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# RomReal Limited

## Investor presentation

Second Quarter (Q2) 2020 results

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Webcast

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## Q2 2020 results – Highlights

### Net Asset Value (NAV)

- Net Asset value was EUR 0.45 (NOK 4.78 before tax) per share, that being about 0.3% higher compared to the end of the first quarter 2020.
- The year-end 2020 valuation was concluded by Knight Frank in February 2020, and therefore no further changes were made to the value of the investment properties during the quarter.

### Operational highlights

- On the Lakeside plot (No.1 on the list) the contract for the electrical connection of the area was signed.
- Industrial Park (No. 4 on the list) – Building authorization for the road and utilities has been obtained by the Company. This is important due to significant NATO infrastructure investment in the nearby area.
- During the first quarter 2020, the Company entered into a sale agreement for 4 plots at Lakeside, for a total consideration EUR 565,000, paid in full.
- By 14 May 2020, EUR 1.99 million (ex VAT) was invested in infrastructure, primarily in Industrial Park and Lakeside.
- Due to very recent legislation, and according to our tax advisors' understanding, the worst-case payment in the on-going tax case dispute is expected to be reduced from the original EUR 1.7m to about EUR 1.05m, being a reduction of about EUR 0.65m. This amount of EUR 1.05m is still to be contested by the Company.

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## Q2 2020 results – Highlights

### Financial Results

- Net Result for the quarter was EUR 196,000 loss compared to a EUR 138,000 gain in 2Q 2019. Net change in cash flow for the quarter was a negative EUR 62,000 compared to minus EUR 26,000 in the same period last year.
- At the end of the quarter, the Company had a cash position of EUR 2.8 million plus a total of EUR 405,000 in unsettled receivables related to binding sales agreements, totalling at close to EUR 3.2 million or about EUR 0.08 per share.

### Macro and real estate market highlights

- Romania's GDP in the second quarter of 2020 (of which half of the period under a state of emergency due to Covid19) witnessed a contraction of 12.3%, compared to the previous quarter, and 10.5% compared to the same period of 2019.
- During Q22020 average residential prices in Romania declined by more than 4% at end of June 2020 compared with March 2020 and reached an average price of EUR 1,333/sqm compared to 1,391/sqm in the beginning of the quarter.
- Compare to the end of the first half of 2019, prices of apartments are still 9.6% higher.

## NAV movement in Q2 2020

Asset base	Q2 2020			Q2 2019		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	3,755	0.09	0.97	10,776	0.31	3.03
Assets held for sale	2,329	0.06	0.60	275	0.01	0.07
Inventories	8,975	0.22	2.31	2,690	0.07	0.64
Cash	2,808	0.07	0.72	3,099	0.07	0.74
Other assets/(liabilities)	698	0.02	0.18	1,609	0.04	0.38
Net asset value	18,564			20,399		
NAV/Share		0.45	4.78		0.49	4.86
Change in NAV vs previous quarter	0.3%			3.2%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q1 2020

## Financial highlights - IFRS

<b>EUR '000</b>	<b>Q2 2020</b>	<b>Q2 2019</b>
Operating Revenue	190	41
Operating Expenses	(176)	(250)
Other operating income/ (expense), net	(37)	45
Net financial income/(cost)	(171)	302
Pre-tax result	(195)	138
Result for the period	(196)	138
Total assets	18,819	19,830
Total liabilities	255	585
Total equity	18,564	19,245
Equity %	98.6%	97.0%
NAV per share (EUR)	0.45	0.47
Cash position	2,808	3,191

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## RomReal Properties Q2 2020

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	52,465
2 Badulescu plot	Constanta North/Ovidiu	50,000
3 Ovidiu (Oasis)	Constanta North/Ovidiu	24,651
4 Centrepont	Constanta North/Ovidiu	121,672
5 Gunaydin plot	Constanta North/Ovidiu	15,000
6 Balada Market	Central Constanta	7,188
<b>Total</b>		<b>270,976</b>

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

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# Operational highlights

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

- The contract for the electrical connection of the area was signed.
- A showroom house construction has commenced on the plot since early June in order to improve marketing and it is expected to be finished in November.
- Additionally, during the first quarter of 2020, the Company entered into sale agreements for 4 more plots, for a total consideration of EUR 565,500.

## 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 plot.
- The Company expects more specific sales processes to develop when the pending regulation and utility issues are granted.

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

- Building authorisation for the road and utilities have been obtained by the Company.
- The Company is still discussing the sale of around 15,000-20,000 m<sup>2</sup> to an International Group.

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

- From 20 May, the entire market area is open again. Minor maintenances are taking place.



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## Operational highlights 2

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

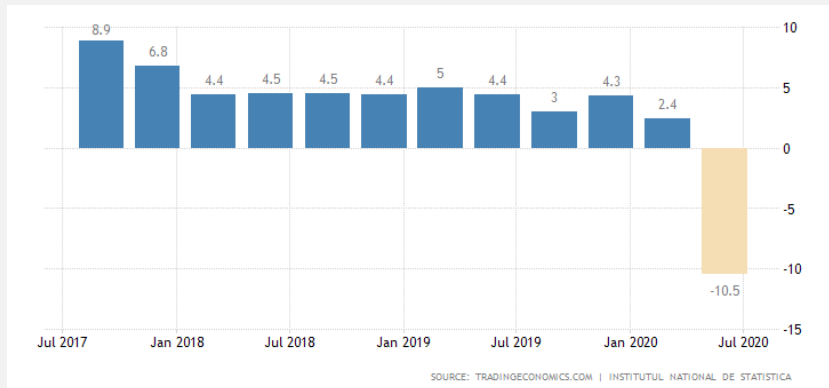
- Due to very recent legal regulations issued by the Government the Company's may avoid paying the interest/penalty proportion of the claim, which is EUR 0.65m out of the total claim of EUR 1.7m.
- This means that the worst-case scenario for the Company having to pay, according to the Company's tax advisors' understanding, is reduced to about EUR 1.05m. This amount is expected to be paid during Q3 2020.
- This amount of EUR 1.05m is still to be contested by the Company.

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

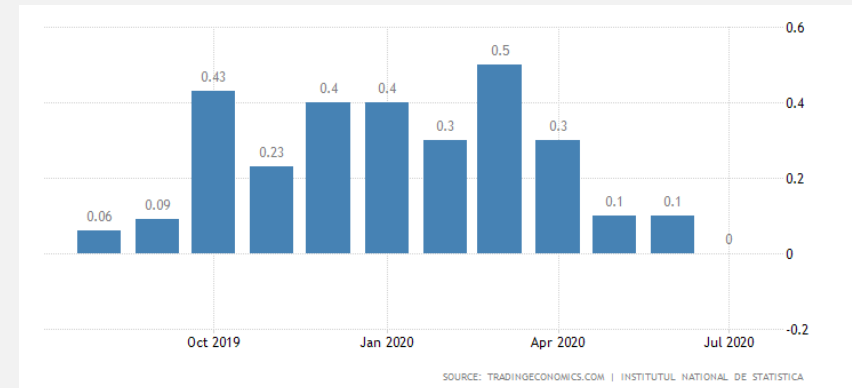
- The Court dismissed the Company's claim based on the higher Court jurisprudence in the sense that the law does not provide such a remedy in case the land is no longer of use to the authorities.
- The case is at the moment in the appeal phase of the Court proceedings, next hearing will take place in November in front of Constanta Court of Appeal.

# Romanian Macro development

- Romania's economy recorded a decline of 12.3% in the second quarter of this year according to flash data released by the National Institute of Statistics, INS.
- Compared to Q2 2019, the GDP decreased by 10.5%. In the first half of 2020, the GDP contracted, compared to the first half of 2019, by 4.7%.
- European Commission forecasts estimated that Romania's GDP will register a significant decrease, of 6%, in 2020. For 2021, the EC estimates Romania's GDP advance at 4%, compared to the previous 4.2% forecast in May 2020.
- There have been more than 70,000 confirmed cases of coronavirus in Romania so far and the country is currently under a State of Alert.
- To support the economy, the Government announced a series of measures in March amounting to about 2.0% of GDP, which include increased funding to the healthcare sector, loan guarantees and subsidized credit to SMEs.



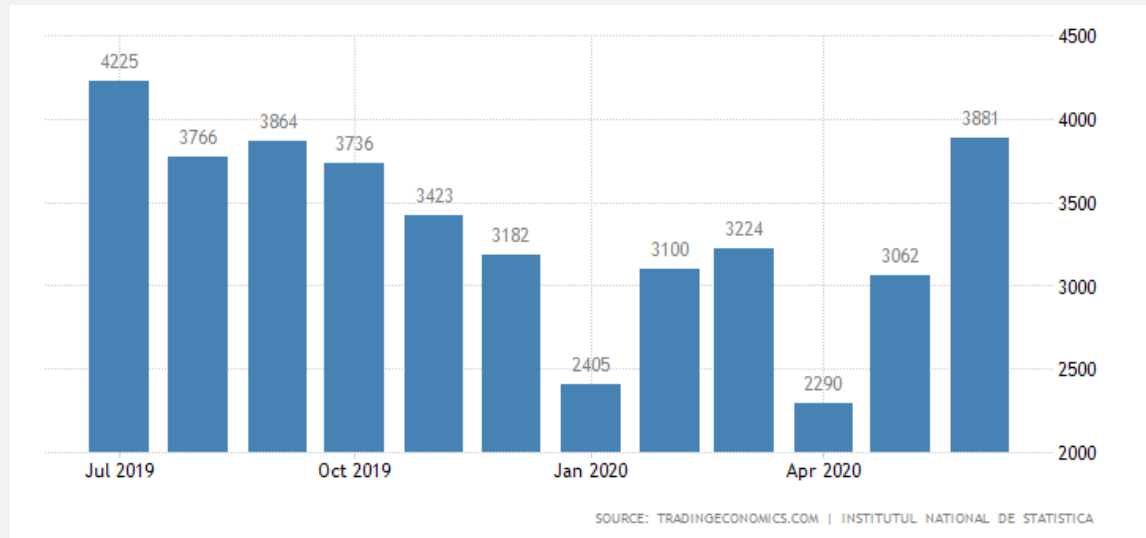
Romania GDP yearly growth rate (Data INS)



Romania Inflation Rate (Data INS)

# Romania Real Estate Update

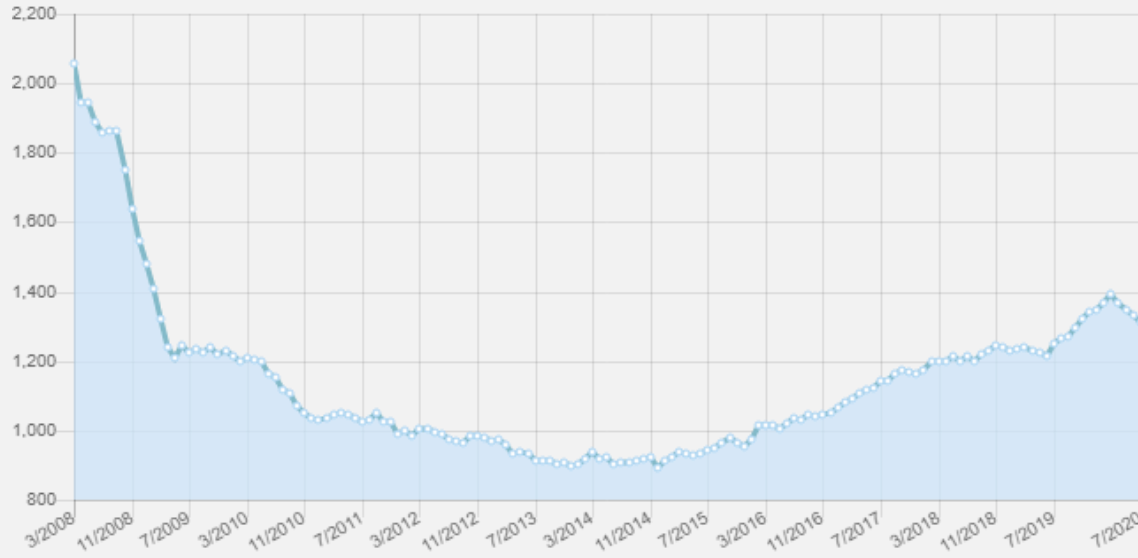
- The volume of commercial real estate transactions in Romania - offices, retail, industrial and logistics projects, hotels - increased in the first half of 2020 by 21% compared to the same period last year, reaching EUR 410m, according to JLL Romania.
- Yields remained higher compared to other CEE countries both in the office and industrial space sector, at 7% and 8% respectively
- During Q2 2020 residential average prices in Romania apartments dropped by around 4.2%



**Romania Residential Building Permits Trend (Data INS)**

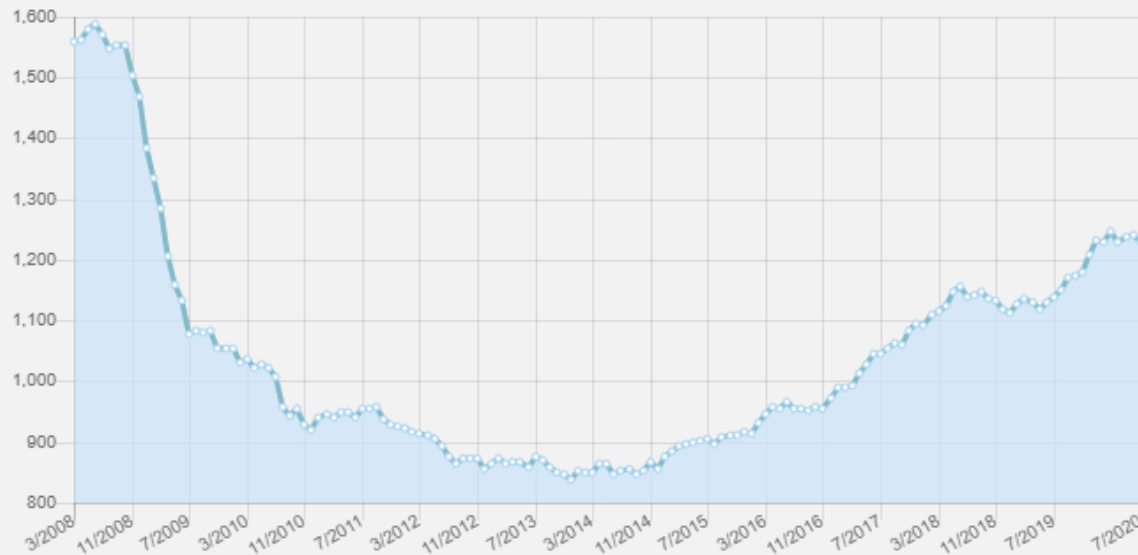
# Apartment Price Development (July 20)

## Romania



- Average apartment prices in Romania reached EUR 1,309/sqm resulting in a decrease of around 1.8% compared to June 2020. Still prices are higher by 4.8% compared to July 2019

## Constanta



- Average apartment prices in Romania reached EUR 1,228/sqm resulting in a decrease of around 1% compared to June 2020. Still prices are higher by 7.9% compared to July 2019

## RomReal shareholders as at 19/08/2020

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

**(1) This is the Top 20 Shareholder list as per 19AUG2020.**

**(2) The total issued number of shares issued at end Q2 2020 was 41,367,783.**

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

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

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

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## Main focus areas going forward

- RomReal, according to the strategy, 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.
- Preliminary data suggests that the residential real estate prices and volume of transactions have not been materially affected by the Covid-19 pandemic.
- While certain areas of the country were more affected, there are 8 counties, including Bucharest, where the number of transactions during the first 5 months of 2020 exceeded the volume compared to the same period last year. RomReal's Management is conducting business as usual on the ground and according to strategy, however in a short-term perspective the likelihood on new significant sales is somewhat reduced.

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# Thank you

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

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