of "comply or explain", whereby companies must either comply with the code or explain why they may have chosen an alternative approach. It also requires the Company's report on its corporate governance to address all 15 sections of the code. The Oslo Stock Exchange stipulates that listed companies must provide an overall presentation of their corporate governance principles in accordance with the applicable code, and that this must be included in their annual report. RomReal's principles for corporate governance are based on the recommendation of 17 October 2018, which can be found at www.nues.no.

1. Implementation and reporting on corporate governance

Confidence in its Management and business are crucial for RomReal's present and future competitiveness. The Group practices open Management, and thereby builds trust both in-house and externally.

The Board of RomReal is responsible for implementing sound corporate governance principles in the Group according to Bermuda Corporate Governance standards. RomReal's corporate governance does not deviate from the requirements of the code in a significant way which requires more detailed explanation. Relations between owners and the Group will be characterized by respect for the owners, good and timely information, and equal treatment of shareholders.

2. Business

RomReal owns a portfolio of prime location plots in the Black Sea region, more specifically Constanta and Ovidiu. The plots are well suited for residential and commercial developments. RomReal is involved in several construction or development projects for the time being. The ethical guidelines observed by RomReal reflect its values base; please see separate Ethical Policy Section.

The objective of the Company for 2021 is to:

- Focus on land value enhancing activities in order to improve the shareholder value.
- Key action points are increased & more professional sales & marketing efforts
- Some infra-structure investments and, if necessary, engage more resources into regulation processes.
- Conclude the several on-going court cases in a satisfactory manner.

- Implement Covid-19 cost reductions and liquidity measures, to ensure on-going operations.

3. Equity and dividends

RomReal aims to maintain a solid equity and good liquidity appropriate to its objectives, strategy, and risk profile

Dividend

The Company is fully financed without any external debt, and when/if certain additional disposals are realized, tax cases concluded and Covid-19 effects a potential re-distribution of cash to the shareholders will reappear on the Board of Directors agenda.

Under Bermuda law, a Company's Board of Directors may declare and pay dividends from time to time unless there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts. Under the Company's Bye-Laws, each share is entitled to dividends if, as and when dividends are declared by the Board, subjects to any preferred divided right of the holders of any preference shares. There are no restrictions on the Company's ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to Norwegian residents who are holders of the Company's Shares.

4. Equal treatment of shareholders and transactions with close associates

Share Issues

Only the General Meeting considers Board mandates to increase the share capital for each purpose after assessing the requirements set by the Board.

Different Classes of Shares

RomReal has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach.

Efforts will be made to conduct possible transactions by the Company in its own shares through the stock exchange or in others ways at prevailing stock exchange prices.

Transactions with close associates

RomReal's routines specify that, in general, no transactions should be conducted between the Group and its shareholders, Directors, senior executives or their close associates. Should any of these have an interest in a transaction involving the Group, the Board must be informed and take up the matter for consideration if necessary. Unless the transaction is insignificant, the Board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved. The related parties, including shareholders and close associates, are reported to the stock exchange via www.newspoint.no. During 2020, there was one insider transaction by Chairman Kjetil Gronskag.

5. Shares and negotiability

RomReal's articles of association place no restrictions on transferability, and its shares are freely negotiable. RomReal received a listing on the Oslo Stock Exchange's Oslo Axess list on 11 June 2007.

6. General Meetings

RomReal facilitates the participation of as many shareholders as possible at the General Meeting and ensures that it functions as much as possible as an effective meeting place for the shareholders and the Board so that the owners can exercise their rights. Notice of the Meeting and supporting documents are prepared no later than 21 days before the Meeting is to take place and posted on the Company's website. The documents are sent to all shareholders with a known address in the Norwegian Central Securities Depository (VPS) in good time before the General Meeting takes place. This is facilitated by RomReal's register keeper DNB, which ensures that documents, including proxies and notifications, are carried by email and/or regular post to all shareholders. The notifications and proxies clearly specify the deadline for returning the proxies which provide the shareholders between 2 to 3 weeks to return their vote depending on their accessibility more i.e., email or post.

The Meeting takes place in our registered office in Bermuda, and it is accessible to all Board members and shareholders. Shareholders unable to attend in person will be given an opportunity to vote by proxy. The Company provides information on the procedure for:

(a) Appointing a proxy

(b) appoint a person who can act as proxy for the shareholder

(c) allowing separate voting instructions for each matter but not for each one of the candidates nominated.

The Board will propose to vote for each individual Board Member as of Ordinary General Meeting scheduled for 23 April 2021.

Representatives of the Board always attend the Annual General Meeting, together with representatives of the Executive Management, and normally a representative from EY auditors either in person or via conference calling.

The Board determines the agenda for the General Meeting. The main items on the agenda comply with the requirements of the Public Limited Companies Act as well as the parent Company's articles of association. As recommended by the code, each General Meeting appoints a person to act as its independent Chair. Minutes of general meetings are published on www.RomReal.com and on the Oslo Stock Exchange website at www.newsweb.no.

For 2021, the Annual General Meeting of the Company will take place on the 23rd April at 13:00 (local time), at the Company's registered office in Bermuda.

7. Nomination Committee

RomReal has chosen not to comply with the directive 7 for appointing a Nomination Committee. This is due to the current size, resources and activity of the Company, the Company considers that the cost of running a separate nomination committee should be avoided.

8. Board of Directors: composition and independence

RomReal's Board of Directors consisted at 31 December 2020 of four Directors:

Kjetil Grønskag

Bendt Thorkildsen

Lacramioara Isarescu

Heidi Sørensen Austbø

The Directors have long and varied experience in real estate, banking and finance which ensures that the Board can function effectively as a collegiate body. An overview of the Directors expertise, role and attendance can be found on the Company's website, www.RomReal.com.

The composition of the Board ensures that it serves the common interest and that it can operate as independently as possible of special interests. Chairman Kjetil Gronskag holds an executive position as Chief Executive of RomReal following Board approval on the 26 May 2016.

The Chairman of the Board, as well as the Vice Chairman, Secretary, and assistant Secretary are elected by the Board of Directors during the first meeting of the newly elected Board. The term office for members of the Board is one year.

To be proposed as of Ordinary General Meeting in April 2021, the General Meeting should elect the Chairman of the Board as the Company's highest governing body.

9. The work of the Board of Directors

The Board of Directors is the Company's highest body, and answerable only to the General Meeting. It has overall responsibility for planning and execution of the Group's strategy and activities, including its organization, remuneration policy and risk Management.

The Board also has overall responsibility for control and supervision. It produces an annual plan for its work with objectives, strategy and implementation. This is supported by a 2-3-year forecast plan or budget, which is updated on a quarterly basis during Board meetings. During Board meetings decisions are taken and tasks are delegated to the Executive Management. The Board discusses all matters relating to the Group's activities which are of significant importance or of a special character.

The duties and responsibilities of the Board are dictated by applicable legislation, the parent Company's articles of association, and mandates and instructions adopted by the general meeting. The Board will exercise supervision to ensure that the Group meets its business goals and manages risk in a wise and satisfactory manner. The Board is responsible for appointing the chief executive.

The Chairman is responsible for ensuring that the work of the Board is conducted in an efficient and proper manner and in compliance with applicable legislation. During 2018 nine (9) Board meetings were conducted. In addition to the Chairman, the Board has two independent chairs to lead the discussion on issues where the chair has a conflict of interest or is unable to attend. The Board carries out an annual assessment of its work

The Board of Directors ensures that members of the board of Directors and executive personnel make the Company aware of any material interests that they may have in items to be considered by the board of Directors, prior to each Annual General Meeting.

The Board does not hold any Independent Committees due to the small size and limited activity of the Company. Four out of five Board members are independent therefore their direct judgement and decision-making during Board meetings, ensures that the Board is aligned to shareholders' value in decisions related to audit and remuneration of the executive personnel.

10. Risk Management and internal control

The Board and Executive Management of RomReal place great emphasis on establishing and maintaining routines for risk Management and internal control. An annual review of the most important risks affecting the business is conducted by the Board.

Economic conditions and Emerging markets risk

The financial market climate and especially the price of property/plots and general rental levels in Romania represents risk, as it will affect the Group's limited rental income. There is risk associated with the general development of lease levels of commercial property for various segments and the locations where the Group owns properties. This especially applies to the market conditions at the expiration of lease contracts on the Group's properties. The Company aims to reduce this type of fluctuations, by holding tenants' deposits and/or bank guarantees. If fluctuations occur, it will have a negative impact on the Group's earnings and financial position.

The risk of market slowdown due to Covid-19 is evaluated and monitored by the Management on a weekly basis.

Financial reporting

Quarterly operational and accounting reports are prepared for Board approval using International Financial Reporting Standards.

Counterparty risk

RomReal conducts an annual review of both clients and suppliers to identify counterparty risk. New clients are also subject to a thorough assessment to identify any risk they may present.

Financial risk

The Company will continue to pursue all available legal means for challenging the effects of such reassessment, in order to cancel the additional tax liabilities.

During November 2020 the Company decided to make a EUR 1.05 million payment in relation to the tax dispute with the local tax authorities, to benefit a waiver of any potential penalties.

Foreign Exchange risk

The Company's main reporting currency is the EUR, which is used to facilitate loans to its subsidiaries. At the subsidiary level in Romania, the operational currency is RON. Due to its operational exposure in Romania, the financial reporting currency used to value the Company's assets is the RON. Due to the difference between reporting and operational currency the Company is exposed to foreign exchange risk. To manage this, the Company holds most of its deposits in EUR. The average exchange rate during 2020 was 1.00 EUR to 4.85 RON.

Tax risk

Changes in laws and rules regarding tax and duties may involve new and changed parameters for investors and the Company. This may involve a reduction in the profitability of investing in property and the profit after tax for the Company. Tax implications of transactions and dispositions conducted by the Company are to a certain extent based on judgment of applicable tax laws and regulations. Even if the Company is of the opinion that it has assessed tax law in good faith, it could not be ruled out that the authorities are of a different opinion. A change in regulation status in parts or all of the Land Bank may also normally change the applicable tax.

The Company is required to calculate its current income tax at a flat rate of 16%. Starting 2013, the companies in the Group with turnover below a EUR 65,000 threshold are subject to a 3% tax calculated on total revenue. This is the case for 7 of the Group companies while 3 of them are subject to 16% on taxable profits. In order to simplify and optimize the Romanian sub-holding structure, a number of merger processes of the Romanian subsidiaries is under way.

The new fiscal code implemented 01 Jan 2016 has applied a land tax increase of 500% on idle plots that lack cleaning. The Board has allocated a budget for the Management to maintain all of the Company's idle plots in a clean condition.

Director's Liability risk

The Company holds a Directors and Officers liability insurance policy with the reputable insurance Company, Chartis.

11. Remuneration of the Board of Directors

The General Meeting determines Directors' fees. The remuneration is not linked to the Company's performance in any way.

During 2020, the Directors received the following remuneration:

Lacramioara Isarescu	**EUR 6,000**
Heidi Sørensen Austbø	**EUR 6,000**
Bendt Thorkildsen	**EUR 6,000**

During 2020, Chairman Kjetil Grønskag abstained from receiving any remuneration as a Board Member during the year. There are no outstanding share options. The Company does not grant share options to board members.

12. Remuneration of the Executive Management

The Board determines the Chief Executive's terms of employment. The main principle applied by RomReal for determining the pay of the Chief executive and other senior executives is that these persons will be offered competitive terms. In addition, RomReal will offer terms which encourage value creation for the Group and its shareholders, and which strengthen the loyalty of senior employees to the business.

The Executive Management of RomReal comprises three executives with good knowledge within their job functions and with senior Management experience from across the industry. The Executive Management of RomReal currently includes the following persons with the yearly outlined remuneration:

Name	Position	Yearly fees	Benefits/Bonuses
Kjetil Gronskag	CEO RomReal	€58,800	0.7% on asset sales
Adrian Cristea	Board member of Rom subsidiaries and legal advisor	€54,000	2% on asset sales *
Claudia Oprisan	Chief Accountant	€23,000	N/A

* The incentive lawyer fee is applied on the net proceeds received by RomReal or any of its subsidiary net of any transactions fees and vat to be added (net proceeds in Euro). These net proceeds have to be approved by the CEO of RomReal's subsidiaries Board of Directors and paid by RomReal's subsidiaries.

13. Information and communication

RomReal takes the view that objective, detailed and frequent information to the market is essential for a correct valuation of its share, and accordingly pursues a continuous dialogue with analysts and investors.

Information about important events in RomReal as well as its periodic reporting of results is published in accordance with the guidelines to which the Group became subject through its listing on Oslo Axess. RomReal seeks continuously to publish all relevant information to the market in a timely, efficient and non-discriminatory manner. The Company constantly improves its Investor Relation material by upgrading its reporting format, content, and website.

All stock exchange announcements are made available on www.RomReal.com and the Oslo Stock Exchange website www.newsweb.no . The Group will provide the same information to all shareholders at the same time. To the extent that analysts or shareholders ask for further details, RomReal and the Board will ensure that only information which has already been made public is provided.

The Group holds quarterly and interim presentations. These provide an overview of operational and financial developments in the previous quarter as well as an overview of market prospects and the outlook for the business. Interim reports, and presentation materials are made available on the Group's website for a period of at least 5 years.

The Board determines the Group's financial calendar, which specifies the dates for publication of interim reports, the annual general meeting and the payment of dividends. This calendar is published by the end of December via the Oslo Stock Exchange's information system and on the RomReal website.

2021 Financial Calendar includes the following dates:

Q4 2020 Report	26/02/2021
AGM 2020	23/04/2021
Q1 2021 Report	28/05/2021
Q2 2021 Report	27/08/2021
Q3 2021 Report	26/11/2021

14. Takeovers

In the event of a bid for the parent Company's shares, the Board and the Executive Management will try to ensure that everyone gets access to sufficient information to be able to reach a decision on the offer. Unless otherwise instructed by the general meeting, the Board will not try to deploy defensive mechanisms to prevent the implementation of the bid.

The Board will provide shareholders with its view of the offer and, providing they have reached a decision on this, Directors are duty-bound to inform shareholders whether they personally intend to accept the bid. Should the Board find that it is unable to recommend whether the shareholders should accept the bid, it will explain the reasons why such a recommendation cannot be given. An explanation must be provided if the Board's decision is not unanimous. The Board will consider whether an assessment should be obtained from an independent expert.

15. Auditors and advisors

RomReal is audited by Ernst & Young AS. Ernst & Young AS, registration number 976 389 387, has been the Company's auditor since its incorporation in 2005. The registered business address of Ernst & Young AS is Thormøhlens gate 53 D, NO-5008 Bergen, Norway, and Ernst & Young AS is a member of the Norwegian Institute of Public Accountants (Nw. "Den Norske Revisorforeningen"). The Group will not use the auditor as a consultant unless this has been approved in advance by the Board or its Chair. A plan for their work is submitted annually by the external auditor to the Board, and this plan will specify planned services other than auditing.

The auditor attends Board meetings which deal with the annual accounts and is also present during the AGM. During these meetings, the auditor will review possible changes to the Company's auditing principles, assessments of significant accounting estimates and all cases where disagreement has arisen between the auditor and the Executive Management.

At least once a year, the auditor will conduct a review of the Company's internal control system and possible weaknesses. The auditor will also propose improvements. In addition, the Board and the auditor will hold at least one meeting a year without the chief executive or other executive personnel being present. A briefing on the audit work and an assessment of the Group's internal control will be provided by the auditor to the general meeting.

The Board of Director's Reports the auditor remuneration to the general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

Prospects

RomReal is focusing on land value enhancing activities in order to improve the shareholder value and exit. This includes, among others, increased sales & marketing efforts, and if deemed required some infra-structure investments, and more resources into regulation processes.
The ongoing tax dispute and two new cases (Balada Market and Industrial Park) adds uncertainty and reduces the financial flexibility and any capital optimizing activities are currently not a realistic alternative.
According to recent EU statistics, Romania has managed to vaccinate around 14% of its population and currently ranking 25th in Europe. An improved vaccination coverage during the second half of 2021 is key in allowing the real estate market to open up, accelerating opportunities for the Company to divest more of its land-bank.

Bermuda, 16.04.2021

The Board of Directors of RomReal

....

Kjetil Grønskag (Chairman & CEO) Bendt Thorkildsen (Director)

....

Heidi Sørensen Austbø (Director) Lacramioara Isarescu (Director)

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

Income Statement

Figures in EUR		Consolidated		Parent company	
	Notes	2020	2019	2020	2019
Rent revenue	**12**	**253,268**	**161,328**	**-**	**-**
Sales of investment property		1,388,201	447,031		
Cost of sales- investment property	4, 11	(941,935)	(271,991)	-	-
Profit / (loss) on sales of investment property		**446,265**	**175,041**	**-**	**-**
Total income		**699,533**	**336,369**	**-**	**-**
Payroll and related expenses	13	(214,305)	(207,890)	(18,000)	(24,000)
Depreciation and amortisation expense	3	(32,853)	(22,859)	-	-
Other operating (losses)/gains	15	(1,313,737)	(3,584)	(3,213,656)	(811,093)
Inventory (write off)/ reversal	5	(1,688,047)	93,672		
General and administrative expenses	14	(555,314)	(553,087)	(224,614)	(253,538)
Operating expenses		**(3,804,256)**	**(693,749)**	**(3,456,270)**	**(1,088,631)**
Profit/(loss) before other operating items		(3,104,723)	(357,380)	(3,456,270)	(1,088,631)
Net gain/(loss) from revaluation of investment properties	4, 12	(215,840)	(292,348)	-	-
Profit/(loss) from operations		**(3,320,562)**	**(649,728)**	**(3,456,270)**	**(1,088,631)**
Interest income	16	5,039	10,867	(9,710)	3
Interest expense	16	(9,710)	(13,586)	570	(13,586)
Foreign exchange, net	16	(637,160)	(1.201,083)	-	-
Profit/(loss) before taxes		**(3,962,394)**	**(1,853,529)**	**(3,465,410)**	**(1,102,213)**
Tax expense	17	3,898	(36,436)	-	-
Result of the period		**(3,958,495)**	**(1,889,965)**	**(3,465,410)**	**(1,102,213)**
Attributable to:					
-Equity holders of the parent		(3,958,495)	(1,889,965)	(3,465,410)	(1,102,213)
Basic earnings/(losses) per share from continuing operations	**23**	**(0.10)**	**(0.05)**	**(0.08)**	**(0.03)**
Basic earnings/(losses) per share from continuing - diluted	**23**	**(0.10)**	**(0.05)**	**(0.08)**	**(0.03)**

Statement Of Comprehensive Income

Figures in EUR	Consolidated		Parent company	
	2020	2019	2020	2019
Profit / (loss) for the year	**(3,958,495)**	**(1,889,965)**	**(3,456,410)**	**(1,102,213)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations	493,071	787,800	-	-
Other comprehensive income for the year, net of tax	**493,071**	**787,800**	**-**	**-**
Total comprehensive income for the year, net of tax	**(3,465,424)**	**(1,102,165)**	**(3,456,410)**	**(1,102,213)**
Attributable to equity holders of the parent:	(2,465,424)	(1,102,165)	(3,456,410)	(1,102,213)

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Statement of Financial Position

Figures in EUR		Consolidated		Parent company	
ASSETS	**Notes**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Noncurrent assets					
Property, plant & equipment	3	74,279	105,301	-	-
Investment properties	4	3,329,477	3,543,196	-	-
Deferred tax asset	17	116,014	118,201	-	-
Investments in subsidiaries	1	-	-	14,885,992	17,051,087
Total non current assets		**3,519,770**	**3,766,697**	**14,885,992**	**17,051,087**
Current assets					
Inventories	5	7,850,162	9,572,347	-	-
Trade receivables and other receivables	6	523,441	983,953	23,059	11,892
Cash and cash equivalents	9	1,206,982	2,370,645	178,934	1,499,062
Total current assets		**9,580,585**	**12,926,945**	**201,993**	**1,510,954**
Assets held for sale	11	2,240,016	2,319,857	-	-
Total assets		**15,340,371**	**19,013,499**	**15,087,986**	**18,562,041**

Figures in EUR					
LIABILITIES AND EQUITY	**Notes**	**December 31, 2019**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Equity					
Issued share capital	7	103,419	103,419	103,419	103,419
Contributed surplus	7	87,117,249	87,117,249	87,117,249	87,117,249
Retained earnings	8	(75,658,736)	(71,700,239)	(72,187,885)	(68,722,476)
Other Reserves		160,221	160,221	-	-
Translation reserve		3,313,019	2,819,948	-	-
Total equity		**15,035,171**	**18,500,597**	**15,032,784**	**18,498,193**
Non current liabilities					
Deferred tax liability	17	116,616	126,298	-	-
Total non current liabilities		**116,616**	**126,298**	**-**	**-**
Current liabilities					
Trade and other payables	10	92,743	112,074	55,203	63,849
Income tax payable	17	60,302	391	-	-
Deferred income	18	35,524	274,139	-	-
Total current liabilities		**188,569**	**386,604**	**55,203**	**63,849**
Total liabilities and equity		**15,340,371**	**19,013,499**	**15,087,986**	**18,562,041**

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Signed on behalf of the Board of Directors

....

Kjetil Grønskag (Chairman & CEO)

....

Bendt Thorkildsen (Director)

....

Heidi Sørensen Austbø (Director)

....

Lacramioara Isarescu (Director)

Consolidated Statement Of Changes in Equity

Figures in EUR	Attributable to equity holders of the parent					
	Share Capital (Note 7)	Contributed Surplus (Note 7)	Retained Earnings (Note 8)	Translation Reserve	Other Reserves	Total
Balance as of 01 January 2019	**103,419**	**87,117,249**	**(69,810,278)**	**2,032,148**	**160,221**	**19,602,759**
Profit / (loss) for the period	-	-	(1,889,965)	-	-	(1,889,965)
Other comprehensive income	-	-	-	787,800	-	787,800
Total comprehensive income and expense for the year	**-**	**-**	**(1,889,965)**	**787,800**	**-**	**(1,102,165)**
Balance as of 31 December 2019	**103,419**	**87,117,249**	**(71,700,239)**	**2,819,948**	**160,221**	**18,500,597**
Profit / (loss) for the period	-	-	(3,958,497)	-	-	(3,958,497)
Other comprehensive income	-	-	-	1,280,871	-	1,280,871
Total comprehensive income and expense for the year	**-**	**-**	**(3,958,497)**	**1,280,871**	**-**	**(2,677,626)**
Balance as of 31 December 2020	**103,419**	**87,117,249**	**(75,658,736)**	**3,313,019**	**160,221**	**15,035,172**

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Parent Company's Statement Of Changes in Equity

Figures in EUR

	Share Capital (Note 7)	Contributed Surplus (Note 7)	Retained Earnings (Note 8)	Total
Balance as of 01 January 2019	**103,419**	**87,117,249**	**(67,290,736)**	**19,929,932**
Profit for the period	-	-	(1,102,213)	**(1,102,213)**
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the year	**-**	**-**	**(1,102,213)**	**(1,102,213)**
Balance as of 31 December 2019	**103,419**	**87,117,249**	**(68,722,475)**	**18,498,193**
Profit for the period	-	-	(3,465,410)	**(3,465,410)**
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the year	**-**	**-**	**(3,465,410)**	**(3,465,410)**
Balance as of 31 December 2020	**103,419**	**87,117,249**	**(72,187,885)**	**15,032,783**

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Statement Of Cash Flows

Figures in EUR		Consolidated		Parent company	
	Notes	**2020**	**2019**	**2020**	**2019**
CASH FLOW FROM OPERATING ACTIVITIES:					
Net profit/(loss)		**(3,958,495)**	**(1,889,965)**	**(3,465,410)**	**(1,102,213)**
Adjustments for:					
- Income tax expense/(profit)	17	(3,898)	36,436	-	-
-Net (gain)/loss from revaluation of investment properties	4,11	1,857,679	292,348	-	-
-Expenses/(gain) on disposal of investment property	4,11	(446,245)	(175,041)	-	-
- Depreciation and amortization	3	32,853	22,859	-	-
- Interest Income	16	(5,039)	(10,867)	-	-
- Interest expense	16	9,710	13,586	(570)	13,586
-Unrealised foreign exchange (gain) / loss	16	637,160	1,201,083	-	-
-Other operating expenses	15	-	-	3,223,366	811,089
Decrease/(increase) in trade and other receivables		(7,192)	27,556	(167)	31,500
(Decrease)/increase in current payables		19,331	(61,983)	(21,162)	(124)
Decrease/(increase) in inventories		62	523	-	-
Cash generated from operations		(1,902,757)	(543,464)	(263,943)	(246,162)
Income tax paid		(3,495)	(7,087)	-	-
Net cash flow from operating activities		**(1,906,252)**	**(550,551)**	**(263,943)**	**(246,162)**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property plant and equipment		-	-		
Sales of investment property		1,465,767	798,970	-	-
Capital expenditure on investment property		(739,340)	(1,302,073)	-	-
Inter-company loans (granted) / received, net		-	-	-	-
Net cash flow used in investing activities		**726,427**	**1,763,456**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		-	-	(1,056,185)	-
Payment of issue costs		-	-	-	-
Repayment of borrowings		-	-	-	-
Interest paid	16	(9,710)	(13,586)	-	(9,962)
Interest received		5,037	10,867	-	-
Net cash from financing activities		**(4,673)**	**(2,719)**	**(1,056,185)**	**(9,962)**
Other non-cash expenses/(revenues)		20,835	(11,642)	-	-
Net change in cash and cash equivalents		**(1,163,663)**	**(1,098,732)**	**(1,320,128)**	**(256,124)**
Cash and cash equivalents, beginning of period		2,370,645	3,469,377	1,499,062	1,755,186
Cash and cash equivalents, end of period		**1,206,982**	**2,370,645**	**178,934**	**1,499,062**

Notes To The Financial Statements

Note 1 ORGANIZATION AND OPERATIONS

The consolidated financial statements of RomReal Limited and its subsidiaries (collectively the "Group" or the "Company") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the [x] April 2021.

These financial statements cover RomReal Ltd. and its subsidiaries. RomReal Ltd. is incorporated in Bermuda whereas the subsidiaries Westhouse Group SRL, Concorde Group SRL, Investate SRL, Rofrench Connection SRL, Westhouse Invest SRL, Terra del Sol SRL are incorporated in Romania. RomReal Ltd and its subsidiaries (the Group) are principally engaged in property investments and development in Romania.

Also, for reference, single financial statements of the parent company, RomReal Ltd. have been prepared. As a general rule, all comments refer to the consolidated financial statements of the Group, unless specifically mentioned otherwise.

Both consolidated financial statements and those of the parent have been prepared on a going concern basis.

The registered office address of RomReal Ltd is located at Burnaby Building, 16 Burnaby street, Hamilton HM11, Bermuda.

Entity	Country of business	Owner's share	Number of shares
Westhouse Group SRL	Romania	100%	19,392,043
Concorde Group SRL	Romania	100%	222,020
Rofrench Connection SRL	Romania	100%	100
Investate SRL	Romania	100%	351,300
Westhouse Invest SRL	Romania	100%	68,000
Terra del Sol SRL	Romania	100%	15,020

The investment in subsidiaries at the Parent Company have been impaired, mainly as a result of the decrease in land bank valuations after the 2008 crisis as well as due to the ongoing operational expenditure. The vast majority of the impairment is concentrated in Westhouse Group SRL where most of the assets are located.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

The consolidated financial statements of the RomReal Group and those of the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), adopted by the EU. All IFRS standards adopted have effective date 1 January 2020 or earlier. The consolidated financial statements and those of the parent company are presented in euros.

The financial statements have been prepared on the basis of historical cost except for Investment Properties which is presented at fair value and Assets Held for sale which are measured at the lower of carrying amount before the reclassification and the fair value less cost to sell.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of RomReal Ltd. and its subsidiaries as of 31 December 2020 and 31 December 2019; the Group was established in the autumn 2005. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is a company which the Company controls. The control is typically evidenced if an only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of property

The Group determines whether a property is classified as investment property, assets held for sale or inventory:

-Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

-Assets held for sale comprises property which is available for immediate sale and for which the sale is highly probable and expected to be substantially completed within a year from the date of classification.

-Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimate of fair value of investment properties

Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer that is certified by the Romanian Institute of Valuers. Valuation has been made such, in accordance with the International Valuation Standards, to reflect market value of the properties, namely "The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, in an arm's length transaction". No account has been taken of any additional prospective purchaser with a special interest. No allowance has been made with regard to any expenses of realization, or for any taxation arising in case of disposal. The determined fair value of the investment properties is most sensitive to the degree to which comparable transactions are available, including the degree of judgement and adjustments necessary to make such market transactions comparable to the investment property being valued. The determination of the fair value of investment property may also require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at reporting date.

Taking into account the characteristics of the Group's properties, as well as the features of the local market, the market comparison approach was considered in these circumstances as the most suitable in estimating the market value of the properties.

The management believes that the valuation assumptions used reflect the best estimate of the investment properties' fair value at the date of the balance sheet. The key assumptions used to determine the fair value of the investment properties are further explained in Note 4.

Estimation of net realisable value for inventory
Inventory is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less the estimated costs to make the sale.
NRV is determined by the Group based on an annual evaluation performed by an accredited external, independent valuer. However, given the limited liquidity of the market, there is a significant degree of uncertainty in estimating the NRV.

Recognition of the deferred tax asset
When determining the deferred tax liabilities and deferred tax assets, the Group considers, at the balance sheet date, the manner in which it expects to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Where the group considered that it is not probable enough future taxable profits will be available within the legal time framework of seven years to utilise the tax losses against, the group has not recognised such deferred tax assets.

Capitalised costs
Costs are capitalised when future cash generation is expected. Such costs include the construction costs of the inventories. See note 2.9.

2.4 Property, plant and equipment

Plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

IT equipment	Motor vehicles	Other fixtures and fittings
2-4 years	4 years	3-9 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.
The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.5 Investment properties
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property comprises freehold land and freehold buildings.

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. Please see 2.3 above for details about fair values estimations.

Investment properties are derecognised when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Property being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying value and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if it is a fair value gain, such is recognised in the income statement.

2.6 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.7 Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Available for Sale (AFS) financial investments include equity investments and debt securities. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. Interest earned whilst holding AFS financial investments is reported as interest income using the effective interest rate method. The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate.

2.8 Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses. The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.9 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured using the effective interest rate method, less an allowance for any uncollectible amounts. This is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. Allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its immediate condition. The sale should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss. In case conditions for classification of non-current assets are no longer met, classification as held for sale ceases. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

2.11 Provisions

Provisions are recognised when, and only when, the company has a valid liability (legal or constructive) as a result of past events and it can be proven probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

2.12 Equity

Transaction costs relating to equity transactions are recognised directly in equity.

2.13 Operating lease contracts – the Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property), that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements

Revenue includes rental income, service charges and management charges from properties, and income from property trading.

Rental income: Rental income is recognised over the life of the rental period. Rental income related to rent yielding assets of the Group in respect of properties let to third parties.

Other income: Other income is recognised as it is earned.

Income from sales of investment property plots: Deposits cashed by the Group for the sale of plots are not recognised as revenue until the Group has transferred to the buyer the significant risks and rewards of ownership of the plots.

2.15 Foreign currency translation

The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The functional currency of the Romanian operations is the Romanian New Leu. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of RomReal Ltd. Group (the euro) at the rate of exchange ruling at the balance sheet date and, their income statements are translated at the average exchange rates for each month unless there have been significant fluctuations in the exchange rate over the applicable period, in which case the exchange rate at each transaction date is applied.

The exchange differences arising on the translation are recognised in other comprehensive income.

	December 31, 2020	December 31, 2019
Closing	4.8694	4.7773

2.16 Taxes

RomReal Ltd. is incorporated in the Islands of Bermuda so is not subject to any income, withholding or capital gains taxes under current Bermuda law. The subsidiaries are registered in Romania and are subject to Romanian taxation rules.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Loans and Borrowings

Borrowing costs generally are expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Loan is accounted for at fair value, at the time of disbursement, reduced for any transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the income statement.

2.18 Operating segments

For management purposes, the group is organised into a single business unit and consequently has only one operating segment which the management monitors in terms of performance assessment.

2.19 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. The Group applied, for the first time, the amendment below which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative: the amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group no longer has any financial liabilities hence no disclosure is applicable.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17, IFRIC 4, SIC-15 and SIC-27.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Considering the Group mainly acts as a lessor and the limited amounts and number of leases, the adopting IFRS 16 is immaterial to its balance sheet (current lease cost is circa EUR 6,800 p.a.).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Note 3 PROPERTY, PLANT AND EQUIPMENT

Figures in EUR - Consolidated

	IT equipment	Other fixtures and fittings	Motor vehicles	Total
Gross book value as at December 31, 2019	**51,435**	**286,591**	**55,823**	**393,849**
Additions in period	-	-	-	-
Disposals in period	-	-	-	-
Translation difference	(952)	(5,453)	(1,007)	(7,412)
Gross book value as at December 31, 2020	**50,483**	**281,138**	**54,816**	**386,437**
Accumulated Depreciation as at December 31, 2019	**(51,147)**	**(205,841)**	**(31,559)**	**(288,548)**
Charge for the period	-	(21,159)	(11,694)	(32,853)
Disposals in the period	-	-	-	-
Translation difference	936	7,463	844	9,243
Accumulated Depreciation as at December 31, 2020	**(50,211)**	**(219,537)**	**(42,409)**	**(312,158)**
Net book Value as at December 31, 2019	**288**	**80,750**	**24,264**	**105,301**
Net book Value as at December 31, 2020	**272**	**61,601**	**12,407**	**74,279**
Depreciation method	Linear	Linear	Linear	
Depreciation period (Years)	2-4	3-9	4	

There were no impairment charges in 2020 and 2019.

Note 4 INVESTMENTS PROPERTIES

Figures in EUR - Consolidated

	2020	2019
Opening balance as at January 1	3,543,196	10,222,177
Additions in period	-	1,302,073
Sales	-	(271,991)
Transfers to Assets Held for Sale (note 11)	-	-
Transfers to Inventories	-	(7,051,000)
Fair value adjustment during the period	(169,632)	(475,778)
Translation differences	(44,086)	(182,286)
Carrying amount as at December 31	**3,329,477**	**3,543,196**

Investment properties consist of land and buildings at various locations in Romania. The fair value of investment property as at 31 December 2020 is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification in Romania and who has recent experience in the location and categories of the investment property being valued. Additionally, for those properties where pre-sale agreements were in place, the sale value included in the respective sale agreements has been used for the purposes of the valuation.

Valuation has been made such, in accordance with the International Valuation Standards, to reflect market value of the properties, namely "The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, in an arm's length transaction". No account has been taken of any additional prospective purchaser with a special interest. No allowance has been made with regard to any expenses of realization, or for any taxation arising in case of disposal.

With regard to the valuation methodology, two approaches were used: (i) the direct market comparison approach and (ii) the residual approach. Both approaches were utilised, and the degree to which either, or both, are relevant depended upon the nature of the specific land plot and the availability of information. When data is available, the market comparison approach is the most direct and systematic approach as it recognizes that property prices are determined by the market. Valuation by comparison is essentially objective since it is based on an analysis of the price achieved or offered for sites with broadly similar development characteristics with the land being valued. The residual approach estimates the land value considering the value of the proposed project upon completion and the deduction of the development costs, including the developer's profit. This method requires the input of a large amount of data and involves a large number of assumptions. Even small changes in any of the inputs can cumulatively lead to a large change in the land value. Thus, the application of this method requires a high level of expertise, being mainly used as an alternative approach when there are no or limited comparable to apply the direct market comparison approach. In line with the market practice, the valuation of assets is determined and quoted in EUR. While the basis for preparation of accounting records is RON the EUR/RON exchange rate movements result into currency differences which are reflected as an adjustment to the carrying value of the investment property.

Taking into account the characteristics of the Group's properties, as well as the features of the local market, the market comparison approach was considered in these circumstances as the most suitable in estimating the market value of the properties. For each property, several comparable were selected and the following elements of comparison were considered: price, real property rights transferred, financing terms, conditions of sale, expenditures made immediately after the purchase, location, area, visibility and frontage, utilities, access, public transportation, existing buildings, existing potential building permitting and best use. Land price varies depending on the size of the plot. In case of development sites, the larger the plot, the lower the price per square meter. In terms of size, based on market evidence, land plots were grouped in several intervals, as follows: smaller than 1,000 sq m, between 1,000 and 5,000 sq m, between 5,000 and 10,000 sq m, between 10,000 and 50,000 sq m and larger than 50,000 sq m. If comparison was made with sites that are in different size intervals, a 5% adjustment was applied.

The properties have been inspected along with the surrounding neighbourhood and location from which comparable data was drawn where possible. The limited liquidity of the market has resulted in comparable being mainly based on the most recent asking prices. In such cases, several adjustments ranging on average between 10-30% were applied to the asking prices to adjust for reduced liquidity, difference in size, accessibility, permitting, etc.

Within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement the above described valuation of investment properties is categorised as Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. In arriving at their estimates of market values the valuators used their market knowledge and professional judgement and did not rely solely on historical transactional comparable. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property. Furthermore, given the rapid change on the market, significant alterations of value can be encountered within short periods of time. Unforeseen macroeconomic or political crises can have a sudden and dramatic effect on markets. This could manifest itself by either panic buying or selling, or simply disinclination to trade until it is clear how prices in the market will be affected in the longer term. There have been no transfers between Levels in the hierarchy as compared to the previous reporting period.

There were no disposals to investment properties during 2020.

Note 5 INVENTORIES

Figures in EUR - Consolidated

	2020	2019
Opening balance	**9,572,347**	**2,504,218**
Additions	1,086,617	-
Disposals	(941,935)	(15,624)
Transfers from Investment Properties	-	7,051,000
Change in provisions	(1,688,047)	93,777
F/X reserve	(178,819)	(61,024)
Balance as at December 31	**7,850,162**	**9,572,347**

Inventories consist of the development projects of the Group. These are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs to make the sale. At year-end 2020, inventories relate to the Oasis project (EUR 2.3 million) and Rofrench (EUR 5.5 million). The cost for the Oasis project is EUR 5.5 million. The net realisable value test in 2020 resulted in an additional provision.

Within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement the above-described estimate of net realisable value is categorised as Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. In arriving at their estimates of market values the valuators used their market knowledge and professional judgement. The net realisable value was assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less the estimated costs to make the sale. There have been no transfers between Levels in the hierarchy as compared to the previous reporting period.

Note 6 TRADE RECEIVABLES AND OTHER RECEIVABLES

Figures in EUR	Consolidated		Parent company	
	2020	2019	2020	2019
Trade receivables	336,481	631,024	-	-
VAT receivable	160,135	284,121	-	-
Other prepayments	1,004	1,145	23,059	11,892
Other short-term receivables	21,445	67,658		
Total	**523,441**	**983,948**	**23,059**	**11,892**

Trade receivables include mainly receivables related to the sales of plots for which an instalments payment schedule has been agreed by the Group and other receivables resulting in the ordinary course of business in respect of the lease agreements for some of the rent yielding investment properties and the rest in sundry debtors. As of 31 December, the analysis of trade receivables that are past due is set out below:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
2020	1,597,214	1,552,422	1,004	43,788	-	-	-
2019	983,948	931,832	8,712	43,404	-	-	-

Note 7 SHARE CAPITAL AND PAID-IN CAPITAL

Figures in EUR	Number of shares	Share capital	Contributed Surplus	Paid in share capital
Total share capital January 1, 2019	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**
New issues in the period	-	-	-	-
Reduction in par value of shares	-	-	-	-
Total share capital December 31, 2019	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**
New issues in the period	-	-	-	-
Reduction in par value of shares	-	-	-	-
Total share capital December 31, 2020	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**

There were no changes to the share capital or the number of shares during 2020 and 2019.

Shareholders rights

There are no restrictions on voting rights or the transferability of shares in RomReal Ltd. The below summarised the largest shareholder with shareholdings in excess of 1% as of 07 April 2021.

Ranking	Name	Holding	Percentage
1	SIX SIS AG	10,331,934	24.98%
2	THORKILDSEN, WENCHE SYNNØVE	5,392,985	13.04%
3	GRØNSKAG, KJETIL	4,228,000	10.22%
4	SAGA EIENDOM AS	3,262,976	7.89%
5	AUSTBØ, EDVIN	2,108,500	5.10%
6	Danske Bank A/S	1,506,445	3.64%
7	ENERGI INVEST AS	1,242,159	3.00%
8	ORAKEL AS	1,101,000	2.66%
9	BNP Paribas Securities Services	991,717	2.40%
10	SPAR KAPITAL INVESTOR AS	940,236	2.27%
11	GRØNLAND, STEINAR	831,802	2.01%
12	THORKILDSEN INVEST AS	829,478	2.01%
13	PERSSON, ARILD	718,000	1.74%
14	HOEN, ANDERS MYSSEN	689,557	1.67%
15	KVAAL INVEST AS	518,900	1.25%
16	SILJAN INDUSTRIER AS	481,480	1.16%
17	MAGDAHL, AKSEL	476,403	1.15%
18	Banque de Luxembourg S.A.	409,725	0.99%
19	NORDNET LIVSFORSIKRING AS	407,852	0.99%
20	FRENICO AS	396,000	0.96%
Total Top 20		**36,865,149**	**89.00%**

(1) This is the Top 20 Shareholder list as per 07 April 2021.
(2) The total issued number of shares issued at 07 aPRIL 2021 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 4,475,730 shares corresponding to 10.8%.
(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.

Note 8 RETAINED EARNINGS

Movements in retained earnings for the Group can be analysed as follows:

Figures in EUR	Consolidated	Parent Company
Retained earnings as of December 31, 2019	**(71,700,239)**	**(68,722,475)**
Net profit in the period	(3,958,497)	(3,465,410)
Retained earnings as of December 31, 2020	**(75,658,736)**	**(72,187,885)**

No dividends will be distributed by the Group in respect of 2020.

Note 9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to EUR 1,206,982 at 31 December 2020 (EUR 2,370,645 at 31 December 2019).
At parent company level, cash and cash equivalents amount to EUR 178,934 at 31 December 2020 (EUR 1,499,062 at 31 December 2019). There are no restrictions on the cash balances.

Note 10 TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Figures in EUR	Consolidated		Parent Company	
	2020	2019	2020	2019
Trade payables	27,768	40,025	-	-
Employee taxes	2,572	6,822	-	-
Other payables	62,407	65,228	55,203	63,043
Trade payables	**92,743**	**112,075**	**55,203**	**63,043**

At 31 December 2020, the balance of EUR 92,743 Other payables for the group as well as the balance of Other payables of EUR 55,203 for the parent company, include EUR 27,775 accrued expenses related to the 2020 audit fees.

Note 11 ASSETS HELD FOR SALE

Figures in EUR - Consolidated	2020	2019
Opening balance as at January 1	2,319,857	2,200,000
Sales	-	-
Transfers from investment Properties (note 4)	-	-
Fair value adjustment during the period	(46,209)	183,430
Translation differences	(33,633)	(63,572)
Carrying amount as at December 31	**2,240,016**	**2,319,857**

The Group considers the completion of the transactions highly probable while the assets are available for immediate sale in its present condition.

Note 12 OPERATING INCOME

Figures in EUR - Consolidated		2020	2019
Rent revenue		253,268	161,328
Sales of inventories	4	1,388,201	447,031
Cost of sales- inventories	4	(941,935)	(271,991)
Total operating income		**699,533**	**336,369**

Balada market is the main rent generating property. Total rent generated during the year amounted to EUR 253,268 (2019: EUR 161,328). Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Figures in EUR - Consolidated

	2020	2019
Within 1 year	253,268	161,328
After 1 year	-	-
Total operating income	**253,268**	**161,328**

The Sales of inventories during 2020 relate to the sale of several small plots of land the Group owned in the town of Ovidiu.

Note 13 PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

The key management (which includes the executive officer of the Group and its directors) received remuneration in amount of EUR 76,800 (2019: EUR 124,170). Mr Kjetil Grønskag' s remuneration as CEO of the Group has been assimilated to the Management Support Agreement (see note 19).

The Directors are shown below together with their interest in the shares of the Company per 31 December 2020 and per 31 December 2019:

		31 December 2020	31 December 2019
Kjetil Grønskag	Appointed November 2006	4,451,626	4,422,475
Heidi Sørensen Austbø	Appointed April 2017	Nil	Nil
Bendt Thorkildsen	Appointed April 2016	6,245,234	6,245,234
Lacramioara Isarescu	Appointed April 2014	Nil	Nil
TOTAL		**10,696,860**	**10,667,709**

The average number of employees in Westhouse Group during 2020 was 5. Payroll expenses related to these employees amounted to EUR 214,305 during 2020 (2019: 207,890). All compensations offered by the Group are short term benefits. The Group does not offer a pension plan or other long term employee benefits to its employees as of December 31, nor are there any post-employment benefits.

Note 14 GENERAL AND ADMINISTRATIVE EXPENSES

Figures in EUR	**Consolidated**		**Parent company**	
	2020	**2019**	**2020**	**2019**
Management fee	(94,800)	(100,170)	(94,800)	(100,170)
Legal expenses	(87,983)	(64,449)	-	(9,661)
Rent expenses	(5,544)	(6,694)	-	-
Travel expenses	(488)	(1,508)	(488)	(1,419)
Professional services	(25,955)	(48,003)	(68,679)	(78,165)
Land and other taxes	(52,029)	(56,911)	-	-
Other expenses	(288,515)	(275,352)	(60,647)	(64,121)
Total	**(555,314)**	**(553,087)**	**(224,614)**	**(253,536)**

Legal expenses include one off fees related to the legal services in connection with the sales of plots entered into during 2020. For the parent company, Professional Services include EUR 27,775 accrued expenses related to the 2020 audit fees.

Note 15 OTHER OPERATING (LOSS) / GAINS

For RomReal (the parent company) “Other operating (loss)/gains” of EUR 3,213,656 LOSS in 2020 (2019: EUR 811,093 gain) relates mainly to change in the fair value of the investment in subsidiaries).

Note 16 FINANCIAL INCOME AND EXPENSE

Figures in EUR	Consolidated		Parent company	
	2020	**2019**	**2020**	**2019**
Interest income from subsidiaries	-	-	1	3
Interest income from banks	5,039	10,867	-	-
Total financial income	**5,039**	**10,867**	**1**	**3**
Interest expense and other bank fees	(9,710)	(13,586)	(9,710)	(13,586)
Foreign exchange gain	55,815	1,604,349		
Foreign exchange loss	(692,976)	(2,805,431)	-	-
Total Financial expense	**(646,871)**	**(1,214,668)**	**(9,710)**	**(13,586)**

During 2020 the RON has fluctuated against the EUR and at year end was 1.8% weaker against the EUR. All intercompany loans taken by the Romanian subsidiaries from RomReal Ltd were revalued at the closing rate.

Note 17 TAXATION

RomReal Ltd. is registered in Bermuda and is consequently not subject to taxation. The subsidiaries are subject to taxation in Romania. The applicable tax rate in Romania is 16 %. The applicable tax rate is the same whether any profits are paid out as dividends or retained in the company. There have not been any changes to the applicable tax rates in 2019.

Current income tax expense for 2020 was EUR 36,436 (2019: 1,002,813). The major components of the income tax expense for the periods ended December 31, 2020 and December 31, 2019 are:

Figures in EUR - Consolidated		
	2020	**2019**
Current income tax charge	3,495	7,087
Deferred income tax movement in the period	(7,393)	29,349
Income tax expense/(income) in the consolidated income statement	**(3,898)**	**36,436**

The table below shows the composition of the deferred tax assets and deferred tax liability in the balance sheet:

Figures in EUR - Consolidated		
	2020	**2019**
Losses carried forward resulting in deferred tax asset	116,014	118,201
Fair value adjustments of Investment property resulting in deferred tax liability	116,616	126,298

The following table shows the composition of the deferred tax asset per each company:

	2020	**2019**
Westhouse SRL	116,014	118,201
TOTAL	**116,014**	**118,201**

The deferred tax asset relates to the following:

	2020	2019
Carried forward fiscal losses	116,014	121,126
TOTAL	**116,014**	**121,126**

The following table shows the composition of the deferred tax liability per each company:

	2020	2019
Concorde SRL	107,075	116,577
Investate SRL	9,541	9,721
TOTAL	**116,616**	**126,298**

The deferred tax liability relates to the following:

	2020	2019
Revaluation of investment properties to fair value	116,616	126,298
TOTAL	**116,616**	**126,298**

The Group measures the deferred tax liabilities and deferred tax assets in order to reflect the tax consequences that would follow from the manner in which the entity expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Consequently, where the group had transactions which are not expected to carry a deferred tax liability or the deferred tax asset, the group has not recognised such deferred tax. The Group used its judgement to determine whether there will be enough taxable income in the foreseeable future to offset the deferred tax asset against. Where there was not enough conclusive evidence to support that, such deferred tax asset was not recognised/written off.

The following shows a numerical reconciliation between the tax expense and the accounting profit.

	2020	2019
Accounting taxable profits/(loss)	(3,962,394)	(1,853529)
Tax at applicable rate of 16%	633,983	296,565
Tax effect of (expenses)/income that are not (deductible)/taxable in determining taxable profit	(630,085)	(333,000)
Tax (expense)/income	**3,898**	**(36,436)**

The Company has not recognised a deferred tax asset in respect of the carried forward tax losses for which there was not enough evidence to support future taxable income to offset them against. The Group can carry forward the tax losses for a period of 7 years on a rolling basis.

Note 18 DEFERRED INCOME

Deferred income at the end of 2020 included mainly the payments received in respect of the pre-sales of plots.

Note 19 TRANSACTIONS WITH RELATED PARTIES

Transactions with subsidiary

RomReal Ltd. has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 25,039,049, interest to 31 December 2020 included. Intergroup loans are for a term of 11 months. The loans are interest free. The loan has been provisioned in the stand-alone financial statements of the parent. The loans shall be repaid out based on availability of cash flows resulting from the monetization of the land bank assets.

Transactions with other related parties

During 2020 the Company paid a direct remuneration of EUR 94,800 per year to Chairman and CEO Kjetil Grønskag. The Chairman and CEO agreement has a yearly remuneration of EUR 94,800 and a variable element of 0.7% of all realized sales.

The Group's Chairman Kjetil Gronskag, holds an executive position as Chief Executive of RomReal following Board approval on the 26 May 2016.

All transactions with related parties have been conducted following the principle of arm's length.

Note 20 FINANCIAL RISK

The Group's principal financial liabilities comprise trade and other payables.

Fair value
The fair value of the financial assets and liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs.

The fair value of the Group's financial assets and liabilities is equal to the carrying amount.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, from its financial investments and from its deposits with banks.

The carrying amounts of the Group's cash and cash equivalents, other current assets and receivables represented the maximum exposure to credit risk in relation to financial assets. Cash is placed with reputable banks.

As of 31 December 2020, no trade and other receivables were impaired (see note 6).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2020, the Group's had no exposure bearing the risk of changes in market interest rates

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The objective of the Group is to ensure that sufficient cash is maintained to cover the operating costs until the market recovers. Equally, the Group is actively looking to divest some of smaller plots in order to strengthen its cash position. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other payables	-	92,743	-	-	-	92,743
Deferred income	-	-	35,524	-	-	35,524
Tax payable	-	347	-	-	-	347
Total	-	**93,090**	**35,524**	**-**	-	**128,614**

Year ended 31 December 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other payables	-	112,074	-	-	-	112,074
Deferred income	-	-	274,139	-	-	274,139
Tax payable	-	387	-	-	-	387
Total	-	**112,461**	**274,139**	**-**	-	**386,600**

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is subject to foreign exchange risk as the Romanian subsidiaries have business activities denominated in RON, which is different from the currency of the parent company and the one in which loans are denominated, EUR. All investment properties are owned by the Romanian subsidiaries and thus denominated in RON. However, it is the market practice that investment properties are valued with reference to EUR denominated values, thus minimising the foreign exchange risk of the Group. From an operational point of view, the Group's policy is to mitigate these effects by retaining as much cash in EUR as possible and also by denominating receivables in EUR. The Group's interest-bearing loans are also denominated in EUR. The Group perceives the risk as moderate on a Group-wide basis and has not entered into any foreign exchange forward contracts to hedge against foreign currency fluctuation. A 10% depreciation of the RON against EUR, with all other variables held constant, would result in a EUR 1.8 million negative impact in the profit before tax and a EUR 0.2 million decrease in equity. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities of the subsidiaries before they get translated into the functional currency of the Group. The impact on the Group's equity is due to the translation reserves.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The Group's policy is to keep a low average loan to value ratio of the Group and in any event not higher than 70%. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group complies with its target loan to value ratio and no changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019 and had no financial debt.

Note 21 TAX DISPUTE

In mid-2018, during the latest routine tax audit performed at the level of RomReal Romanian subsidiary Westhouse Group, covering the period 1 January 2011 – 31 December 2016, the tax authorities reassessed the loans granted by RomReal to Westhouse Group as contribution to share capital instead of inter-Company loans. In this respect, the Company received the tax audit report ("Tax Report") and the corresponding tax assessment decision ("Tax Decision"), whereby the tax authorities imposed an extraordinary tax-bill on the Company, in excess of EUR 1.7 million (including penalties), as profit tax for the period covered by the tax audit.

Due to a 2020 legal regulation issued by the Government in order to protect the interests of the local companies, which means that subject to certain conditions local companies will be exempted of important debts/claims to the state, the Company has reassessed the position in respect of this case with the assistance of local EY tax advisory team. The Company has paid the main claim totalling 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, to obtain a satisfactory decision and obtain reimbursement of the amounts paid as well as applicable interest. A new comprehensive report has been presented to the Court by the experts appointed in this case, who rejects in full Tax Authority allegations. The Group's plea was rejected by the Constanta Court and the company is currently waiting for the Court;s written decision in order to apply to the High Court in Bucharest.

Note 22 GUARANTEE OBLIGATIONS

The Group has not issued any guarantees on behalf of external parties.

The directors of the Parent Company have issued a support letter to its operating subsidiaries stating its intentions to continue to support the subsidiaries if issues regarding their viability subsequently arose.

Note 23 EARNINGS PER SHARE

Basis for calculation of earnings per share	Consolidated		Parent Company	
	2020	**2019**	**2020**	**2019**
The year's earnings from continuing operations	(3,958,495)	(1,889,965)	(3,465,409)	(1,102,213)
No. of shares at the balance sheet date	41,367,782	41,367,782	41,367,782	41,367,782
Average of no. of shares	41,367,782	41,367,782	41,367,782	41,367,782
Earnings per share	**(0.10)**	**(0.05)**	**(0.08)**	**(0.03)**
Adjusted Earnings per share	**(0.10)**	**(0.05)**	**(0.08)**	**(0.03)**

Note 24 SUBSEQUENT EVENTS

Based on the developments to date, the Group does not see a major impact of the Covid-19 on its operations. The employees are working remotely and the ongoing projects are currently progressing. Nonetheless, mobility restrictions are slowing down the implementation of the projects as well as decreasing the new leads for the selling of plots. Furthermore, the expected macroeconomic impact could affect the valuations of the Group's investment properties and implicitly the value of the holding in the subsidiaries by the Parent company.

While the Group has no external debt, in response to the Covid-19, the Group is further tightening its cost control and focusing on liquidity creation measures as one of key priorities for 2021.

Statement

pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the Group and the Company for 2020 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit t or loss of the Group and the Company taken as a whole.

The Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the Company, as well as a description of the principal risks and uncertainties facing the Group.

Bermuda, 16.04.2021
The Board of Directors of RomReal Ltd

Kjetil Grønskag (Chairman & CEO)

Bendt Thorkildsen (Director)

Heidi Sørensen Austbø (Director)

Lacramioara Isarescu (Director)

Company Addresses

Westhouse Group srl	Westhouse Group SRL, 54 Cuza-Voda Street, ap. 3, ground floor, Constanta, Romania, 900682
RomReal Ltd	Burnaby Building, 16 Burnaby Street, Hamilton, HM11, Bermuda
Auditors	Ernst & Young SRL, Premium Plaza Building, 3rd Floor, 63-69 Dr. Iacob Felix Street, Sector 1, 011033, Bucharest, Romania
Auditors	Ernst & Young AS, Thormøhlens gate 53 D, PO Box 6163, Postterminalen, Bergen, N5892, Norway
Legal Advisors	Wakefield Quin Limited, Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda
Bank in Norway	Nordea Bank Norge ASA, Olav Tryggvasons gt. 39/4, 7005 Trondheim, Norway
Bank in Romania	Alpha Bank Constanta, 175 Mamaia Boulevard, 900540, Constanta, Romania
IR	| investors@RomReal.com

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. 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.