

# PROSPECTUS



## ROMREAL LTD

(An exempted company limited by shares organised under the laws of Bermuda)

Business registration number 37382

[www.romreal.com](http://www.romreal.com)

**RIGHTS ISSUE OF UP TO 98,494,720 OFFER SHARES AT A SUBSCRIPTION PRICE OF NOK 0.125 PER OFFER SHARE, WITH SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS AS OF THE END OF 10 JUNE 2013.**

### SUBSCRIPTION PERIOD:

**FROM AND INCLUDING 17 JUNE 2013 TO 28 JUNE 2013 AT 16:30 CET**

**SUBSCRIPTION RIGHTS THAT ARE NOT USED TO SUBSCRIBE FOR OFFER SHARES BEFORE THE END OF THE SUBSCRIPTION PERIOD WILL LAPSE WITHOUT COMPENSATION AND CONSEQUENTLY BE OF NO VALUE**

12 June 2013

Managed by:



**IMPORTANT NOTICE**

This Prospectus has been prepared according to Sections 7-2 and 7-3 of the Securities Trading Act in connection with the Rights Issue and listing of Offer Shares on Oslo Axess in RomReal Ltd. The Offer Shares are offered pursuant to resolutions by the Board on 10 June 2013. The resolutions were passed pursuant to the authorisation given to the Board by the Annual General Meeting on 19 April 2013.

This Prospectus has been prepared solely in the English language. The Prospectus has been reviewed and approved by the Financial Supervisory Authority of Norway (the “NFSA”) pursuant to Section 7-7 of the Norwegian Securities Trading Act. The NFSA has neither controlled nor approved the accuracy nor completeness of the information given in this Prospectus. NFSA’s supervision and approval relates solely to the Company having included descriptions according to a pre-defined list of content requirements. The NFSA has neither undertaken any form of control nor approval of matters pursuant to company law described in or otherwise covered by this Prospectus.

Any new material information and any material inaccuracy that might have an effect on the assessment of the shares arising after the date of publication of this Prospectus and prior to the listing will be published and announced as a supplement to this Prospectus in accordance with section 7-15 of the Securities Trading Act. Without limiting the manner in which the Company may choose to make public announcements, and subject to the Company’s obligations under applicable law, announcements in relation to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The content of this Prospectus is not to be construed as legal, business, financial or tax advice. Each prospective investor should consult its own legal advisor, business advisor, financial advisor or tax advisor as to legal, business, financial and tax advice.

Any dispute regarding the Prospectus shall be governed by Norwegian law and Norwegian courts alone shall have jurisdiction in matters relevant hereto.

Investing in shares involve risks. Please refer to section 2 of the Prospectus for a description of certain risk factors.

An investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment advisor who specialises in investments of this nature before making any decision to invest in the Company.

**Selling Restrictions**

This document constitutes a Prospectus for the purpose of article 3 of the directive 2003/71/EC (“Prospectus directive”) and has been prepared in accordance with Sections 7-2 and 7-3 of the Norwegian Securities Trading Act as amended and the rules promulgated there under. This Prospectus has been reviewed and approved by the NFSA pursuant to the Norwegian Securities Trading Act Section 7-7. The distribution of the Prospectus may be restricted by law in certain jurisdictions. The Rights Issue is not being made to persons whose participation would require additional offering documents or registration or in respect of which any other measure or action needs to be taken in addition to those required under the laws of Norway, as set out above. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities offered hereby, by or on behalf of RomReal Ltd, the Manager, any of their respective affiliates or any other person in any jurisdiction in which it is unlawful for any person to make such an offer or solicitation. Except for the approval by the NFSA as described above, no action has been taken to permit the distribution of the Prospectus in any jurisdiction where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer of or solicitation for any securities in any jurisdiction or in any circumstances in which such offer or solicitation is not lawful, or authorized. Delivery of this Prospectus to any person or any reproduction of the

Prospectus, in whole or in part, without the Company's consent is prohibited. Persons into whose possession this Prospectus may come are required by the Company and the Manager to inform themselves about, and to observe, all applicable restrictions regarding exercise of rights and subscription of shares. **United States:** The Offer Shares will not be registered under the U.S. Securities Act of 1933, as amended, or any state Securities Laws, and may therefore not be offered or sold to U.S. persons as defined in regulations under the U.S. Securities Act. **Canada:** None of the Offer Shares have been or will be qualified for sale under the Securities Laws of any province or territory of Canada. The Offer Shares are not being offered and may not be offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the Securities Laws of any province or territory thereof. Furthermore, the Offer Shares may not be offered or sold in or into Japan or Australia.

## TABLE OF CONTENTS

<b>1</b>	<b>SUMMARY.....</b>	<b>4</b>
<b>2</b>	<b>RISK FACTORS .....</b>	<b>21</b>
<b>3</b>	<b>RESPONSIBILITY STATEMENT .....</b>	<b>27</b>
<b>4</b>	<b>GENERAL INFORMATION.....</b>	<b>28</b>
<b>5</b>	<b>BACKGROUND FOR THE RIGHTS ISSUE .....</b>	<b>29</b>
<b>6</b>	<b>THE RIGHTS ISSUE .....</b>	<b>30</b>
<b>7</b>	<b>PRESENTATION OF ROMREAL .....</b>	<b>36</b>
<b>8</b>	<b>MARKET OVERVIEW .....</b>	<b>48</b>
<b>9</b>	<b>BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES.....</b>	<b>54</b>
<b>10</b>	<b>OPERATING AND FINANCIAL INFORMATION .....</b>	<b>63</b>
<b>11</b>	<b>SHARES, SHAREHOLDER MATTERS AND OWNERSHIP STRUCTURE.....</b>	<b>82</b>
<b>12</b>	<b>SECURITIES TRADING IN NORWAY .....</b>	<b>91</b>
<b>13</b>	<b>TAXATION IN NORWAY .....</b>	<b>96</b>
<b>14</b>	<b>TAXATION IN BERMUDA .....</b>	<b>99</b>
<b>15</b>	<b>SELLING AND TRANSFER RESTRICTIONS .....</b>	<b>100</b>
<b>16</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>104</b>
<b>17</b>	<b>DEFINITIONS AND GLOSSARY OF TERMS .....</b>	<b>106</b>

## APPENDIX

**APPENDIX 1: MEMORANDUM OF ASSOCIATION ROMREAL**

**APPENDIX 2: BYE-LAWS**

**APPENDIX 3: KNIGHT FRANK REPORT**

**APPENDIX 4: SUBSCRIPTION FORM FOR THE RIGHTS ISSUE**

## 1 SUMMARY

*This summary should be read as an introduction to the Prospectus, and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus and in the appendices to this Prospectus. Any decision to invest in RomReal Ltd should be based on a consideration of the Prospectus as a whole by the investor.*

*Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might under the applicable national legislation of a Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus. For the definitions of terms used throughout this Prospectus, see Section 17 (Definitions and glossary of terms).*

### 1.1 Information about the Company

#### 1.1.1 General

RomReal Ltd (“**RomReal**” or “**the Company**”) is a public limited liability company incorporated on 3 October 2005 with registration number 37382 as a Bermuda exempt company limited by shares in accordance with Section 127 of the Bermuda Companies Act of 1981.

The Company’s registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The Company’s telephone number is: +1 441 400 6000. The Company’s web site is: [www.romreal.com](http://www.romreal.com).

#### 1.1.2 History and development of the Company

RomReal has strong links to Norway and the Scandinavian real estate market. The Company was incorporated in October 2005 by a group of five Scandinavian and English partners with previous experience in the financial and real estate markets (hereafter referred to as North Bridge Group) with the intention to purchase real estate assets in Eastern Europe with focus on Romania.

The founders anticipated that Romania’s EU accession, combined with its large population, would provide the basis for an interesting value creation. As a first step, it was decided to acquire a significant landbank in strategic locations while land prices were still substantially below the levels in other EU accession countries. In parallel with this process, an organisation was established in Romania, including international and local professionals. The founders firmly believed that real estate is a local business and that in a market such as Romania, strong hands-on control and contacts is important in identifying and securing quality assets.

During the last 10-15 years, RomReal’s Board, executives and advisors have had substantial experience in real estate and establishing and operating businesses in the Nordic countries as well as Eastern Europe, including Romania.

The initial assets were acquired between April and July 2005 by North Bridge Group. These assets were subsequently transferred at cost into RomReal by North Bridge Group in the latter part of 2005.

In October 2005, RomReal successfully completed an initial capital raising of EUR 20 million from investors based in the UK and Scandinavia.

The Company’s listing on the Oslo Axess was completed in June 2007, and represented a milestone in RomReal’s development. RomReal was the first Eastern European property company to list on the Oslo Børs.

At 31 December 2007, the Company’s Investment Portfolio (“Land Bank”) consisted of 1,304,540 sqm. The size of the Land Bank has been constant since 31 December 2010, at the current size of 1,261,439 sqm. The reduction in the Land Bank was due to the sale of the “Bus Station” plot in Constanta during 2010, as a part of the

Company's asset divestment efforts. With the proceeds from the sale of the "Bus Station" the Company made an advance payment of interest for the remaining loan with Alpha Bank of EUR 11.6 million up to November 2012.

RomReal signed in November 2007 a construction contract for the Oasis plot located in the Constanta County. The settlement and termination contract with the construction company was signed in April 2009. The settlement included parcelling out parts of the Oasis (1,850 sqm), the structure on top of this land as well as a modest cash amount as compensation to the construction company for terminating the construction contract.

During 2011 and 2012, the Management worked extensively on ways to restructure the loan so the entire EUR 11.6 million due in November 2012 would not create a default situation. On 29 November 2012, the Company announced that it had achieved an approval from Alpha Bank for an extension of the EUR 11.6 million loan subject to finalisation of the documentation, including an amended corporate guarantee. The loan extension was for a period of three years until 28 November 2015, with a possibility to extend for another 2 years. Following the extension, the loan carries a margin of EURIBOR+3%, payable bullet at maturity. On maturity the Company has the option of extending the loan for an additional total of two years, in subsequent periods of one (1) year at the time, provided that the interest is paid in advance for each year of extension.

Additional real estate mortgage was provided to Alpha Bank of EUR 6 million, including beyond the Mamaia North plot, the Lake Morii plot, the Brasov plot and the Oasis development. The corporate guarantee of RomReal was reissued for the new maturity of the loan. Further undertakings include:

- (a) The Company cannot take any other loans or enter into any other transactions that would result in the obligation to repay the current loan, without Alpha Bank's prior written consent.
- (b) The Company undertakes that all shareholder loans, third party loans and any other debt compensation are subordinated to the Alpha Bank credit facility.
- (c) The Company undertakes that all proceeds from potential future sale of mortgaged assets will be used to repay the loan's principal and accrued interest.
- (d) In case Alpha Bank decides to transfer its rights and obligations under the financing agreement to a third party outside the Alpha Bank group, the Company shall have the first right of refusal to acquire the rights and obligations of this financing agreement in the same terms as those offered to the third party.
- (e) Mortgage of 100% of the share capital in SC Westhouse Group SRL held by RomReal. Mortgage over all buildings to the mortgaged immovable assets. First rank movable mortgage over any receivables owing to the Westhouse Group Ltd resulting from rents and leases.

The documentation was finalised with Alpha Bank and signed on 28 February 2013.

Furthermore, a proposal by the Company's Board of Directors to raise new equity on 20:1 pro rate basis was put to investors due to limited working capital and negative cash flow from operations. The Company has finalised one development project, "Corallia", in the Mamaia Boulevard area in Constanta. This project was finalised in 2010, and consisted of 37 residential apartments and 4 ground floor retail spaces that are all sold. A second development the "Oasis" was stopped before completion due to the financial crisis and it currently appears in the Company's balance sheet as "inventories".

Following the completion of the Corallia project, and correctly assessing the deterioration of the Romanian real estate development market after 2008, the Company redefined its strategy and objectives in order to overcome the difficult and adverse market conditions. It has since focused on strengthening its cash position through (i) the implementation of a strict cost cutting program and (ii) the divestment of part of its land portfolio, in order to remain in business once/if the market recovers.

After 2011, the Company has fully implemented its cost cutting programme, and focused on two types of potential buyers in divesting part of its Land Bank. The primary target buyers are mainly large international retailers whose expansion policy is less affected by the financial crisis. As a secondary target, the Company has identified a niche market where demand is tangible due to small monetary amounts required. This involves the sale of smaller plots of land to small and medium size developers and entrepreneurs, which seem to be somewhat more active in the market. In achieving this, RomReal has initiated planning permission authorisations with the local municipality of Ovidiu and targets to have the approval within 2014.

#### *1.1.3 Business concept*

RomReal owns a large portfolio of prime location plots in three of the major Romanian cities: Constanta, Bucharest and Brasov. The plots are most likely suited for residential and commercial developments. RomReal is presently not involved in any construction or development projects, but has maintained its principles with regards to ethical policy since its listing to the Oslo Axess.

The Company targets to create value for its investors by seeking to sell individual plots from its Land Bank at attractive prices. The Management is proactively seeking to procure buyers through its network of contacts in Romania and abroad, and by dealing with incoming requests from interested parties. In case a serious offer is received for a plot, the Management will arrange a transaction process which will include organising due diligence, developing the required legal documentation, and negotiating the final price and other terms of the deal.

In addition to aiming to sell plots, the Company is seeking to add incremental value to the individual plots during the period in which they are part of the Land Bank up until a potential sale is completed. The various forms of adding value include upgrading of planning permission as well as maintenance of plot surfaces, buildings, fencing and similar. Management will also attempt to create income from the plots in its Land Bank by renting out to third parties for commercial use, structured in a way so it does not prevent or interfere with an eventual sale of the plots.

#### *1.1.4 Objective*

The objective of the Company for 2013-2015 is to maintain a reasonable financial position that will allow it to sustain its operations while awaiting a possible recovery in the real estate markets following the financial crisis. During this period the Company's focus is to follow the market trends and to be able to react once the market recovers.

### **1.2 Purpose of the Rights Issue**

RomReal has completed a cost reduction program over the last couple of years, and has in 2012 reduced expenses by a further 5% compared to 2011. The Company is now operating at the minimum cost level possible to maintain its subsidiaries compliant with local legal and tax requirements as well as managing the Oslo Axess compliance requirements at the Group level.

The Company has resolved to carry out the Rights Issue to provide the necessary working capital to cover the Company's expenses going forward. RomReal presently has negative cash flow from operations and is dependent on assets disposal, and/or new equity to maintain operations. If no asset disposals materialise over the next couple of years, the Company's Board of Directors is of the opinion that the planned net proceeds from this Rights Issue is only sufficient to maintain the present activity level for the next 24-30 months. Therefore, the net proceeds targeted in this Rights issue is not deemed sufficient to service any interests rolled up on the Company's secured Alpha Bank loan after the 3 year extension with effect from 28 November 2012.

### 1.3 Description of the Rights Issue

**TABLE 1.1: SUMMARY OF THE RIGHTS ISSUE**

The Rights Issue:.....	Rights issue of up to 98,494,720 Offer Shares with Subscription Rights for Existing Shareholders.
Record Date: .....	10 June 2013 (i.e. Shareholders who are registered in the Company's shareholder list in VPS as of the end of 10 June 2013, as appearing the VPS as of 13 June 2013, will receive Subscription Rights).
Subscription Rights: .....	Subscription rights issued to the Existing Shareholders in connection with the Rights Issue. The Existing Shareholders will receive 20 Subscription Rights per Share owned in the Company as at the Record Date. One Subscription Right will grant the right to subscribe for one Share.
Subscription Period: .....	From and including 17 June 2013 until 28 June 2013 at 16:30 hours (CET).
Trading in Subscription Rights: .....	The Subscription Rights will not be tradable.
Subscription Price: .....	NOK 0.125 per Offer Share.
Manager: .....	Swedbank First Securities.
Voting Rights: .....	Each Share gives the holder the right to cast one vote at General Meetings of shareholders, see Section 11 (Shares, shareholder matters and Ownership structure).
Shares outstanding before the Rights Issue:....	4,924,736 Shares, of which the Company owns 80,195 Shares.
Shares outstanding after the Rights Issue:.....	Up to 103,419,456 Shares.
Payment and Delivery: .....	Payment is expected to take place on and no later than 5 July 2013, following which the Offer Shares are expected to be delivered to the Subscribers' VPS accounts on or about 11 July 2013.
Listing and Trading of the Offer Shares: .....	It is expected that trading in the Offer Shares will commence 12 July 2013.
ISIN: .....	The Shares and the Offer Shares will have ISIN BMG 763301022.
Ticker: .....	ROM.
Dilution: .....	The Rights Issue will result in an immediate dilution of 95.2% assuming full subscription of the Rights Issue.
Proceeds and expense: .....	The total fees and expenses related to the Rights Issue are estimated to amount to approximately EUR 120,000. Total net proceeds in the Rights Issue are estimated to amount to approximately EUR 1.4 million.



## 1.4 Key financial information

**TABLE 1.2: INCOME STATEMENT**

<i>(in EUR)</i>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Rent revenue	85,000	81,000	330,499	341,838	398,398
Sales of inventory	-	-	99,305	15,065	3,857,371
Sales of investment property	-	-	-	-	2,345,963
<b>Operating revenues</b>	<b>85,000</b>	<b>81,000</b>	<b>429,804</b>	<b>356,903</b>	<b>6,601,733</b>
Payroll and related expenses	(66,000)	(65,000)	(258,457)	(255,383)	(237,080)
Depreciation and amortisation expense	(1,000)	(9,000)	(20,590)	(60,177)	(99,650)
Other operating expenses	(16,000)	(16,000)	(37,434)	(12,387)	(6,254,754)
Inventory write off	(9,000)	-	(432,764)	(246,389)	(342,217)
General and administrative expenses	(156,000)	(148,000)	(713,628)	(733,719)	(1,294,221)
<b>Operating expenses</b>	<b>(247,000)</b>	<b>(238,000)</b>	<b>(1,462,872)</b>	<b>(1,308,055)</b>	<b>(8,227,921)</b>
Profit/(loss) before other operating items	(162,000)	(157,000)	(1,033,068)	(951,152)	(1,626,187)
Net gain/(loss) from revaluation of investment properties	(99,000)	494,000	(2,096,457)	(2,665,638)	(8,471,357)
<b>Profit/(loss) from operations</b>	<b>(262,000)</b>	<b>337,000</b>	<b>(3,095,049)</b>	<b>(3,616,790)</b>	<b>(10,097,545)</b>
Financial income	4,000	3,000	14,871	15,722	30,841
Financial costs	82,000	(897,000)	(1,910,732)	(1,407,758)	(2,062,763)
<b>Profit/(loss) before taxes</b>	<b>(176,000)</b>	<b>(557,000)</b>	<b>(5,025,476)</b>	<b>(5,008,775)</b>	<b>(12,129,468)</b>
Tax expense	(53,000)	(78,000)	267,876	15,172	443,277
<b>Result for the period</b>	<b>(229,000)</b>	<b>(634,000)</b>	<b>(4,757,599)</b>	<b>(4,993,603)</b>	<b>(11,686,191)</b>

**TABLE 1.3: STATEMENT OF FINANCIAL POSITION**

<i>(in EUR)</i>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
<b>ASSETS</b>					
<b>Noncurrent assets</b>					
Property, plant & equipment	27,000	34,000	27,383	43,080	101,212
Investment properties	30,950,000	33,896,000	30,949,958	33,896,047	36,809,443
Intangible fixed assets	1,000	1,000	659	1,008	572
Deferred tax asset	148,000	-	132,041	-	-
<b>Total non current assets</b>	<b>31,125,000</b>	<b>33,931,000</b>	<b>31,110,382</b>	<b>33,940,127</b>	<b>36,911,226</b>
<b>Current assets</b>					
Inventories	2,858,000	3,466,000	2,857,715	3,467,405	3,765,286

Trade receivables and other receivables	205,000	749,000	208,574	1,097,676	1,834,562
Cash and cash equivalents	506,000	958,000	701,617	915,458	1,937,501
<b>Total current assets</b>	<b>3,569,000</b>	<b>5,173,000</b>	<b>3,767,907</b>	<b>5,480,539</b>	<b>7,537,350</b>
<b>Total asset</b>	<b>34,694,000</b>	<b>39,104,000</b>	<b>34,878,289</b>	<b>39,420,666</b>	<b>44,448,576</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Equity</b>					
Issued share capital	4,925	4,925	4,925	4,925	4,925
Contributed surplus	85,741,568	85,741,568	85,741,568	85,741,568	85,741,568
Retained earnings	(63,781,000)	(59,659,000)	(63,783,096)	(59,025,188)	(54,031,585)
Other reserves	424,808	424,808	424,808	424,808	424,808
Translation reserve	86,000	(64,000)	85,912	(308,972)	(846,312)
<b>Total equity</b>	<b>22,247,000</b>	<b>26,448,000</b>	<b>22,474,117</b>	<b>26,837,141</b>	<b>31,293,404</b>
<b>Non current liabilities</b>					
Non current debt liabilities	11,745,000	-	-	-	11,600,000
Deferred tax liability	147,000	445,000	148,123	376,585	397,173
<b>Total non current liabilities</b>	<b>11,892,000</b>	<b>445,000</b>	<b>148,123</b>	<b>376,585</b>	<b>11,997,368</b>
<b>Current liabilities</b>					
Trade and other payables	552,000	549,000	236,141	171,239	709,260
Provisions	-	-	363,075	372,237	375,269
Current debt liabilities	-	11,600,000	11,651,827	11,600,000	-
Income tax payable	2,000	-	4,604	-	15,075
Deferred income	-	63,000	3	63,464	58,395
<b>Total current liabilities</b>	<b>554,000</b>	<b>12,211,000</b>	<b>12,255,650</b>	<b>12,206,940</b>	<b>1,157,999</b>
<b>Total liabilities and equity</b>	<b>34,694,000</b>	<b>39,104,000</b>	<b>34,877,289</b>	<b>39,420,666</b>	<b>44,448,576</b>

TABLE 1.4: STATEMENT OF CASH FLOWS

<i>(in EUR)</i>	Q1 2013 (unaudited)	Q1 2012 (unaudited)	2012 (audited)	2011 (audited)	2010 (audited)
CASH FLOW FROM OPERATING ACTIVITIES:					
<b>Net profit/(loss)</b>	<b>(229,000)</b>	<b>(634,000)</b>	<b>(4,757,600)</b>	<b>(4,993,603)</b>	<b>(11,686,191)</b>
Adjustments for:					
- Income tax expense/(profit)	53,000	78,000	(267,876)	(15,172)	(443,277)
- Net (gain)/loss from revaluation of investment properties	94,000	(462,000)	2,096,457	2,665,638	8,471,357
- Loss/(gain) on disposal of investment property	-	-	-	-	(16,120)

- Depreciation and amortization	1,000	9,000	20,590	60,177	99,650
- Interest income	(4,000)	(3,000)	(14,781)	(15,772)	(30,841)
- Interest expense	94,000	145,000	572,118	595,920	714,701
- Unrealised foreign exchange (gain)/loss	(176,000)	752,000	1,338,614	811,837	1,348,062
Decrease/(increase) in trade and other receivables	3,000	349,000	352,803	140,967	(299,257)
(Decrease)/increase in current payables	(47,000)	4,000	(7,806)	(535,581)	(940,353)
Decrease/(increase) in inventories	(9,000)	(147,000)	176,926	297,881	4,558,186
Cash generated from operations	(219,000)	89,000	(490,556)	(987,708)	1,776,111
Income tax paid	(5,000)	(4,000)	(11,002)	(17,618)	(43,575)
<b>Net cash flow from operating activities</b>	<b>(225,000)</b>	<b>86,000</b>	<b>(501,558)</b>	<b>(1,005,327)</b>	<b>1,732,536</b>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sales of investment property, net	-	-	-	-	2,345,963
Capital expenditure on investment property	-	(6,000)	(5,397)	(2,720)	(1,470)
<b>Net cash flow used in investing activities</b>	<b>-</b>	<b>(6,000)</b>	<b>(5,397)</b>	<b>(2,720)</b>	<b>2,344,493</b>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of borrowings	-	-	-	-	(2,102,923)
Interest paid	-	-	(539)	-	(1,844,453)
Interest received	4,000	3,000	14,781	15,772	30,841
<b>Net cash from financing activities</b>	<b>4,000</b>	<b>3,000</b>	<b>14,242</b>	<b>15,772</b>	<b>(3,916,535)</b>
Exchange losses on cash and cash equivalents	25,000	(41,000)	278,872	(29,767)	(84,525)
<b>Net increase in cash and cash equivalents</b>	<b>(196,000)</b>	<b>43,000</b>	<b>(213,841)</b>	<b>(1,022,043)</b>	<b>75,970</b>
Cash and cash equivalents, beginning of period	702,000	915,458	915,458	1,937,501	1,861,531
<b>Cash and cash equivalents, end of period</b>	<b>506,000</b>	<b>958,000</b>	<b>701,617</b>	<b>915,458</b>	<b>1,937,501</b>

TABLE 1.5: STATEMENT OF CHANGES IN EQUITY

<i>(in EUR)</i>	Share capital	Contributed surplus	Share premium	Retained earnings	Translation reserve	Other reserves	Total
<b>Balance as of 31 December 2009</b>	49,247,366	-	36,499,127	(42,345,394)	(1,663,383)	424,808	42,162,524
Profit for the period	-	-	-	(11,686,191)	-	-	(11,686,191)
Other comprehensive income	-	-	-	-	817,071	-	817,071
<b>Total comprehensive income and expense for the year</b>	-	-	-	(11,686,191)	817,071	-	(10,869,120)
Reduction in par value of shares	(49,242,411)	85,741,568	(36,499,127)				
<b>Balance as of 31 December 2010</b>	4,925	85,741,568	-	(54,031,585)	(846,312)	424,808	31,293,404
Profit for the period	-	-	-	(4,993,602)	-	-	(4,993,602)
Other comprehensive income	-	-	-	-	537,339	-	537,339
<b>Total comprehensive income and expense for the year</b>	-	-	-	(4,993,602)	817,071	-	(4,993,602)
<b>Balance as of 31 December 2011</b>	4,925	85,741,568	-	(59,025,187)	(308,973)	424,808	26,837,141
Profit for the period	-	-	-	(4,757,599)	-	-	(4,757,599)
Other comprehensive income	-	-	-	-	394,883	-	394,883
<b>Total comprehensive income and expense for the year</b>	-	-	-	(4,757,599)	394,883	-	(4,362,716)
<b>Balance as of 31 December 2012</b>	4,925	85,741,568	-	(63,783,094)	85,910	424,808	22,474,117

## 1.5 Trend information and significant changes

After 31 December 2012, the following changes have occurred, which affect the Group's financial and trading position up to the date of the Prospectus:

- On 28 February 2013, the Group signed documentation for the extension of the Alpha Bank loan.

Except for the changes listed above, there has not been any significant change in the financial or trading position of the Group which has occurred from the end of 31 December 2012 and until the date of this Prospectus.

As the date of this Prospectus, the Group is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Group's operations. See also Section 2 (Risk factors) and Section 8 (Market overview).

## 1.6 Capitalisation and indebtedness

### 1.6.1 Working capital statement

The Board of Directors is of the opinion that the working capital of the Company is sufficient for the Group's present requirements in a twelve months perspective as from the Prospectus date.

### 1.6.2 Capitalisation and indebtedness

Table 1.6 gives an overview of the Company's capitalisation and indebtedness at 31 December 2013 and 31 March 2013. The Company does not have any indirect or material contingent indebtedness.

**TABLE 1.6: CAPITALISATION**

<i>(in EUR)</i>	<b>31 December 2012</b>	<b>Change</b>	<b>Adjusted as 31 March 2013</b>	<b>Note</b>
Share capital	4,925	-	4,925	
Legal reserve	85,741,568	-	85,741,568	
Other reserves	424,808	-	424,808	
<b>Shareholder equity (A)</b>	<b>22,474,000</b>	<b>(227,000)</b>	<b>22,247,000</b>	
<b>Current debt</b>	<b>11,652,000</b>	<b>(11,652,000)</b>	<b>-</b>	
Guaranteed	-	-	-	
Secured	11,652,000	-	-	1
Unguaranteed/unsecured	-	-	-	
<b>Total current debt</b>	<b>11,652,000</b>	<b>(11,652,000)</b>	<b>-</b>	<b>2</b>
<b>Non-current debt</b>	<b>-</b>	<b>11,745,000</b>	<b>11,745,000</b>	
Guaranteed	-	-	-	
Secured	-	11,745,000	11,745,000	1
Unguaranteed/unsecured	-	-	-	
<b>Total non-current debt</b>	<b>-</b>	<b>-</b>	<b>11,745,000</b>	<b>2</b>
<b>Total indebtedness</b>	<b>11,652,000</b>	<b>93,000</b>	<b>11,745,000</b>	
<b>Total capitalisation</b>	<b>34,126,000</b>	<b>(134,000)</b>	<b>33,992,000</b>	

Notes:

1 The loan is secured with the following land bank assets of the Company: Oasis, Mamaia North, Morii lake and Brasov plots. Additionally it benefits from a corporate guarantee issued by the parent of the Group and a pledge over the shares of Westhouse Group SRL.

2 The extension of the Alpha Bank loan was signed by the Company 28 February 2013. Therefore, in accordance with IFRS, the outstanding due at the end of 2012 was presented as a current liability. As of 31 March 2013, this was classified as long term debt, since its maturity is currently 2015. The loan does not pay any interest, but it is rolled-up and is payable at maturity.

There has been no material change in the capitalisation of the Company following 31 March 2013.

Table 1.7 gives an overview of the Company's net financial indebtedness at 31 December 2012 and 31 March 2013. The Company does not have any indirect or material contingent indebtedness.

**TABLE 1.7: INDEBTEDNESS**

<i>(in EUR)</i>	<b>31 December 2012</b>	<b>Change</b>	<b>Adjusted as 31 March 2013</b>	<b>Note</b>
A. Cash	702,000	(196,000)	506,000	
B. Cash equivalents	-	-	-	
C. Trading securities	-	-	-	
<b>D. Liquidity (A+B+C)</b>	702,000	(196,000)	506,000	
<b>E. Current financial receivables</b>				
F. Current bank debt	(11,652,000)	11,652,000	-	1
G. Current position of non-current debt	-	-	-	
H. Other current financial debt	-	-	-	
<b>I. Current financial debt (F+G+H)</b>	(11,652,000)	11,652,000	-	
<b>J. Net current financial indebtedness (I-E-D)</b>	(10,950,000)	11,456,000	506,000	
K. Non-current bank debt	-	(11,745,000)	(11,745,000)	1
L. Bonds issued	-	-	-	
M. Other non-current loans	-	-	-	
<b>N. Non-current financial debt (K+L+M)</b>	-	(11,745,000)	(11,745,000)	
<b>Net Financial indebtedness</b>	(10,950,000)	(289,000)	(11,239,000)	

Notes:

1 The extension of the Alpha Bank loan was signed by the Company 28 February 2013. Therefore, in accordance with IFRS, the outstanding due at the end of 2012 was presented as a current liability. As of 31 March 2013, this was classified as long term debt, since its maturity is currently 2015. Interest is not paid on the loan, but is rolled-up and is payable at maturity.

There has been no material change in the indebtedness of the Company following 31 March 2013.

## **1.7 Properties**

RomReal owns 14 land plots in Constanta, Bucharest and Brasov. The total size of the Company's Investment Portfolio ("Land Bank") is 1,261,439 sqm.

TABLE 1.8: PLOT OVERVIEW

#	Plot	Location	Description
1.	Ovidiu Lakeside	Constanta North / Ovidiu	<p>Plot size: 61,433 sqm</p> <ul style="list-style-type: none"> <li>• On the shore of Siutghiol Lake</li> <li>• View of Mamaia and the Black Sea</li> <li>• Residential development</li> <li>• Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta.</li> </ul>
2.	Badulescu	Constanta North / Ovidiu	<p>Plot size: 50,000 sqm</p> <ul style="list-style-type: none"> <li>• On Bucharest to Constanta major national road DN21</li> <li>• Surrounded by newly erected residential developments</li> <li>• 1km to new Carrefour shopping centre</li> <li>• 4km to Central Constanta</li> <li>• Potential leisure, office or residential use</li> <li>• Surrounded by new commercial and residential developments - thereby setting a precedent for development in the area</li> <li>• The zoning of the plot could be changed to urban with an expected Urbanism Certificate of (CUT 2.4, POT 40%)</li> </ul>
3.	Tatar Peninsula	Constanta North / Ovidiu	<p>Plot size: 9,965 sqm</p> <ul style="list-style-type: none"> <li>• The valued site is located in the eastern part of Ovidiu, benefiting from opening to Siutghiol Lake and representing a part of the Tatar Peninsula</li> <li>• The site is retreated at several hundred meters from the main road crossing Ovidiu from South to North</li> <li>• The area has a residential character</li> <li>• The main advantage of the site is the wide opening to Siutghiol Lake (approximately 300 meters)</li> </ul>
4.	Ovidiu Town	Constanta North / Ovidiu	<p>Plot size: 4,641 sqm</p> <ul style="list-style-type: none"> <li>• Residential area</li> <li>• Potential for residential development</li> <li>• The zoning coefficients permitted is GF+7F, and a maximum coverage ratio (POT) of 40%</li> </ul>
5.	Oasis	Constanta North / Ovidiu	<p>Plot size: 25,527 sqm</p> <ul style="list-style-type: none"> <li>• Construction Permit and PUD obtained for Oasis Residences that needs to be renewed</li> <li>• The Company had initiated development works on this plot destined for a residential development</li> <li>• The development was stopped during the financial</li> </ul>

			crisis
			<ul style="list-style-type: none"> <li>• The current unfinished construction is now portrait as ‘stock’ in the Company’s balance sheet</li> <li>• The property is under mortgage with Alpha Bank</li> </ul>
6.	Centerpoint	Constanta North / Ovidiu	Plot size: 122,350 sqm <ul style="list-style-type: none"> <li>• Potential for commercial development</li> <li>• Close to International Airport and Bucharest-Constanta highway</li> <li>• The site is connected to electricity, whereas all the other necessary utilities are in the vicinity</li> <li>• The plot has an opening to the national road. It is flat and has some constructions on it (summing 305 sqm)</li> </ul>
7.	Gunaydin	Constanta North / Ovidiu	Plot size: 15,000 sqm <ul style="list-style-type: none"> <li>• Near to Constanta-Ovidiu ring-road</li> <li>• Potential for commercial development</li> <li>• The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia</li> <li>• Both sites are vacant and flat, have rectangular shapes and are located near the railway</li> <li>• The sites are situated outside the built-up area of Ovidiu, being zoned for agricultural purposes</li> </ul>
8.	Mamaia North	Mamaia Resort	Plot size: 56,167 sqm <ul style="list-style-type: none"> <li>• A major development site on the Black Sea coast located in the heart of the hotel and entertainment area</li> <li>• Direct access and large facing to the beach</li> <li>• Large facing on the main road</li> <li>• Close to public transport</li> <li>• Potential for mixed use development, can built up to GF+8 floors with the current zoning allowance</li> <li>• Needs urban zoning permits</li> <li>• Approximately half of the plot is rented out to a modern camping site</li> <li>• The Plot is under mortgage with Alpha Bank</li> </ul>
9.	Balada Market	Central Constanta	Plot size: 7,188 sqm <ul style="list-style-type: none"> <li>• The valued site is located in the center of Constanta, near the Cultural House. The plot is located within walking distance from the shopping center and also from the City Hall. On the site, there is a commercial market called “Balada”, which was built a few years ago and which is functional today. The retail spaces are been rented to numerous tenants on short term leases</li> <li>• The commercial market has a 2,384 sqm footprint</li> </ul>



			and is displayed on ground floor. A concrete platform with an approximate area of 1,125 sqm surrounds the construction
			<ul style="list-style-type: none"> <li>• The site is connected to all the necessary public utility networks: electricity, sewerage, gas and water</li> <li>• Potential for mixed use development</li> </ul>
10.	Carrefour	Constanta	<p>Plot size: 15,000 sqm</p> <ul style="list-style-type: none"> <li>• The property consists of a 15,000 sqm presently zoned for agriculture purposes, being situated outside the built-up area of Constanta</li> <li>• The plot has a rectangular shape and it is not connected to the public utilities networks</li> <li>• The site is probably suitable for an industrial development. At present it is located outside the built-up area</li> </ul>
11.	Morii Lake	Bucharest / District 6	<p>Plot size: 11,716 sqm</p> <ul style="list-style-type: none"> <li>• The plot is open to Morii Lake in the West part of Bucharest. The area is partially developed mainly by private residences and some offices and private companies. There has been limited development of this zone in the last 5 years</li> <li>• Construction Permit and PUD obtained for 50,000 sqm with potential for a mixed use development.</li> <li>• It has a rectangular shape and an opening of 90m on the main access road. The immediate neighbouring plots are free of any constructions. The main utilities are about 50m away</li> <li>• Lacks an Urban Certificate that needs to be obtained before construction</li> <li>• The plot is under mortgage with Alpha Bank</li> </ul>
12.	Hospital	Bucharest / District 5	<p>Plot size: 13,263 sqm</p> <ul style="list-style-type: none"> <li>• Long term development site</li> <li>• The property is located in the south-western part of Bucharest in District 5, on the exit road to Alexandria. Although it has direct access to Alexandriei Road, the property is situated behind the street</li> <li>• The Alexandriei Avenue connects the very crowded Rahova neighborhood to the Ring Road being an important artery in the area. The area stretches along the main avenue and is a mixture of small residential units, showrooms, storage and light production facilities</li> <li>• The site has a rectangular shape (190x67 meters) and a 5.41 meters wide alley which provides the access from the Alexandriei Avenue. The property also benefits from an opening to a smaller artery in the rear part</li> </ul>

			<ul style="list-style-type: none"> <li>• The plot is connected to all the public utilities networks: electricity, water, gas and sewerage</li> <li>• Long term development site up to GF+4F</li> </ul>
13.	Brasov	Central Brasov	Plot size: 4,127 sqm <ul style="list-style-type: none"> <li>• It is in the fully developed residential zone. It has 104m face on the main access road</li> <li>• Neighbouring developments include residential buildings up to GF+11</li> <li>• Close to a forest, public transport amenities</li> <li>• Potential for residential development</li> <li>• The plot is under mortgage with Alpha Bank</li> </ul>
14.	Un-zoned Land	Constanta	Plot size: 865,062 sqm <ul style="list-style-type: none"> <li>• Long term development opportunity</li> <li>• The site is compiled of a number of small agriculture arable plots</li> </ul>
			Total plot size: 1,261,439

## 1.8 Research and development

The Company has no research and development department as this is not considered relevant for development of the Group's portfolio.

## 1.9 Board of Directors, Management and employees

### 1.9.1 Board of Directors

As the date of this Prospectus, the Board of Directors consists of the following: Kjetil Grønskag (Chairman), Jonas Bjerg, Arve Nilsson and Erik Sture Larre.

### 1.9.2 Management

As the date of this Prospectus, the Executive Management of the Company consists of the following individuals: Kay Thorkildsen (CEO of RomReal and CEO of Westhouse Group), Nicoleta Ploscaru (Commercial & Development of Westhouse Group) and Claudia Oprisan (Chief Accountant of Westhouse Group).

### 1.9.3 Employees

As of 31 December 2012, the Company had five employees.

## 1.10 Major shareholders and related party transactions

### 1.10.1 Major shareholders

As the date of this Prospectus, the following shareholder currently owns more than 5% of the issued share capital: MGL Investments Ltd (18.0%).

### 1.10.2 Related party transactions

RomReal has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 44,162,264, interest to 31 December 2011 included. Intergroup loans bear an interest rate of 5.5% and are for a term of 11 months. The subsidiary Westhouse Group SRL has further granted RomReal a loan of EUR 118,346 in connection with the purchase of 5% of the shares in Concorde Group SRL, 5% of the shares in Investate SRL, 5% of the shares in Magic Sail Club SRL, and 1% of the shares in Rofrench Connection SRL. These loans are not secured and are interest free. During 2011, EUR 44,932,692 of loans from RomReal to Westhouse Group

SRL was converted into equity. This was done in order to improve the equity position, the debt-to-equity ratio, and to avoid a negative share capital effect due to a potential negative EUR/RON fluctuation. The subsidiaries involved are “Westhouse Group SRL”/ “Concorde SRL”/“Investate SRL”, and this conversion had absolutely no cash effect on the Company.

RomReal has, in addition, granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 45,763,048, interest to 31 December 2012 included. Intergroup loans bear an interest rate of 5.5% and are for a term of 11 months. All intergroup loans hold a duration of 11 months.

On 30 March 2007, the Group entered into an amended Management Support Agreement with North Bridge Group Ltd (“**North Bridge Group**”). North Bridge Group is controlled by the five shareholders of North Bridge, which include Mr. Jonas Bjerg, Mr. Kjetil Grønskag and Mr. Kay Thorkildsen. Pursuant to the Management Support Agreement, North Bridge Group is retained as an advisor to the Group, and will be responsible for making available resources to support the Group in continuing to develop its real estate portfolio, including North Bridge Group’s principals, and for recommending to the Group specialists, including seconders where appropriate. For these services North Bridge Group received an annual fee of EUR 64,000 during the year ended 31 December 2012, an annual fee of EUR 80,000 during the year ended 31 December 2011 and an annual fee of EUR 95,000 during the year ended 31 December 2010. In addition, North Bridge Group is entitled to reimbursement of travelling and other reasonable out-of-pocket expenses incurred by it with the prior agreement of the Group’s Board of Directors. The terms of the Management Support Agreement were renewed on 10 October 2012 and the level of fees was revised to EUR 64,000 per annum, effective January 2012. The Group may engage North Bridge Group or its associates to provide other services outside the scope of this agreement. Such services will be subject to a separate mandate agreement.

The Group’s Investor Relation responsible during 2012, Mr. Harris Palaondas, was seconded to the Group from North Bridge Group pursuant to a secondment letter dated 1 November 2008. Following the above, the Group’s Board approved a fee payable to North Bridge of EUR 2,000 per month plus reasonable out-of-pocket expenses for travelling. During the period North Bridge charged EUR 24,000 (EUR 24,000 in 2011 and EUR 28,500 in 2010) in secondment fees and recharged EUR 2,597 (EUR 7,497 in 2011 and EUR 4,782 in 2010) of costs directly attributable to these services. The outstanding balance due to North Bridge Group at 31 December 2012 was nil (EUR 0 in 2011 and EUR 0 in 2010). The terms of the Investor Relations Support Agreement were renewed on 10 October 2012 and the level of fees was revised to EUR 16,000 per annum. During 2010, Mr. Kay Thorkildsen, the Group’s CEO has acquired two apartments in the Corralia Project for a consideration of EUR 165,050 including VAT. Mr. Kjetil Grønskag has also acquired an apartment via an associated company in the Corralia Project for EUR 118,000 including VAT.

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

#### **1.11 Auditor and advisors**

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”).

Swedbank First Securities, Filipstad Brygge 1, P.O. Box 1441 Vika, N-0115 Oslo, Norway is acting as Managers in the Rights Issue. Arntzen de Besche Advokatfirma Trondheim AS is acting as the Company’s legal adviser in relation to the Rights Issue, but without having verified any of the information in this Prospectus through a legal due diligence or similar process.

## 1.12 Additional information

### 1.12.1 *Share capital*

As the date of this Prospectus, the Company's authorised share capital is EUR 270,000 divided into 270,000,000 Shares, each with a nominal value of EUR 0.001. The Company currently has shares in issuance all of which are authorised and fully paid.

The Company will carry out a share buyback before the Rights Issue is launched. All the shareholders in RomReal as per end of 15 May 2013 will have the opportunity to sell up to 3,000 Shares each. The main objective behind the share buyback is to provide, in particular, the small shareholders in RomReal with an option to sell their holdings.

All Shares of the Company are of the same class and equal in all respects. Each Share carries the right to one vote in General Meetings. The Company's Memorandum of Association and Bye-Laws do not provide for limitations on the transferability or ownership of Shares.

The Company's Shares, with the International Securities Identification Number ("ISIN") BMG 763301022, are registered in book-entry form in the VPS. The Registrar of the Company is DNB Bank ASA, Registrars Dept., P.O. Box 1600, 0021 Oslo, Norway.

### 1.12.2 *Memorandum of Association*

The Memorandum of Association of RomReal is included in Appendix 1 to this Prospectus, while the Bye-Laws is included in Appendix 2 to this Prospectus. A summary of the Memorandum of Association is set forth in Section 11.13 (Summary of the Company's Memorandum of Association) and provided for general background information purposes, and shall not be construed as legal advice. Each investor is responsible for seeking separate legal advice to the extent it deems necessary.

### 1.12.3 *Documents on display*

For the life of the Prospectus, the following documents (or copies thereof) will be available for inspection at the Company's offices at: Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda, telephone: +1 441 400 6000, or at [www.romreal.com](http://www.romreal.com):

- (a) the Companies Act 1981 (Bermuda);
- (b) the Memorandum of Incorporation and the Bye-Laws of the Company;
- (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- (d) the historical financial information of the Company or, in the case of a Group, the historical financial information for the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus.

## 1.13 Summary of risk factors

Below is a summary of some of the most relevant risk factors described in Section 2 (Risk factors). Furthermore, the risks described in Section 2 (Risk factors) are not the only ones facing RomReal. Additional risks not presently known to RomReal or risk factors that RomReal currently deems immaterial may also significantly impair RomReal's business operations and adversely affect the price of the Company's Shares:

- Economic conditions and emerging market risks
- Dependency on the real estate market in Romania

- Availability of real estate for future projects
- Competition
- Access to funding
- Currency and interest rate risk
- Insurances
- Tax risk
- Investments in the development sector
- Supply of accommodation
- Tenant risk
- Risk associated with use of contractors
- Project planning
- Maintenance/technical condition/operating risk
- Hidden defects and omissions – pollution
- Regulation risk
- Development risk
- Political and economic risk
- Legal system
- Restitution law
- Litigation risk
- Price volatility of publicly traded securities
- Lack of liquidity in the Share
- Investment and trading risks in general
- Future share issues may have an adverse effect on the market price of the Share
- Shareholders will be diluted if they are unable or unwilling to participate in future share issues
- Exercise of voting rights for nominee shareholders
- Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares
- Difficulties for foreign investors to enforce civil liabilities in Bermuda.

## 2 RISK FACTORS

*Before investing in the Company, investors should carefully consider all of the information contained in this Prospectus, and in particular the following risk factors, which may affect some or all of the Company's activities, the industry in which it operates and the Company's securities.*

*If any of the following risks materialise, the Company's business, financial position and operating results could be materially adversely affected, which may cause a decline in the value and trading price of the Shares that could result in a loss of all or part of any investment in the Shares. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment; prospective investors should consult their own expert advisors as to the suitability of an investment in the Shares.*

*The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.*

### 2.1 Market risk

#### 2.1.1 Economic conditions and emerging market risk

The financial operations of the Company may be adversely affected by general economic conditions or by the conditions within the Romanian property market. The returns that the Company may achieve will be materially affected by the political and economic climate in Romania. In particular, changes in the rates of inflation and interest may affect the Company's income and capital value. A further deterioration in the Western and Eastern European economies can be expected to have an adverse effect on the amount of money spent on investments and accordingly on property prices in Romania. Romania has many characteristics of an emerging market and should be regarded as carrying associated risks of political and economic instability. In particular, corruption, adverse political or regulatory developments, including but not limited to nationalisation, confiscation without fair compensation, terrorism, war or currency restrictions may adversely affect the Company's business.

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.

#### 2.1.2 Dependency on the real estate market in Romania

The Company's financial performance depends, to a high degree, on Romania's economic situation and in particular the demand for office, commercial and residential space in Bucharest, Constanta and elsewhere. There can be no guarantee that the residential and commercial property market will not develop further in a negative direction or that property prices will rise in the near future. The Romanian real estate market is currently at a standstill due to the unavailability of bank financing and due to the wide gap between buyers and sellers. The effects from some stimuli offered by the Romanian Government are not expected to bring material results in the near future. The general economic environment and limited liquidity in the market create a sense of stand-still, where only a small volume of small to medium sized projects are being completed through private financing.

#### 2.1.3 Availability of real estate for future projects

Even though RomReal is not presently seeking further Land Bank expansion, the Company's future development depends on its ability to identify and execute new development projects or exit plots. Real estate for such projects can be difficult to obtain for reasons such as competition in the real estate market, the lengthy process of obtaining permits and the limited availability of land with appropriate infrastructure and financing.

#### *2.1.4 Competition*

The identification and structuring of property related transactions is highly competitive. Competition for appropriate investment opportunities may limit significantly the number and types of opportunities available to the Company, and adversely affect the terms upon which investments can be made.

### **2.2 Financial risk**

#### *2.2.1 Access to funding*

In addition to cash generated from operations, RomReal is presently dependent upon having access to loans and credit lines and further equity from shareholders to fund its operations and capital expenditures. Should the Company experience further weakening markets and even lower cash flow, the Company may have to make substantial changes in its business plans, including curtailing any development projects to adapt the business to the funds available. Many of the banks operating in Romania are parts of foreign financial groups, and changes and restructuring of these groups cannot be ruled out.

#### *2.2.2 Bank financing and covenants*

RomReal is exposed to changes in property values, and its present mortgage bank can in certain situations in the future demand further pledge in specific properties. Such a decision could adversely affect the terms and attractiveness of RomReal as an on-going business.

#### *2.2.3 Currency and interest rate risk*

RomReal is exposed to interest rate fluctuations. Any period of unexpected or rapid increase in interest rates may hence negatively affect the Company's cash flows due to higher financial expenses. The interest rate level over time will also be an important factor in the development of the value of the properties and the return to which investors can obtain.

Up until this date, the Company's income is primarily in EUR. The Company will be sensitive to fluctuations in currency exchange rates, particularly the rate of NOK against EUR and the Romanian LEU against EUR. Additionally, other fluctuations in NOK and EUR may influence the Company's profit and loss accounts.

#### *2.2.4 Insurances*

The Company maintains insurances in line with industry standards. Any insurance payment is generally subject to a deductible. There can be no assurance that the Company's insurance policies will cover all risks or that all insurances can be obtained at an acceptable price.

#### *2.2.5 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.

### **2.3 Operational risk**

#### *2.3.1 Investments in the development sector*

Projects in which the Company are involved require significant capital expenditure during the implementation stage, and sometimes may only generate a return more than 24 months after the beginning of construction work. Other risks include failure to obtain planning permits, delays in construction work, budget overruns, insolvency of contractors or sub-contractors, labour disputes, shortages of construction materials, accidents or unforeseen technical difficulties. Occurrence of any of these risks may cause delays, cost overruns, or loss of income and, in

some cases, causes the investment project not to be completed. The Company is pursuing a number of investment projects that are currently still at a relative early stage.

#### *2.3.2 Supply of accommodation*

The supply of accommodation is influenced mainly by construction activity. Historically, positive developments in the property market have been followed by increased demand for properties. This may lead to oversupply and increased vacancies. The long lead time of construction and development of properties may further increase this effect, as construction that has been started in general will be finalised regardless of any market slowdown.

#### *2.3.3 Tenant risk*

The Tenants' financial status and strength, thus their ability to service rent etc. will always be a decisive factor when evaluating the risk of property projects. It would not be unusual if some of the leases are terminated and that new lease contracts are entered into. Termination of leases with subsequent vacancy of the premises, or lower rent levels, will influence the rental income negatively.

#### *2.3.4 Risk associated with use of contractors*

RomReal utilises the services of external building contractors and service providers in connection with the development and construction of new projects. The majority of contracts with contractors are on a fixed price basis and the Company endeavours to use established contractors with a long track record for its projects. However, RomReal will be exposed to losses and extra costs on projects if a contractor should experience financial difficulties and/or become insolvent. RomReal will also be exposed to cost overruns on projects in the event changes in plans or additional work outside the scope originally agreed should become necessary during the construction phase.

#### *2.3.5 Project planning*

Planning and development of new projects in a manner which makes the project attractive for customers require highly skilled and qualified personnel. There can be no assurance that the Company in the future will manage to develop projects which are seen as sufficiently attractive by customers to achieve the prices necessary to secure the necessary project profitability for the Company.

#### *2.3.6 Maintenance/technical condition/operating risk*

There is a general risk that costs for maintenance, replacements, upgrading, etc. on the Company's properties may be greater than assumed by the Company. Any increase in such costs will have a negative impact on the Company's results.

#### *2.3.7 Hidden defects and omissions – pollution*

Generally, under the purchase contracts, the Company carries a risk of hidden defects and pollution at the Properties. A very limited number of the Properties acquired are situated in areas where the ground may be polluted, based on the history of the site/area. These buildings have been used previously for ordinary commercial purposes, with risks of pollution. The risks relating to pollution in the ground and in the Properties and associated buildings largely rest on the Company. Such pollution may render further development of the properties/ground, and excavation, more expensive (due to required soil surveys or otherwise) and subject to approval from these authorities. Hence, such pollution may have an adverse effect on the Company's results.

#### *2.3.8 Regulation risk*

Changes in, or completion, of existing planning regulations by relevant authorities may significantly affect the operations of the Company's properties, including the interest of potential tenants in future rental of premises or interest of future purchasers of the Properties. Furthermore, existing planning regulations may limit the



possibility to further develop the properties. Hence, if such a regulation risk materialises, it may have an adverse effect on the Company's results.

#### 2.3.9 *Development risk*

The business of the Company will be subject to the risks associated with the development of real estate projects. These risks include:

- The risk the Company may be unable to complete a project. It is expected that the Company will finance its development projects by a mixture of equity, deposits on pre-sales and bank financing. Bank financing may be conditional on milestones in the development being reached. In the event that the development does not proceed as expected, the bank may refuse to provide further financing. If the Company is unable to arrange alternative financing, it may not be possible to complete the development.
- The risk that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions.
- The risk that a development is significantly delayed or costs exceed budget due to unforeseen factors.
- The risk of title or other legal disputes, such as with neighbouring landowners, architects, project managers and suppliers.

#### 2.3.10 *Political and economic risk*

Investors in companies operating in emerging markets such as Romania should be aware that those markets are subject to greater risks than more developed markets, including legal, economic and political risks. In addition, adverse political or economic developments in neighbouring countries could have a significant negative impact on, among other things, Romania's GDP, foreign trade or economy in general. Romania is a developing country and while the risk of sudden political and economic change is becoming more remote, it must be borne in mind that the country has only been a parliamentary democracy since 1991. The impact of a change of government or high inflation, recession, labour conflicts or unemployment, or the introduction of exchange controls, taxation on property at higher than current levels, unstable foreign exchange policies or banking systems, may adversely affect the performance of the Company. Changes in the laws relating to ownership of property in Romania may also adversely affect the performance of the Company, however this risk is mitigated as the EU has oversight of these laws. The financial performance of the Company will also depend on a number of factors influenced both by the condition of the Romanian economy and the economic situation in the region. These factors include GDP fluctuations, inflation, unemployment, population size and demographic trends, and levels of growth in the services and tourism sectors. Negative trends concerning one or more of these factors may adversely affect the business, performance and financial condition of the Company. Since 1989, Romania has pursued a program of political, economic and structural reform designed to establish a free market economy through the privatisation of state enterprises and deregulation of the economy. There is no certainty that such reforms will continue or will achieve their intended aims. Furthermore, there might be conflicts between the local and central administration in Romania, affecting the Company through delays and uncertainty when requesting items like zoning licences, building permits and other development related documentation.

#### 2.3.11 *Legal system*

The enforcement of foreign judgments may be difficult in Romania. Romania's legal system is in the process of transformation. The practice of the judicial process is not necessarily similar to a Western European one and parties seeking to rely on the Romanian courts for effective redress in respect of a breach of law or regulation, or in an ownership dispute, may find that it is difficult to obtain. The greater part of Romanian law has been brought in line with that of the EU member states, although Romanian legislation continues to evolve, occasionally in ways that do not coincide with market developments, resulting in ambiguities and inconsistencies and ultimately in investment risks that would not exist in more developed jurisdictions. The adoption of further

new laws as part of the process of Romania's accession to the EU has contributed to a more consistent development of civil legislation. However, there are two major issues regarding the development of the legal system in Romania: (i) the possible failure of the development of the Romanian legal system to keep pace with rapidly developing commercial practices; and (ii) flaws in the legal infrastructure that may result in doubt arising regarding corporate actions, compliance and other matters, the performance of which may be taken for granted in other jurisdictions.

#### *2.3.12 Restitution laws*

Like many other Eastern European countries, Romania has enacted provisions for the return of property to those land owners whose land was expropriated during the communist era. Since 1991, the Romanian Parliament has enacted numerous restitution laws.

#### *2.3.13 Litigation risk*

Due to the relatively under-developed legal systems in Romania, the Company may find it difficult, impossible or very costly to enforce the rights it may have under agreements it may enter into.

### **2.4 Risk factors relating to the Shares**

#### *2.4.1 Price volatility of publicly traded securities*

The trading price for the Shares may fluctuate significantly and may not always reflect the underlying asset value of the Company. A number of factors outside RomReal's control may impact its performance and the price of the Shares, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in market sentiment regarding the Shares, the operating and share price performance of other companies in the industry and markets in which RomReal operates, changes in financial estimates and investment recommendations or ratings. Changes in market sentiment may be due to speculations about RomReal's business in the media or investment community, changes to RomReal's profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as the Company. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

#### *2.4.2 Lack of liquidity in the Shares*

The Company's Shares are currently listed on Oslo Axess. This, however, does not imply that there will always be a liquid market for the Shares. An investment in the Shares may thus be difficult to realise. Investors should be aware that the value of the Shares may be volatile and may go down as well as up. In the case of low liquidity of the Shares, or limited liquidity among the Company's shareholders, the share price can be negatively affected and may not reflect the underlying asset value of the Company. Investors may, on disposing of the Shares, realise less than their original investment or lose their entire investment.

The Company will request that the Offer Shares are admitted to listing on Oslo Axess. Except for unanticipated circumstances, the Company believes that the Offer Shares will be admitted to such trading. A delay in the commencement of the listing of the Offer Shares on Oslo Axess would affect the liquidity of the Offer Shares and prevent the sale of these shares until they are allowed for listing

#### 2.4.3 *Investment and trading risks in general*

All securities investments involve the risk of loss of capital. Investment in the Company involves significant economic risks. Although the Company's investment and management strategy is expected to provide some protection from the risk of loss inherent in the ownership of assets, there can be no assurance that these strategies will completely protect against this risk or that the Company's investment objectives will be met.

#### 2.4.4 *Future share issues may have a material adverse effect on the market price of the Shares*

RomReal currently has no plans for an offering of new Shares other than the Rights Issue. However, it is possible that RomReal may decide to offer additional Shares or securities in the future in order to strengthen its capital base, service its bank or for other reasons. Any additional offering of Shares may be made at a significant discount to the prevailing market price and could have a material adverse effect on the market price of the outstanding Shares.

#### 2.4.5 *Shareholders will be diluted if they are unable or unwilling to participate in future share issues*

Unless otherwise resolved by the General Meeting, shareholders in RomReal have pre-emptive rights proportionate to the aggregate number of Shares they hold with respect to any new Shares issued against consideration in cash. Due to regulatory requirements under foreign securities laws or other factors, foreign investors may be unable to participate in a new issuance of Shares or other securities. Any investor that is unable or unwilling to participate in RomReal's future share issues will have its percentage shareholding diluted.

#### 2.4.6 *Exercise of voting rights for nominee shareholders*

Beneficial owners of Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to the Company's General Meetings. There can be no assurance that beneficial owners of the Company's Shares will receive the notice of a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares, or otherwise vote for their Shares in the manner desired by such beneficial owners.

#### 2.4.7 *Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares*

The Shares are tradable on Oslo Axess in Norway, but RomReal has not registered the Shares under the U.S. Securities Act or securities laws of other jurisdictions, including Canada, Australia and Japan, and it does not expect to do so in the future. The Shares may not be offered or sold in the United States, Canada, Australia, Japan or in any other jurisdiction in which the registration or qualification of the Shares is required but has not taken place, unless an exemption from the applicable registration or qualification requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to such provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or subscription rights.

#### 2.4.8 *Difficulties for foreign investors to enforce civil liabilities in Bermuda*

The Company is organised under the laws of Bermuda, and the directors and executives of the Company resides in England, Norway or other countries. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such a person or the Company or to enforce judgements on such persons or the Company in other jurisdictions.

### **3 RESPONSIBILITY STATEMENT**

The Board of Directors and the CEO of RomReal hereby declares that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

12 June 2013

The Board of Directors of RomReal

Kjetil Grønskag  
Chairman

Jonas Bjerg  
Board Member

Arve Nilsson  
Board Member

Erik Sture Larre  
Board Member

Kay Thorkildsen  
CEO

## **4 GENERAL INFORMATION**

### **4.1 Third party information**

In certain Sections of this Prospectus information sourced from third parties has been reproduced. In such cases, the source of the information is identified. Such third party information has been accurately reproduced, and as far as the Company is aware and is able to ascertain from information published by that relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **4.2 Forward looking statements**

This Prospectus contains forward-looking statements in Section 2 (Risk factors), Section 8 (Market overview) and Section 10 (Operating and financial information). These statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “could”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. These statements are only expectations. Actual events or results may differ materially. In evaluating these statements, prospective investors should specifically consider various factors, including the risks outlined in Section 2 (Risk factors). These factors may cause the actual results to differ materially from any forward-looking statement. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement.

Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this Prospectus to conform these statements to actual results or to changes in its expectations or publicly release the result of any revisions to these forward-looking statements which the Company may make to reflect events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events. Investors are advised, however, to consult any further public disclosures made by the Company.

**5 BACKGROUND FOR THE RIGHTS ISSUE**

RomReal has completed a cost reduction program over the last couple of years, and has in 2012 reduced expenses by a further 5% compared to 2011. The Company is now deemed operating at the minimum cost level possible to maintain its subsidiaries compliant with local legal and tax requirements as well as managing the Oslo Axess compliance requirements at the Group level.

The Company resolved to carry out the Rights Issue to provide the necessary working capital to cover the Company's expenses going forward. RomReal presently has negative cash flow from operations and is dependent on assets disposal, and/or new equity to maintain operations. If no asset disposals materialise over the next couple of years, the Company's Board of Directors is of the opinion that the planned net proceeds from this Rights Issue is only sufficient to maintain the present activity level for the next 24-30 months. Therefore, the net proceeds targeted in this Rights issue is not deemed sufficient to service any interests rolled up on the Company's secured Alpha Bank loan after the 3 year extension with effect from 28 November 2012.

## 6 THE RIGHTS ISSUE

### 6.1 Overview of the Rights Issue

On 10 June 2013, the Company publicly announced that it had engaged the Manager to advise on, and effect, the Rights Issue. The Rights Issue will be effectuated through the issue of Subscription Rights to Existing Shareholders.

The Company plans to raise capital through the Rights Issue towards existing shareholders. The Company will issue up to 98,494,720 Offer Shares, each with a nominal value of EUR 0.001. The amount to be raised will be about EUR 1.5 million, assuming full subscription.

Existing Shareholders will in accordance with Section 10-4 of the Public Limited Companies Act be granted Subscription Rights providing a preferential right to subscribe for and be allocated Offer Shares in the Rights Issue. The Company will issue 20 Subscription Rights per 1 Shares held in the Company as of the end of 10 June 2013 (as appearing in the VPS as of 13 June 2013). Each Subscription Right grants the owner the right to subscribe for and be allocated one Offer Share in the Rights Issue. Over-subscription is permitted. However, there can be no assurance that Offer Shares will be allocated for such oversubscriptions. The allocation of Offer Shares in case of an oversubscription is described in Section 6.10 (Allocation) below.

Table 6.1 sets out certain key dates for the Rights Issue.

**TABLE 6.1: TIMETABLE**

Last day of trading in the Shares including Subscription rights	10 June 2013
Shares trading excluding Subscription Rights	11 June 2013
Start of Subscription Period	17 June 2013
End of Subscription Period	28 June 2013
Allocation of Offer Shares	2 July 2013
Allocation letter distributed	2 July 2013
Payment Date for the Offer Shares	5 July 2013
Registration of share capital increase	10 July 2013
Date of Delivery of the Offer Shares	11 July 2013
Listing and first day of trading of the Offer Shares on Oslo Axess	12 July 2013

The above dates are indicative and subject to change.

No action will be taken to permit a public offering of the Subscription Rights and the Offer Shares in any jurisdiction outside Norway.

### 6.2 The authorisation to issue shares

The Company's General Meeting 19 April 2013 resolved to give the Board an authorisation to increase the share capital through the issuance of up to EUR 1,500,000 and maximum 261,000,000 new Shares.

The General Meeting made the following resolution:

*“7 Increase in Authorised Share Capital*

- a) The recommendation of the Board of Directors to increase the authorised share capital of the Company from EUR 9,000 to EUR 270,000 by the creation of 261,000,000 shares of EUR 0.001 each be and is hereby accepted and approved; and*

- b) *The Directors be and they are hereby generally and unconditionally authorised to implement the said increase in authorised share capital of the Company and to make the necessary amendments to the Memorandum of Association of the Company on a date be decided by the Directors but in any event no later than 31 December 2013.*”

### 6.3 The Offer Shares

The Offer Shares will be issued as ordinary shares in the accordance with the Bermuda Companies Act 1981. The Offer Shares will rank pari passu in all respects with the existing Shares and carry full shareholder rights in the Company from the time of issuance. The Offer Shares are eligible for any dividends which the Company may declare after said date. For a description of rights attached to the Shares, see Section 11 (Shares, shareholder matters and Ownership structure).

### 6.4 Share capital after completion of the Rights Issue

The final number of Offer Shares to be issued in the Rights Issue will depend on the number of subscriptions received and the number of shares allocated by the Board. The number of Offer Shares to be issued is up to 98,494,720 corresponding to a capital increase of EUR 98,495 each with a par value of EUR 0.001. Assuming the Rights Issue is fully subscribed, the Company’s share capital after the completion of the Rights Issue will then be EUR 103,420 consisting of 103,419,456 Shares, each with a par value of EUR 0.001. The Offer Shares will be issued in accordance with the Companies Act (of Bermuda) pursuant to a resolution by the Board.

### 6.5 Dilution

The Rights Issue will result in an immediate dilution of up to 95.2% for Existing Shareholders who do not participate in the Rights Issue.

**TABLE 6.2: DILUTION**

	Prior to the Rights Issue	Subsequent to the Rights Issue
Number of Shares with a nominal value of EUR 0.001	4,924,736	103,419,456
Number of Shares in % of new number of Shares	4.8%	100.0%

### 6.6 Subscription Price

A Subscription Price of NOK 0.125 per Offer Share has been set by the Board.

The Subscription Price has been determined based on the development in the Company’s share price.

### 6.7 Subscription Period

The Subscription Period in the Rights Issue will last from and including 17 June to and including 28 June 2013. The book will close at 16:30 hours on 28 June 2013 after which no further orders will be accepted. The Company cannot revoke the Rights Issue or shorten the Subscription Period.

The Subscription Period for the Rights Issue may be extended at the Company’s own discretion, but not beyond 5 July 2013. Any extension of the Subscription Period will be announced through the Company’s website no later than 16:30 (CET) on 28 June 2013. In the event of extension, the allocation date, the first trading date, the payment date and the date of delivery of Offer Shares will be extended correspondingly.



## **6.8 Subscription procedures**

Subscription for Offer Shares must be made by submitting a correctly completed Subscription form (see form attachment to this Prospectus, Appendix 4) to the subscription office during the Subscription Period or, made online as further described below.

Subscription Forms together with this Prospectus can be obtained from the Company or the subscription office set out below.

Orders are irrevocable and cannot be withdrawn, cancelled or modified by the Subscriber after having been received by the Manager.

Subscribers who are Norwegian citizens may subscribe for Offer Shares by following the link on [www.swedbank.no](http://www.swedbank.no), all of which will redirect the subscribers to the VPS online subscription system.

In order to use the online subscription system, the Subscriber must have, or obtain, a VPS account number. All online Subscribers must verify that they are Norwegian citizen by entering their national identity number.

There is no minimum subscription amount for which the Subscribers in the Rights Issue must be made. Oversubscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the Subscriber) is allowed. Subscription without Subscription Rights is not permitted. There can be no assurance that Offer Shares will be allocated for such oversubscriptions. The allocation of Offer Shares in case of an oversubscription is described in Section 6.10 (Allocation) below.

## **6.9 Subscription Rights**

Existing Shareholders will be granted Subscription Rights giving a preferential right to subscribe for and be allocated New Shares in the Rights Issue. Each Existing Shareholder will be granted 20 Subscription Right for 1 Shares each registered as held by such Existing Shareholder on the Record Date. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one New Share in the Rights Issue. Subscription Rights in this Offering are transferable.

The Subscription Rights must be used to subscribe for New Shares before the end of the Subscription Period (i.e. 28 June 2013 at 16:30 hours CET). Subscription Rights which are not exercised before the end of the Subscription Period will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for New Shares must be made in accordance with the procedures set out in this Prospectus.

Accurately completed Subscription Forms must be received by the Manager by 16:30 hours CET on 28 June 2013. Any internet subscriptions must be completed by the same time. Subscription Forms sent by regular mail late in the Subscription Period may arrive after the deadline. Neither the Company nor the Manager may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Subscription Forms forwarded by mail or facsimile to the Manager.

Properly completed and signed Subscription Forms may be faxed, mailed or delivered to the Manager at the address set out in Section 6.13 (Subscription office). The Subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription Form, the Subscriber confirms and warrants that he, she or it has read this Prospectus and is eligible to subscribe for New Shares under the terms set forth herein.

The Board and the Manager may, at their sole discretion, refuse any improperly completed, delivered or executed Subscription Form or any subscription which may be unlawful. A subscription is irrevocable and may not be withdrawn, cancelled or modified once it has been received by the Manager.

Multiple subscriptions are not allowed. In the event a Subscriber submits two or more Subscription Forms, only the first Subscription Form will be registered. The other Subscription Forms will be rejected without further notice.

All questions concerning the timeliness, validity, form and eligibility of any subscription for Shares in the Offering will be determined by the Board at its sole discretion, whose determination will be final and binding. The Board, or the Manager upon being authorised by the Board, may at its or their sole discretion waive any defect or irregularity in the Subscription Forms, permit such defect or irregularity to be corrected within such time as the Board or the Manager may determine, or reject the purported subscription of any New Shares in the Offering. It cannot be expected that Subscription Forms will be deemed to have been received or accepted until all irregularities have been cured or waived within such time as the Board or the Manager shall determine. Neither the Board, the Company nor the Manager will be under any duty to give notification of any defect or irregularity in connection with the submission of a Subscription Form or assume any liability for failure to give such notification.

#### **6.10 Allocation**

Allocation of the Offer Shares subscribed for in the Rights Issue is expected to take place on or about 2 July 2013. The allocation of the Offer Shares will be made according to the following criteria:

1. Subscribers in the Rights Issue will be allocated Offer Shares based on Subscription Rights.
2. In the event the Rights Issue is not fully subscribed based on Subscription Rights, Offer Shares shall be allocated among holders of Subscription Rights that have over-subscribed on a pro-rata basis. In the event that pro rata allocation is not possible, the Company will determine the allocation by lot drawing.
3. In the event the Rights Issue is not fully subscribed by holders of Subscription Rights, Offer Shares shall be allotted, based on market principles, as determined by the Board.

The Board reserves the right to round off, reject or reduce a subscription for Offer Shares not covered by Subscription Rights. The Company will not allocate fractional Offer Shares.

All Subscribers being allotted Offer Shares in the Rights Issue will receive a letter confirming the number of Offer Shares allotted to the Subscriber and the corresponding amount to be paid. These allocation letters are expected to be mailed on or about 2 July 2013.

Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from on or about 11 July 2013.

#### **6.11 Information about the Rights Issue**

General information on the number of Offer Shares allocated in the Rights Issue is expected to be published on or about 2 July 2013 in the form of a news release on Oslo Axess NewsPoint and on the Company's web site.

#### **6.12 Payment for the Offer Shares**

Payment in respect of the Offer Shares allocated to Subscribers in the Rights Issue shall be made on or about no later than 5 July 2013 by direct debit as described below.

Each Subscriber must provide a one-time authorisation to the Manager to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber in the Rights Issue by signing the Subscription Form when subscribing for Offer Shares. The Subscriber's bank account number must be stated on the Subscription Form. The amount will be debited on or about 5 July 2013, and there must be sufficient funds in the stated bank account from and including 4 July 2013. Subscribers not having a

Norwegian bank account must ensure that payment for their Offer Shares allocated in the Rights Issue with cleared funds is made on or before 12:00 on 5 July 2013 and should contact the Manager in this respect.

If there are insufficient funds on a Subscriber's bank account or it is impossible to debit a bank account for the amount the Subscriber is obligated to pay, or payment is not received by the Manager according to other instructions, the allotted Offer Shares will be withheld. Penalty interest will in such event accrue at a rate equal to the prevailing interest rate, pursuant to the Norwegian Act on Interest on Overdue Payment of December 17, 1976 no. 100, which at the date of this Prospectus is 9.50 % per annum.

The Manager reserves the right to make up to three debits in the period up to 9 July 2013 if there are insufficient funds on the account on the debiting date.

If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the Subscriber. According to section 10 -12 and 2-13 of the Public Limited Liabilities Companies Act the Board reserves the right after three days, at the risk and cost of the Subscriber, to cancel the subscription in respect of the Offer Shares in the Rights Issue. The Board also reserves the right to sell or otherwise dispose Offer Shares, and to hold the Subscriber liable for any loss, cost or expenses suffered or incurred in connection therewith.

The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Manager may enforce payment of any such amount outstanding.

#### **6.13 Subscription Office**

Swedbank First Securities  
Filipstad Brygge 1  
P.O. Box 1441 Vik, 0115 Oslo  
Norway  
Facsimile: +47 23 23 80 11  
Telephone: +47 04010  
[www.swedbank.no](http://www.swedbank.no)

#### **6.14 Publication of information**

Publication of information related to any changes in the Rights Issue and the amounts subscribed, will be published on the Company's website [www.romreal.com](http://www.romreal.com) on or about 2 July 2013.

#### **6.15 Delivery of the Offer Shares**

Assuming that payment from all Subscribers are made when due, the Company expects that the share capital increase will be registered on or about 10 July 2013.

Delivery of the Offer Shares subscribed for and allotted in the Rights Issue is expected to take place on or about 11 July 2013.

#### **6.16 Listing of the Offer Shares**

Finanstilsynet approved this Prospectus on 12 June 2013. The Offer Shares are expected to be listed on Oslo Axess on 12 July 2013, where the existing shares are already listed.

#### **6.17 Transferability of the Offer Shares**

A Subscriber for the Offer Shares will not under any circumstances be entitled to sell or transfer the Offer Shares issued in the Rights Issue until these shares have been credited on the Subscriber's VPS account.

**6.18 Gross proceeds from the Rights Issue**

The gross proceeds from the Rights Issue to RomReal will be up to approximately EUR 1.5 million. The net proceeds from the Rights Issue, following a deduction of transaction costs, will be up to approximately EUR 1.4 million.

**6.19 VPS registration**

The Offer Shares will, together with the existing Shares, be registered in book-entry form with the VPS and have ISIN BMG 763301022. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA, Registrars Dept., P.O. Box 1600, 0021 Oslo, Norway.

**6.20 Underwriting**

The Rights Issue is not underwritten.

**6.21 Selling and transfer restriction**

For a description of selling restrictions applicable to the Rights Issue, see Section 15 (Selling and transfer restrictions).

**6.22 Proceeds and expenses related to the Rights Issue**

The gross proceeds of the Rights Issue is up to EUR 1.5 million.

The Company will bear the fees and expenses related to the Rights Issue and the Listing, which are estimated to amount to up to approximately EUR 120,000. No expenses or taxes will be charged by the Company or the Manager to the Subscribers in the Rights Issue. The net proceeds from the Rights Issue will be up to approximately EUR 1.4 million.

**6.23 Governing law and jurisdiction**

This Prospectus, the Offering and the terms and conditions of the Rights Issue shall be governed by and construed in accordance with Norwegian law, while the issue of the shares itself is done pursuant to Bermuda law. However, any dispute arising out of, or in connection with, this Prospectus or the Rights Issue shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo as legal venue.

**6.24 Advisors**

Swedbank First Securities (Swedbank Norge), Filipstad Brygge 1, P.O. Box 1441 Vika, N-0115 Oslo is acting as Manager.

Arntzen de Besche Advokatfirma Trondheim AS is acting as the Company's legal adviser in relation to the Rights Issue, but without having verified any of the information in this Prospectus through a legal due diligence or a similar process.

**6.25 Interest of natural and legal persons involved in the Rights Issue**

The Manager (and/or its affiliates) may have interests in the Rights Issue as it may in the future provide, investments and commercial services to the Company and its affiliates in the ordinary course of their respective businesses, for which it may continue to receive customary fees and commissions. The Manager, its employees and any affiliates may currently own existing Shares in the Company.

The Manager has received a commission in connection with the Rights Issue and, as such, has an interest in the Rights Issue. Reference is made to Section 6.22 (Proceeds and expenses related to the Rights Issue).

## **7 PRESENTATION OF ROMREAL**

### **7.1 Overview**

The Company is a public limited liability company incorporated on 3 October 2005 with registration number 37382 as a Bermuda exempt company limited by shares in accordance with Section 127 of the Bermuda Companies Act of 1981. The Company's registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The Company's telephone number is: +1 441 400 6000. The legal and commercial name of the Company is RomReal Ltd. The Company was listed on Oslo Axess 11 June 2007. The Company's shares are registered in the VPS.

### **7.2 History and development**

RomReal has strong links with Norway and the Scandinavian real estate market. The Company was incorporated in October 2005 by a group of five Scandinavian and English partners with previous experience in the financial and real estate markets (hereafter named as North Bridge Group) with the intention to purchase real estate assets in Eastern Europe with focus on Romania.

The founders anticipated that Romania's EU accession, combined with its large population, would provide the basis for an interesting value creation. As a first step, it was decided to acquire a significant landbank in strategic locations while land prices were still substantially below the levels in other EU accession countries. In parallel with this process, an organisation was established in Romania, including international and local professionals. The founders firmly believed that real estate is a local business and that in a market such as Romania, strong hands-on control and contacts is important in identifying and securing quality assets.

During the last 10-15 years, RomReal's Board, executives and advisors have had substantial experience in real estate and establishing and operating businesses in the Nordic countries as well as Eastern Europe, including Romania.

The initial assets were acquired between April and July 2005 by North Bridge Group. These assets were subsequently transferred at cost into RomReal by North Bridge Group in the latter part of 2005.

In October 2005, RomReal successfully completed an initial capital raising of EUR 20 million from investors based in the UK and Scandinavia.

The Company's listing on the Oslo Axess was completed in June 2007, and represented a milestone in RomReal's development. RomReal was the first Eastern European property company to list on the Oslo Børs.

At 31 December 2007, the Company's Investment Portfolio ("Land Bank") consisted of 1,304,540 sqm. The size of the Land Bank has been constant since 31 December 2010, at the current size of 1,261,439 sqm. The reduction in the Land Bank was due to the sale of the "Bus Station" plot in Constanta during 2010 as a part of the Company's asset divestment efforts. With the proceeds from the sale of the "Bus Station" the Company made an advance payment of interest for the remaining loan with Alpha Bank of EUR 11.6 million up to November 2012.

RomReal signed in November 2007 a construction contract for the Oasis plot located in the Constanta County. The settlement and termination contract with the construction company was signed in April 2009. The settlement included parcelling out parts of the Oasis (1,850 sqm), the structure on top of this land as well as a modest cash amount as compensation to the construction company for terminating the construction contract.

During 2011 and 2012, the Management worked extensively on ways to restructure the loan so the entire EUR 11.6 million due in November 2012 would not create a default situation. On 29 November 2012, the Company announced that it had achieved an approval from Alpha Bank for an extension of the EUR 11.6 million loan subject to finalisation of the documentation, including an amended corporate guarantee. The loan extension was for a period of three years until 28 November 2015, with a possibility to extend for another 2 years. Following

the extension, the loan carries a margin of EURIBOR+3%, payable bullet at maturity. On maturity the Company has the option of extending the loan for an additional two years, in subsequent periods of one (1) year, provided that the interest is paid in advance for each year of extension.

Additional real estate mortgage was provided to Alpha Bank of EUR 6 million, including beyond the Mamaia North plot, the Lake Morii plot, the Brasov plot and the Oasis development. The corporate guarantee of RomReal was reissued for the new maturity of the loan. Further undertakings include:

- (a) The Company cannot take any other loans or enter into any other transactions that would result in the obligation to repay the current loan, without Alpha Bank's prior written consent.
- (b) The Company undertakes that all shareholder loans, third party loans and any other debt compensation are subordinated to the Alpha Bank credit facility.
- (c) The Company undertakes that all proceeds from potential future sale of mortgaged assets will be used to repay the loan's principal and accrued interest.
- (d) In case Alpha Bank decides to transfer its rights and obligations under the financing agreement to a third party outside the Alpha Bank group, the Company shall have the first right of refusal to acquire the rights and obligations of this financing agreement in the same terms as those offered to the third party.
- (e) Mortgage of 100% of the share capital in SC Westhouse Group SRL held by RomReal. Mortgage over all buildings to the mortgaged immovable assets. First rank movable mortgage over any receivables owing to the Westhouse Group Ltd resulting from rents and leases.

The documentation was finalised with Alpha Bank and signed on 28 February 2013.

Furthermore, a proposal by the Company's Board of Directors to raise new equity on 20:1 pro rate basis was put to investors due to limited working capital and negative cash flow from operations.

The Company has finalised one development project, "Corallia", in the Mamaia Boulevard area in Constanta. This project was finalised in 2010, and consisted of 37 residential apartments and 4 ground floor retail spaces that are all sold. A second development, the "Oasis", was stopped before completion due to the financial crisis and it currently appears in the Company's balance sheet as "inventories".

Following the completion of the Corallia project, and correctly assessing the deterioration of the Romanian real estate development market after 2008, the Company redefined its strategy and objectives in order to overcome the difficult and adverse market conditions. It has since focused on strengthening its cash position through (i) the implementation of a strict cost cutting program and (ii) the divestment of part of its land portfolio, in order to remain in business once/if the market recovers.

After 2011, the Company has fully implemented its cost cutting programmed, and focused on two types of potential buyers in divesting part of its Land Bank. The primary target buyers are mainly large international retailers whose expansion policy is less affected by the financial crisis. As a secondary target, the Company has identified a niche market where demand is tangible due to small monetary amounts required. This involves the sale of smaller plots of land to small and medium size developers and entrepreneurs, which seem to be somewhat more active in the market. In achieving this, RomReal has initiated planning permission authorisations with the local municipality of Ovidiu and targets to have the approval within 2014.

### **7.3 Legal structure**

RomReal is a holding company. RomReal Ltd is incorporated in Bermuda, whereas the subsidiaries Westhouse Group SRL, Concorde Group SRL, Investate SRL, Rofrench Connection SRL, Magic Sail SRL, Westhouse Invest SRL, Westhouse One SRL, West Feriae SRL, West Limen SRL, Terra del Sol SRL, Hars SRL are

incorporated in Romania. The Group is principally engaged in property investments and development in Romania.

**FIGURE 7.1: ROMREAL GROUP STRUCTURE**

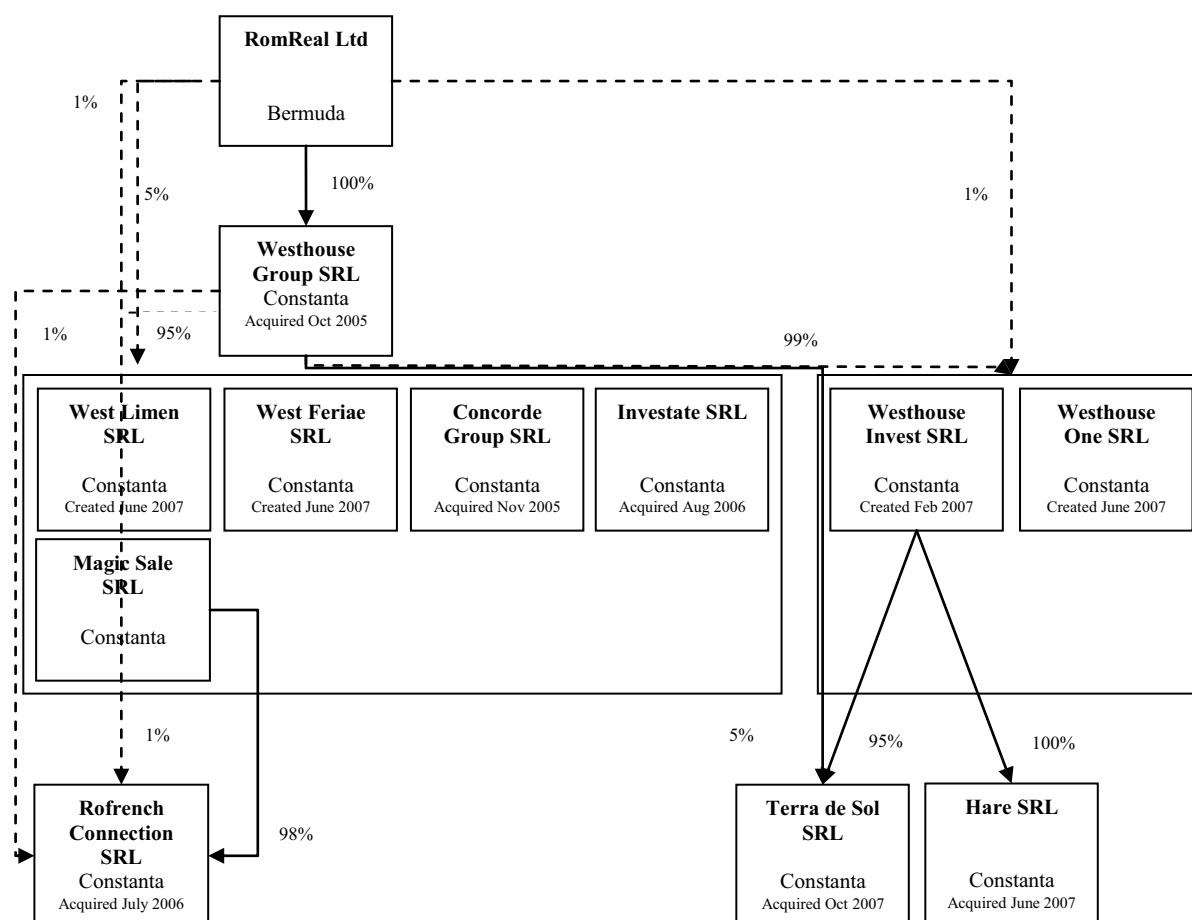


Table 7.1 gives a full list of the Company's subsidiaries, the country of incorporation or residence, RomReal's proportion of ownership interest and number of shares held.

**TABLE 7.1: SUBSIDIARIES (INCLUDED IN THE CONSOLIDATED STATEMENTS)**

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
Magic Sails SRL	Romania	100%	20
Westhouse Invest SRL	Romania	100%	68,000
Westhouse One SRL	Romania	100%	3,200
West Feriae SRL	Romania	100%	100

West Limen SRL	Romania	100%	100
Terra del Sol SRL	Romania	100%	15,020
Hars SRL	Romania	100%	20

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, profits and losses resulting from intra-Group transactions are eliminated in full.

#### **7.4 Business concept**

RomReal owns a large portfolio of prime location plots in three of the major Romanian cities: Constanta, Bucharest and Brasov. The plots are most likely suited for residential and commercial developments. RomReal is presently not involved in any construction or development projects, but has maintained its principles with regards to ethical policy since its listing to the Oslo Axess.

The Company targets to create value for its investors by seeking to sell individual plots from its Land Bank at attractive prices. The Management is proactively seeking to procure buyers through its network of contacts in Romania and abroad, and by dealing with incoming requests from interested parties. In case a serious offer is received for a plot, the Management will arrange a transaction process which will include organising due diligence, developing the required legal documentation, and negotiating the final price and other terms of the deal.

In addition to aiming to sell plots, the Company is seeking to add incremental value to the individual plots during the period in which they are part of the Land Bank up until a potential sale is completed. The various forms of adding value include upgrading of planning permission as well as maintenance of plot surfaces, buildings, fencing and similar. Management will also attempt to create income from the plots in its Land Bank by renting out to third parties for commercial use, structured in a way so it does not prevent or interfere with an eventual sale of the plots.

#### **7.5 Objective**

The objective of the Company for 2013-2015 is to maintain a reasonable financial position that will allow it to sustain its operations while awaiting a possible recovery in the real estate markets following the financial crisis. During this period the Company's focus is to maintain a close supervision of the market trends and to be able to react once the market recovers, if it does so during this period.

#### **7.6 Strategy**

The Company has adapted its strategy to the very difficult economic environment resulting from the financial crisis in 2008 which has reduced the number of completed land transaction in the main Romanian cities to a bare minimum.

RomReal believes it has an attractive Land Bank of prime location plots whose values could be realised in case the economic conditions improve. Therefore, the Company's strategy is to ensure that the Company can carry through a period of at least 24 – 30 months, awaiting a period of improved economic conditions which would enable the Company to start divesting its Land Bank plots again at attractive price levels. The strategy is achieved by keeping its operations at very low costs and establishing a work capital position which, together with selected rental income from its Land Bank, can fund operations for a limited period.

It was previously part of RomReal's strategy to undertake development projects on its own plots, but the development activities were stopped shortly after the outbreak of the financial crisis in 2008 to protect the



Company's cash position. The Company has no current plans to undertake major development activities, but it cannot be ruled out that smaller development projects could be initiated in the future if the Management can get confidence that there will be buyers for the resulting developments.

The Company has also undertaken a number of initiatives to adapt its Land Bank to cater to the changed demand situation caused by the depressed economic environment. An example is projects to obtain planning permissions to divide selected plots into smaller entities which are easier to sell in an environment where less cash is available.

## 7.7 Operations

### 7.7.1 Overview

RomReal owns 14 land plots in Constanta, Bucharest and Brasov. The total size of the Company's Investment Portfolio ("Land Bank") is 1,261,439 sqm.

During 2010, the Company divested one of its plots, the Bus Station plot located in central Constanta, with a size of 5,437 sqm. The proceeds of EUR 2.1 million were used to partially repay the loan to Alpha Bank, as part of the overall restructuring of the loan which also extended the maturity for another 2 years. The Company has made an advance payment of interest for the remaining loan up to November 2012.

No new development projects were initiated after 2008. The Corallia project is fully sold, including the commercial spaces. The Company's Management has been actively reviewing the potential of making the land bank assets more marketable and to produce a running yield from the assets. One of the aspects under review is the potential split of some of the land into smaller plots in order to be more affordable for customers with limited financing. The Company has applied to the local authorities for the change of zoning in key plots in Constanta.

The end of year 2012 independent valuation carried out by Knight Frank Romania resulted in an average write-down of 9% compared to the independent valuation made at the end of 2011.

### 7.7.2 Property portfolio

**TABLE 7.2: PLOT OVERVIEW**

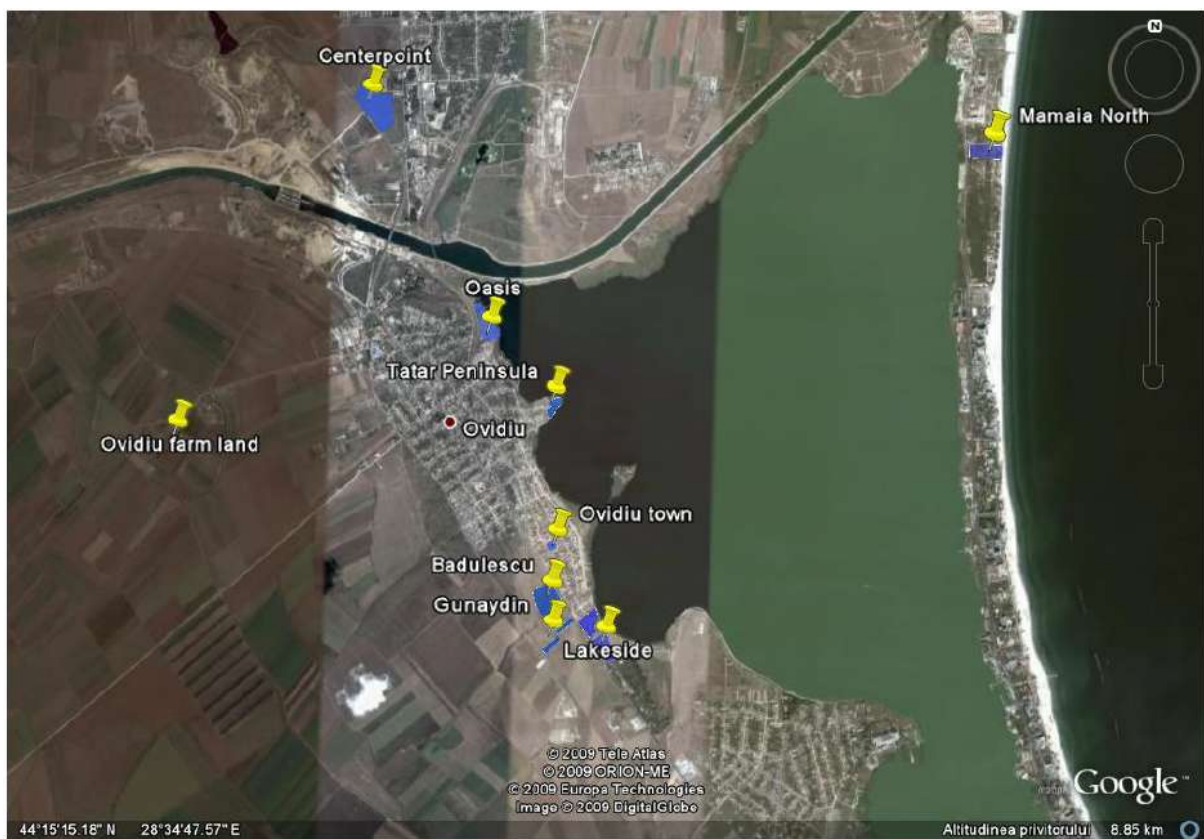
#	Plot	Location	Description
1.	Ovidiu Lakeside	Constanta North / Ovidiu	Plot size: 61,433 sqm <ul style="list-style-type: none"> <li>• On the shore of Siutghiol Lake</li> <li>• View of Mamaia and the Black Sea</li> <li>• Residential development</li> <li>• Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta.</li> </ul>
2.	Badulescu	Constanta North / Ovidiu	Plot size: 50,000 sqm <ul style="list-style-type: none"> <li>• On Bucharest to Constanta major national road DN21</li> <li>• Surrounded by newly erected residential developments</li> <li>• 1km to new Carrefour shopping centre</li> <li>• 4km to Central Constanta</li> <li>• Potential leisure, office or residential use</li> </ul>

			<ul style="list-style-type: none"> <li>Surrounded by new commercial and residential developments - thereby setting a precedent for development in the area</li> <li>The zoning of the plot could be changed to urban with an expected Urbanism Certificate of (CUT 2.4, POT 40%)</li> </ul>
3.	Tatar Peninsula	Constanta North / Ovidiu	<p>Plot size: 9,965 sqm</p> <ul style="list-style-type: none"> <li>The valued site is located in the eastern part of Ovidiu, benefiting from opening to Siutghiol Lake and representing a part of the Tatar Peninsula</li> <li>The site is retreated at several hundred meters from the main road crossing Ovidiu from South to North</li> <li>The area has a residential character</li> <li>The main advantage of the site is the wide opening to Siutghiol Lake (approximately 300 meters)</li> </ul>
4.	Ovidiu Town	Constanta North / Ovidiu	<p>Plot size: 4,641 sqm</p> <ul style="list-style-type: none"> <li>Residential area</li> <li>Potential for residential development</li> <li>The zoning coefficients permitted is GF+7F, and a maximum coverage ratio (POT) of 40%</li> </ul>
5.	Oasis	Constanta North / Ovidiu	<p>Plot size: 25,527 sqm</p> <ul style="list-style-type: none"> <li>Construction Permit and PUD obtained for Oasis Residences that needs to be renewed</li> <li>The Company had initiated development works on this plot destined for a residential development</li> <li>The development was stopped during the financial crisis</li> <li>The current unfinished construction is now portrait as 'stock' in the Company's balance sheet</li> <li>The property is under mortgage with Alpha Bank</li> </ul>
6.	Centerpoint	Constanta North / Ovidiu	<p>Plot size: 122,350 sqm</p> <ul style="list-style-type: none"> <li>Potential for commercial development</li> <li>Close to International Airport and Bucharest-Constanta highway</li> <li>The site is connected to electricity, whereas all the other necessary utilities are in the vicinity</li> <li>The plot has an opening to the national road. It is flat and has some constructions on it (summing 305 sqm)</li> </ul>
7.	Gunaydin	Constanta North / Ovidiu	<p>Plot size: 15,000 sqm</p> <ul style="list-style-type: none"> <li>Near to Constanta-Ovidiu ring-road</li> <li>Potential for commercial development</li> <li>The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance</li> </ul>

			to both Constanta and Mamaia
			<ul style="list-style-type: none"> <li>• Both sites are vacant and flat, have rectangular shapes and are located near the railway</li> <li>• The sites are situated outside the built-up area of Ovidiu, being zoned for agricultural purposes</li> </ul>
8.	Mamaia North	Mamaia Resort	Plot size: 56,167 sqm <ul style="list-style-type: none"> <li>• A major development site on the Black Sea coast located in the heart of the hotel and entertainment area</li> <li>• Direct access and large facing to the beach</li> <li>• Large facing on the main road</li> <li>• Close to public transport</li> <li>• Potential for mixed use development, can built up to GF+8 floors with the current zoning allowance</li> <li>• Needs urban zoning permits</li> <li>• Approximately half of the plot is rented out to a modern camping site</li> <li>• The Plot is under mortgage with Alpha Bank</li> </ul>
9.	Balada Market	Central Constanta	Plot size: 7,188 sqm <ul style="list-style-type: none"> <li>• The valued site is located in the center of Constanta, near the Cultural House. The plot is located within walking distance from the shopping center and also from the City Hall. On the site, there is a commercial market called “Balada”, which was built a few years ago and which is functional today. The retail spaces are been rented to numerous tenants on short term leases</li> <li>• The commercial market has a 2,384 sqm footprint and is displayed on ground floor. A concrete platform with an approximate area of 1,125 sqm surrounds the construction</li> <li>• The site is connected to all the necessary public utility networks: electricity, sewerage, gas and water</li> <li>• Potential for mixed use development</li> </ul>
10.	Carrefour	Constanta	Plot size: 15,000 sqm <ul style="list-style-type: none"> <li>• The property consists of a 15,000 sqm presently zoned for agriculture purposes, being situated outside the built-up area of Constanta</li> <li>• The plot has a rectangular shape and it is not connected to the public utilities networks</li> <li>• The site is probably suitable for an industrial development. At present it is located outside the built-up area</li> </ul>
11.	Morii Lake	Bucharest / District 6	Plot size: 11,716 sqm <ul style="list-style-type: none"> <li>• The plot is open to Morii Lake in the West part of Bucharest. The area is partially developed mainly by private residences and some offices and</li> </ul>

			<p>private companies. There has been limited development of this zone in the last 5 years</p> <ul style="list-style-type: none"> <li>• Construction Permit and PUD obtained for 50,000 sqm with potential for a mixed use development.</li> <li>• It has a rectangular shape and an opening of 90m on the main access road. The immediate neighbouring plots are free of any constructions. The main utilities are about 50m away</li> <li>• Lacks an Urban Certificate that needs to be obtained before construction</li> <li>• The plot is under mortgage with Alpha Bank</li> </ul>
12.	Hospital	Bucharest / District 5	<p>Plot size: 13,263 sqm</p> <ul style="list-style-type: none"> <li>• Long term development site</li> <li>• The property is located in the south-western part of Bucharest in District 5, on the exit road to Alexandria. Although it has direct access to Alexandriei Road, the property is situated behind the street</li> <li>• The Alexandriei Avenue connects the very crowded Rahova neighborhood to the Ring Road being an important artery in the area. The area stretches along the main avenue and is a mixture of small residential units, showrooms, storage and light production facilities</li> <li>• The site has a rectangular shape (190x67 meters) and a 5.41 meters wide alley which provides the access from the Alexandriei Avenue. The property also benefits from an opening to a smaller artery in the rear part</li> <li>• The plot is connected to all the public utilities networks: electricity, water, gas and sewerage</li> <li>• Long term development site up to GF+4F</li> </ul>
13.	Brasov	Central Brasov	<p>Plot size: 4,127 sqm</p> <ul style="list-style-type: none"> <li>• It is in the fully developed residential zone. It has 104m face on the main access road</li> <li>• Neighbouring developments include residential buildings up to GF+11</li> <li>• Close to a forest, public transport amenities</li> <li>• Potential for residential development</li> <li>• The plot is under mortgage with Alpha Bank</li> </ul>
14.	Un-zoned Land	Constanta	<p>Plot size: 865,062 sqm</p> <ul style="list-style-type: none"> <li>• Long term development opportunity</li> <li>• The site is compiled of a number of small agriculture arable plots</li> </ul>
			Total plot size: 1,261,439

PICTURE 7.1 AND 7.2: ROMREAL'S MAIN PLOT LOCATIONS IN CONSTANTA, CONSTANTA NORTH AND OVIDIU



#### 7.7.3 *Rent levels and valuation*

The Company is currently renting part of its Land Bank to generate a running income. The main plots rented out are the Balada Market, and the agricultural land. The economic potential from developing the Balada Market could become greater than the current income from the Market, but it would require additional investments.

The income received from renting out the agriculture land is modest due to the market rental prices for agricultural land. Rental income levels are directly linked to the agricultural subsidies and crop prices. Since agricultural subsidy prices are expected to rise to harmonise CE and West Europe, rental prices could rise. Any increase in income will positively affect the valuation of the plot although the Company's potential is to exploit the urban prospect of the plots by switching the zoning to residential when the zone is mature enough for development.

The total rental income of the Company for the financial year ended 31 December 2012 was EUR 330,499.

#### 7.7.4 *Tenant information*

The Agricultural land is monthly rented out to local farmers.

The Balada market has more than 130 tenants each one leasing small retail units within the market. These are mainly mainstream merchants i.e. clothes, shoes, accessories, groceries.

The Company also holds a maintenance agreement with the owners of the apartments at the Corallia development, developed by the Company.

#### 7.7.5 *Rental agreements and guarantees*

The Agricultural land is rented out on leases from 1 to 5 years with an average rent of EUR 100 per Hectare per year. The Company is using the stereotype agricultural leasing contract that is compulsory by the Romanian State. In case the tenant fails to pay within 90 days the Company has the right to cancel the contract and request what is due plus interest in court.

The Balada Market average rent is EUR 19 per sqm and the average unit is 13 sqm paid on a monthly basis. The Company is managing the collection and maintenance of the Market against a common expense fee paid by the tenants. The Company holds one month rent in deposit as a form of guarantee.

#### 7.7.6 *Lease structure and expiry*

The Company holds short term leases with the Balada Market tenants i.e. less than one year.

#### 7.7.7 *Valuation of properties*

This Prospectus in so far as it relates to RomReal's valuation of properties has been approved for release by Knight Frank Romania, who is defined as an independent expert. See Appendix 3 for a summary of Knight Frank Romania's report. The report has been prepared on request by the Company. Knight Frank provides global residential and commercial property advisory services worldwide. Knight Frank entered the Romanian market in 2009 by forming an association with Bucharest based commercial property agency, the Advisers. It offers a range of services within office, retail, industrial, investment and land. Knight Frank's registered office in Romania is 239 Calea Dorobantilor, 3<sup>rd</sup> floor, Bucharest 1, Romania, telephone +40 21 380 85 85. Knight Frank Romania has no material interest in RomReal.

The valuation is provided as of 31 December 2012. Knight Frank's inspections were undertaken during December 2012 (for 10 of the plots) and May 2013 (for plots number 5, 8, 11 and 13 from table 7.2 in Section 7.7.2 (Property portfolio)). There have been no material changes relevant for the valuation of the properties from the date of the report and till the date of this Prospectus.

The value of the properties in the report prepared by Knight Frank Romania states a value of the 14 land plots of EUR 30,949,958. This is a decrease in total value of EUR 2,946,089 compared to the equivalent figure included in the Company's 2011 Annual Report. This represents a decrease in value of approximately 9%. The changes in valuation are due to the overall downward market movement of land prices in Romania and most specifically in the region of Constanta as evaluated by the Knight Frank team using mainly a methodology of comparative valuation.

#### 7.7.8 *Factors relating to RomReal's operations*

The following factors have an impact on RomReal's operations and its principle activities:

- **Land Bank Management:** Land prices might affect rent yield that the Company can receive; the ability to sell/buy more plots; has an impact on the Company's NAV and share price; zoning permissions (how easy to achieve these stating the laborious bureaucratic system of Romania); any potential increase in land taxes that vary according to jurisdiction and zoning location; availability of bank financing in order to secure divestment opportunities. The Romanian real estate market continues to suffer after the global financial turmoil. There is limited liquidity and financing in the market which impacts the real estate transaction volume significantly.
- **Project Development:** Government policy (grants for housing, urban/rural policy); the simplicity/complexity in obtaining building permissions and changing building coefficients due to potential changes in the urban zoning plan; infrastructure improvement like new roads, rail, airports (increases the value of land and attractiveness to buyers); availability of financing by the banks for new developments.
- **Corporate:** Oslo Axxess compliance regulation and cost, Romanian taxation system (land tax, income tax), the fluctuation between EUR and RON since all loans from RR to its subsidiaries have been granted in EUR but accounted in RON in the financial statements as an IFRS requirement. The Company's policy is to hedge the effects of Foreign Exchange risk by retaining most of its cash in EUR and denominating all receivables in EUR. Although not reflected from an accounting perspective, all final payments made by the customers when receiving apartments are made at the exchange rate ruling at the date of payment, hence offsetting in cash terms part of these losses.

### 7.8 **Material contracts**

During the first quarter of 2013, the Company has engaged in an updated lending agreement with Alpha Bank for an extension of the EUR 11.6 million loan, including an amended Corporate Guarantee. The extension is for a period of three years until 28 November 2015, with a possibility to extend another two years. The loan carries interest at a rate of EURIBOR+3%, payable bullet at maturity.

On maturity, the Company has the option of extending the loan for an additional two years. Additional real estate mortgage was provided to Alpha Bank of EUR 6 million, including beyond the Mamaia North plot, the Lake Morii plot, the Brasov plot and the Oasis development. The corporate guarantee of RomReal was reissued for the new maturity of the loan. Further undertakings include:

- (a) The Company cannot take any other loans or enter into any other transactions that would result in the obligation to repay the current loan, without Alpha Bank's prior written consent.
- (b) The Company undertakes that all shareholder loans, third party loans and any other debt compensation are subordinated to the Alpha Bank credit facility.
- (c) The Company undertakes that all proceeds from potential future sale of mortgaged assets will be used to repay the loan's principal and accrued interest.
- (d) In case Alpha Bank decides to transfer its rights and obligations under the financing agreement to a third party outside the Alpha Bank group, the Company shall have the first right of refusal to acquire

the rights and obligations of this financing agreement in the same terms as those offered to the third party.

- (e) Mortgage of 100% of the share capital in SC Westhouse Group SRL held by RomReal. Mortgage over all buildings to the mortgaged immovable assets. First rank movable mortgage over any receivables owning to the Westhouse Group Ltd resulting from rents and leases.

The documentation was finalised with Alpha Bank and signed on 28 February 2013.

#### **7.9        Dependency of contracts**

The agreement with Alpha Bank is of material importance due to the amount of the loan (EUR 11.6 million) compared with the overall land bank value (EUR 30.9 million). The bank has under collateral the Mamaia plot plus additional land of EUR 6 million. In addition the Bank holds a corporate guarantee and a pledge on RomReal's shares in the Romanian subsidiaries. A scenario where the Company defaults on this loan will see it in a very difficult financial position.

Apart from the loan with Alpha Bank, RomReal is not highly dependent on patents or licences, industrial, commercial or financial contracts.

#### **7.10       Research and development**

The Company has no research and development department as this is not considered relevant for development of the Group's portfolio.



## 8 MARKET OVERVIEW

### 8.1 Introduction to Romania

Romania is a republic located in the South-eastern part of Central Europe, on either side of the Carpathians, on the lower course of the Danube (1,075 km), with exit to the black Sea (coast line: 245 km). It is the 12<sup>th</sup> largest country in Europe with its 238,391 sqm. As of 1 July 2011, there were 21.4 million inhabitants in Romania, making it the 9<sup>th</sup> most populous country in Europe<sup>1</sup>.

Romania has managed to maintain a positive growth GDP figure of 1.3% in 2011 mainly supported by agriculture and light industry export. The sustainability of this growth is directly related to the European markets' progress, which for the moment is difficult to predict. The growth figure is considered too low to improve people's purchasing power although a stronger than expected growth in Q3 (2.6%) and Q4 (1.9%) was witnessed. Personal income level has to rise so people can afford to spend on new homes and bank lending needs to resume, both for private mortgages and loans to developers to finance construction. Therefore a recovery of the residential development market is not expected in the short term.

### 8.2 Macro situation and drivers

Romania continues to be highly exposed to negative developments in the Eurozone, and the political crisis of the summer of 2012 has contributed negatively to the economy. Growth in 2011 reached 1.3%, aided by an exceptional performance in the agricultural sector in the third quarter. However, the economy slowed down significantly towards the end of 2011, contracting on a quarter-over-quarter basis in real terms in the fourth quarter, and growth was minimal in the first half of 2012. Inflation fell to a historic low of 1.9% year-on-year in April 2012. But in September 2012 it reached 5.3% as a result of higher agricultural and fuel prices, as well as an increase in some administered prices.

Significant risks continue to lie in the fiscal sector. The budget deficit target was revised from 1.9% to 2.2% of GDP in 2012. The IMF approved an increase in the deficit target this year to account for an increase in public wages (8% in June; to bring up to a total of 15% increase by the end of the year) and the repayment to pensioners of illegally collected tax revenues. The fact that the IMF programme – a 24-month precautionary Stand-By Arrangement of €3.4 billion signed in March 2011 – is on track provides some comfort. Further comfort comes from the relatively low level of public debt and a relatively strong foreign reserve coverage.

Growth projections for this year have been revised downwards. The revisions reflect both base effects (agriculture this year is unlikely to repeat the strong performance of last year), the worsening outlook in major export markets and possible turbulence in credit markets. GDP growth is expected to fall below 1% in 2012 with only a modest rise in 2013. However, medium-term prospects remain favourable, reflecting the diversified economy and strong catch-up potential in a country where GDP per capita (adjusted for purchasing power standards) is less than half the EU average, according to Eurostat estimates. Upon negotiations with the IMF, the fiscal target of 2012 has been revised upwards to 2.2% of GDP in order to let public wages be restored at 2010 levels. The economy slipped into technical recession in Q1 2012, contracting by 0.1% quarter on quarter. After rising by 2.5% in 2011, real output growth is forecasted to slow down mainly reflecting weaker net exports and negative base effects from agriculture. Inflation has declined to historical low levels, and is expected to remain benign in the next months despite rising pressures from the external sector. The National Bank of Romania paused its easing cycle in May 2012 due to increased political uncertainty and financial market volatility. The National Bank of Romania has kept the Policy Rate at 5.25% since 30 March 2012. The current account deficit is expected to widen marginally on improved domestic demand and weaker growth in main trade-partner economies. Debt creating inflows have taken the lead as the main financing source of the current account<sup>2</sup>.

<sup>1</sup> <http://www.bnro.ro/DocumentInformation.aspx?idInfoClass=6874&idDocument=13516&directLink=1>

<sup>2</sup> <http://www.eurobank.gr/Uploads/Reports/Romania1st%20JUNE%202012.pdf>

	2009	2010	2011	2012 (projected)	2013 (projected)
GDP growth	-6.6	-1.7	1.3	0.5	1.4
Inflation (year-end)	4.7	8	3.1	5.5	3.3
Government balance/GDP	-7.3	-6.4	-4.1	-2.2	N/A
Current account balance/GDP	-4.2	-4.5	-4.1	-5.0	-5.0
Net FDI (in millin USD)	4,950	2,970	2,645	1,542	N/A
External debt/GDP	72.1	74.3	68.4	N/A	N/A
Gross reserves/GDP	24.9	27.7	20.5	N/A	N/A
Credit to private sector/GDP	39.5	46.1	38	N/A	N/A
Total unemployment	-0.1	-0.3	-0.9	0.4	1.1

*Source: European Bank for Reconstruction and Development (EBRD) and European Commission paper (10 October 2012)*

Romania is expected to report a 1.4% economic growth for 2013 and a 2.2% growth rate in 2014 given the negative effects of the euro zone crisis on the South-Eastern Europe region and especially on exports, estimates the European Bank for Reconstruction and Development (EBRD). The EBRD estimate is in line with the forecasts made by the European Commission and International Monetary Fund, which estimates Romania will report a GDP growth of 2.2% and 2%, respectively.

The Romanian government, on the other hand, has announced a 1.6% economic growth forecast for 2013. The central bank governor Mugur Isarescu has recently commented that this could go beyond 1.6% should Romania report a good agricultural year.

For comparison, other South-Eastern Europe economies continue to be affected by the euro zone crisis especially when it comes to exports. Economic slowdown in Poland and Turkey has also taken its toll on the region. The Polish economy is expected to grow by only 1.2% this year and 2% in 2014. The forecast for Hungary is that its economy will drop by 0.8% this year and grow by 0.9% the next year. Bulgaria should see its GDP grow by 1% in 2013 and 2.4% in 2014.

The Romanian banking sector has remained resilient, in spite of the ongoing deterioration in asset quality which has continued to influence banking sector financial results. After the losses registered at the end of 2011, banking sector profitability returned to positive territory in the first quarter of 2012, but remained low. Albeit with slight delays, programme conditionality in the financial sector was met. On the back of the tensions in the euro and sovereign debt markets, the close oversight of banks with parents from euro-area peripheral countries remains crucial. Against the backdrop of a mild deleveraging in the first months of 2012, the combined market share of banks with majority Greek capital accounted for roughly 13% of the total assets of the banking sector at end-March 2012. Notwithstanding the deterioration in asset quality, the Greek banks operating in Romania managed to maintain reassuring solvency positions in comparison to the system-wide capital adequacy and continued to receive capital support from their parents when needed. Furthermore, on the back of additional ECB financing to parent banks (from the two rounds of 3-year LTROs), liquidity pressures have eased slightly in recent months.

Financial markets recovered in early 2012 after having suffered from the deterioration in market sentiment towards emerging markets in the second half of 2011.

With absorption of EU funds having reached EUR 3.3 billion, the end-2011 programme target of EUR 2.1 billion was met. Cumulative absorption increased to EUR 4.3 billion by end-April 2012, meaning that another

EUR 3.7 billion would have to be absorbed this year to reach the programme's end-2012 cumulative absorption target of EUR 8 billion. Significant efforts will still be needed to reach that goal. The authorities are fully aware of this and are committed to making their efforts to simplify procedures, to standardise tendering documents, and to improve assistance to project developers (beneficiaries).

### **8.3 Political structure**

The elections held in 2012 provided stability after political turbulence caused by the conflict between President Traian Basescu and Prime Minister Victor Ponta. The new coalition government under Victor Ponta is working on maintaining its strict obligation towards the EU and IMF lending agreement.

The European Commission (EC) has expressed concerns over Romania's commitment to the rule of law and judicial independence. In its annual report under the Cooperation and Verification Mechanism (CVM), published in July 2012, the EC noted that the country has taken important steps over the previous five years in judicial reform and the fight against corruption. However, events in July 2012, particularly the perceived undermining of the constitutional court, pose a serious threat to the progress achieved to date by Romania, according to the EC. The government has promised to address these concerns. The EC will monitor progress closely and will adopt another report under the CVM before the end of 2012.

Absorption of EU funds for Romania has increased but remains at a low level. In September 2011 a new Ministry for European Affairs was established, with the primary aim of accelerating the absorption rate of EU structural and cohesion funds, which at the time was below 5% of the allocated amount of around €20 billion for the period 2007-13. Although the situation has improved since then, absorption rates remain low at around 8.5% as of July 2012. The government is targeting a rate of 20% by year-end.

Several important privatisations have been delayed. Under its standby arrangement with the IMF, Romania has committed to a significant privatisation agenda in several key sectors, including electric power, gas, railways and chemicals. One achievement was the sale in March 2012 of an additional 15% stake in the electricity transmission company, Transelectrica, on the stock exchange. However, the privatisation of other companies, including the chemical company Oltchim (in which the state has a majority stake) and the copper mine Cuprumin, is behind schedule. The government has committed to move forward this year with the sale of shares in several energy and gas companies, as well as a majority sale of the railway company, CFR Marfa. The planned partial privatisation of the hydro-electric company, Hidroelectrica, has been delayed by the company's filing for insolvency in July 2012. The company had entered into bilateral contracts that meant it was selling energy at below production cost.

Contingency planning in the financial sector has been strengthened. The Romanian banking system remains liquid and well capitalised, but significant vulnerabilities remain, especially in light of the eurozone crisis. Credit institutions as a whole became loss-making again in the period March-June 2012. The authorities have taken significant steps in the past year to strengthen the degree of preparedness for possible future stresses. The National Bank of Romania and the Deposit Guarantee Fund (DGF) have signed a Memorandum of Understanding (MoU) that outlines measures to ensure a greater flow of information to the DGF and, along with the Ministry of Public Finance, stronger coordination on the implementation of new bank resolution powers, including the power to establish a "bridge bank" in cases where a large bank falls into serious difficulties. Since 2009, Romania has been an active participant in the Vienna Initiative, which now aims to improve coordination between home and host country authorities in order to manage cross-border deleveraging.

### **8.4 RomReal's main cities**

#### *8.4.1 Constanta*

The majority of the Company's Land Bank, as well as the head office of subsidiary Westhouse Group, are situated in Constanta. Constanta is the administrative center of the county with the same name and the largest

city in the EU Southeastern development region of Romania. The city is located on the Black Sea coast, having a beach length of 13 km. Mamaia, an administrative district of Constanta, is the largest and probably the most modern resort on the Romanian coast. Nearby there are mineral springs, and sea bathing also attracts many visitors in the summer. As of 2011, 254,693 inhabitants lived within the city limits, a decrease from the figure recorded at the 2002 census. After Bucharest, the capital city, Romania has a number of major cities that are roughly equal in size: Constanta, Iasi, Cluj-Napoca and Timisoara. Besides Constanta, RomReal holds assets in Bucharest and Brasov.

The metropolitan area of Constanta has a permanent population of 387,593 inhabitants, i.e. 61% of the total population of the county, and a minimum average of 120,000 per day of tourists of seasonal workers, transient people during the highest tourist season. The city of Constanta offers an airport, fast railway connection, and a four lane highway network that links it to Bucharest. In addition, the Constanta Port is the main Romanian port and ranks among the largest in Europe. The EU and other public bodies have invested largely in modernisation and development of the port and links with the Danube River have been upgraded.

The real estate market in Constanta remains at a standstill, as it has been for the last few years. Even if the transaction volume on all segments was poor in the last two years, the real estate market was looking slightly improved at the end of 2012 compared to 2010. In the retail segment, Cora started construction of the hypermarket on the land they bought in 2007, the delivery date has been set for the summer of 2013. During 2011, Dedeman acquired a 3.5 hectare site near Carrefour in Constanta for a reported EUR 6 million and completed the construction of the new store in 2012. Decathlon and Selgros have also opened stores near Carrefour. The new Decathlon unit was inaugurated in November 2012, being part of Tom shopping centre.

In 2012, no significant residential project was announced in Constanta. Some small size residential blocks are being developed with private financing targeting the Prima Casa government scheme for apartment values up to EUR 60,000 included VAT. The 'Prima Casa' or First Time Buyer government scheme incentivises first time house buyers to take a loan with just 5% down-payment and a preferential interest rate but it limits the total loan amount that one can receive to EUR 60,000 plus VAT (24% in Romania). Average prices for apartments in Constanta are currently around EUR 750 built sqm<sup>3</sup>. Demand is also directed towards smaller residential plots that require less financing to develop. Therefore plots of 500-600 sqm within prime locations throughout the city are being sold. In addition to price, the main requirements for initiating small residential plot transactions are building permits and approved zoning (as many companies which acquire land plots expect to start construction immediately).

#### 8.4.2 *Bucharest*

Bucharest is the capital of Romania, with 1.9 million inhabitants<sup>4</sup>. It is the most developed market in terms of real estate transactions in the country. In Bucharest, the average selling price of apartments dropped 4.6% from 2011 to 2012, reaching an average price of EUR 1,128 per sqm in 2012<sup>5</sup>.

#### 8.4.3 *Brasov*

Brasov is located in the central part of the country, about 166 km north of Bucharest. According to the last Romanian census from 2011, there were 227,961 people living within the city of Brasov, making it the 8<sup>th</sup> most populated city in Romania<sup>6</sup>. The metropolitan area is home to 335,668 residents.

<sup>3</sup> [www.imobiliare.ro](http://www.imobiliare.ro)

<sup>4</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ro.html>

<sup>5</sup> <http://www.imobiliare.ro/>

<sup>6</sup> <http://www.brasov.insse.ro/phpfiles/RPL-03.02.2012-1.pdf>

The real estate market in Brasov experiences the real estate boom of 2005 – 2008, as every other city in Romania. Since the boom, real estate prices have dropped. There has been no news on any major real estate deals in the area. Apartment prices in Brasov fell by 2.3% from 2011 to 2012, reaching an average price of EUR 825 per sqm in 2012<sup>7</sup>.

### 8.5 Banking system and mortgages

Over 75% of the Romanian banking system has foreign ownership, out of which Greece has approximately 30%, Austria has approximately 21% and Holland has approximately 15%<sup>8</sup>. The dynamics of the aggregated net bank assets increased with 3.5% in nominal terms in RON in 2011, which is a low level compared to the high growth values registered in preceding years. Financial intermediation measures as the share of the banks' net assets in GDP, 61% at year-end 2011, remained considerably below the EU average, declining slightly as compared to a year earlier. The concentration degree of the Romanian banking system, represented by the share of the top 5 banks in terms of asset volume, decreased marginally to 54.2% at year-end 2011 compared to 54.6% at year-end 2010<sup>9</sup>.

Increased capital pressures at group level and a focus on their core (Western European markets) could lead to a reduction of foreign banks' exposure in Romania. Therefore, local banks could also face financing constraints and implicitly margin pressures since foreign banks have significant shareholdings in local banks. A reduced lending activity, combined with a further increase of non-performing loans and higher costs due to regulatory changes, increase even further the banks' focus on costs. Tighter cost controls will be necessary in the short to medium term.

Following the financial turmoil towards the end of 2008, the availability of banking finance for real estate projects has been extremely scarce. The majority of the banks being left over exposed in the real estate sector are actively trying to limit their non-performing loans and therefore offer very limited access to financing to companies.

An important factor in the apartment acquisition process is access to financing. The mortgage market was re-shaped in 2009 when banks imposed more restrictive standards for their clients. Nevertheless, in order to encourage the local real estate segment, the Romanian Government reduced VAT to 5% for properties under EUR 90,000 and put in place a special scheme for First Time Buyers.

### 8.6 Real estate market

The Romanian residential market was at its peak during the first half of 2008. Prices per built sqm soared reaching an historical high average of EUR 1,630 and demand accounted for around 60% of the announced stock. The aftermath of the international financial crisis was felt by all real estate segments, bringing the accelerated rhythm of growth of the local market to a complete standstill.

The residential market was in a risky position at the beginning of 2011. Even though prices stabilised in Bucharest at an average of EUR 1,000 built sqm, and sales volumes were relatively constant over the last 36 months (2-3 new apartments per month per project) consumer confidence still remained low. Investors has not returned to the market, although transactions continue to be limited in number and volume.

Before 2005, new housing facilities were small scale developments located in traditional luxury areas designated mainly for expats. Between 2005 and 2008, the market expanded and developers confidently announced the delivery of more than 35,000 units over the following years. However, by the end of 2008, the market conditions had changed for the worse. Most investors started pulling out and many end users could not follow through with

<sup>7</sup> <http://www.imobiliare.ro/>

<sup>8</sup> <http://www.romania-insider.com/wp-content/uploads/2012/03/2012-03-19-Banking-Market-Overview-CEE-and-Romania.pdf>

<sup>9</sup> <http://www.bnro.ro/DocumentInformation.aspx?idInfoClass=6874&idDocument=13516&directLink=1>

their promissory agreements. The lack of interested buyers made developers postpone their projects or slow down the delivery rate of secondary phases. Currently, only 44% of the announced units have been completed.

In the period 2009-2012, the market had averaged around 2-3 new apartment sales per project per month, the majority of which in Bucharest. The most dynamic sector of the residential market has been the low income buyers with 4-6 units per project per month.

#### **8.7 Competitive overview**

RomReal is presently owns a portfolio of plots and properties in three large Romanian cities/counties, the Contanta County being the most important. This market is highly fragmented and there are a number of private individuals, companies and public bodies holding land in the three cities/counties.

## 9 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

### 9.1 Board of Directors

#### 9.1.1 General

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 organised in a satisfactory manner.

The members of the Board of Directors of RomReal are elected by the General Meeting for service periods of up to one year. Members of the Board of Directors may be re-elected and there is no limit on the number of terms any one member of the Board of Directors may serve. The Board of Directors shall consist of no less than two (2) and no more than six (6) members.

As of the date of this Prospectus, the Board of Directors consists of four members.

#### 9.1.2 Overview of the Board of Directors

Table 9.1 sets out the name, position, current term of office, shareholding and annual remuneration (excluding committee work) for each member of the Board of Directors as of the date of this Prospectus. None of the members of the Board hold any options or warrants in the Company.

**TABLE 9.1: BOARD OF DIRECTORS**

Name	Member since	Term expires	Shares owned	Remuneration paid in 2012	Business address
Kjetil Grønskag	2006	2013	224,656	0	42 Brook Street, W1K 5DB, London
Jonas Bjerg	2008	2013	57,427	0	42 Brook Street, W1K 5DB, London
Arve Nilsson	2008	2013	138,700	0	Per Albin Hanssons v. 41, 205 12 MALMÖ, Sweden
Erik Sture Larre	2009	2013	184,900	0	Nedre Vollgate 5, 0158 Oslo

#### 9.1.3 Brief Biographies of the Members of the Board of Directors

Set out below are brief biographies of the members of the Board of Directors of RomReal as of the date of this Prospectus:

##### **Kjetil Grønskag (1964), Chairman**

Mr. Grønskag holds a Master of General Business from Handelshøyskolen BI and is a Certified Financial Analyst (CFA) from the Norwegian School of Economics and Business Administration. Mr. Grønskag has a long experience from international banking and real estate development, and is a shareholder in North Bridge Group. Mr. Grønskag is a Norwegian citizen, and resides in London, UK.

Mr. Grønskag currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- AS Viktoria – Chairman
- Deep Sea Drilling Company li AS – Board member
- Grønco AS – Chairman

- Håkon Vii Gate 19 AS – Chairman
- Knaus 1 AS – Board member
- Kokstad Eiendom AS – Board member
- Kokstad Invest Holding AS – Board member
- Kokstad Næringspark AS – Board member
- Magnus Den Godes Gate 6 AS – Chairman
- Mellomveien 14 AS – Chairman
- NP 2 AS – Chairman
- Nedre Bakklandet Næring AS – Board member
- North Bridge AS – Board member
- Pålssstova AS – Board member
- Ulstadløkkveien 12 AS – Chairman
- Vegamot 8 AS – Chairman
- Verftsgate 2 Cd AS - Chairman

Furthermore, Mr. Grønskag has previously held the following directorships, supervisory or leading management positions during the five last years (other than positions in the Company and/or its subsidiaries):

- Abax AS – Board member
- Atlaship & Partners AS – Board member
- Deep Sea Management AS – Board member
- Elgesetergate 23 B AS – Chairman
- Kokstad Hammaren AS – Board member
- Magnus Gode Eiendom AS – Chairman
- Mellomveien Eiendom AS – Chairman
- Nedre Bakklandet AS – Chairman
- Nonnegata 18 AS – Board member
- Nonnegata Eiendom AS – Chairman
- North Bridge Eiendomsforvaltning AS – Chairman
- North Bridge Management AS – Board member
- North Bridge Norge Holding AS – Chairman
- North Bridge Opportunity AS – Chairman
- North Bridge Regnskap AS – Chairman
- Odfjell Drilling Management AS – Board member
- Sandslimarka 185 AS – Board member
- Sandslimarka 61-63 AS – Board member
- Ulstadløkk Eiendom AS – Chairman
- Verftsgata 2 AS – Chairman
- Verftsgata Holding AS – Chairman

**Jonas Bjerg (1963), Board member**

Mr. Bjerg is a partner of North Bridge Group, and founder of RomReal. Jonas has 16 years' experience in corporate finance and equity capital markets. He was previously involved in the management of RomReal during its first year of operation. Previous employers include Alfred Berg ABN Amro where he was Head of Corporate Finance for the London office, and McKinsey & Co. Mr. Bjerg has a MSs Eng. Specialization in Mathematics and Operations Analysis from the Technical University of Denmark and an MBA from MIT Sloan School. Mr. Bjerg is a Danish citizen, and resides in London, UK.



Mr. Bjerg currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- North Bridge Norge Holding AS – Chairman
- North Bridge NCF Invest Ltd – Board member
- North Bridge Investment Ltd – Board member
- North Bridge Management SRL – Board member
- IFN Next Capital Finance SA – Board member
- SC Optima Solution Services SRL – Board member
- JB Nordic Ltd – Board member
- Berry Foods Ltd – Board member
- Rosario Capital Ltd – Board member

Furthermore, Mr. Bjerg has not held any other directorships, supervisory or leading management positions during the five last years (other than positions in the Company and/or its subsidiaries).

**Arve Nilsson (1961), Board member**

Mr. Nilsson is a business professional and investor with extensive international experience in equity capital markets. Mr. Nilsson has over 26 years' experience in equity sales, fund management and real estate investment. Previous employers include 16 years with Carnegie as Director and Senior Partner, both in Copenhagen and London. Prior to that, Mr. Nilsson worked with Equity Sales at Danske Bank in Copenhagen. Mr. Nilsson holds a Master of General Business and Administration from Copenhagen Business School. Mr. Nilsson is a Norwegian citizen, and resides in Copenhagen, Denmark.

Mr. Nilsson currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Tigran Technologies AB – CEO and Board member
- Berlin High End A/S – Board member
- UCAP Invest – Board member
- Environmental Technologies Fund – Member of the advisory board
- Select Partners – Partner

Furthermore, Mr. Nilsson has not held any other directorships, supervisory or leading management positions during the five last years (other than positions in the Company and/or its subsidiaries).

**Erik Sture Larre (1962), Board member**

Mr. Larre holds a Master degree in civil engineering from Milan Polytechnic University and has extensive experience within property and real estate development in Norway, Eastern Europe and other countries. He is also CEO in several family companies, which in addition to properties own a large portfolio of listed equities and private equity. Mr. Larre is currently involved in tourist projects in Italy and Croatia in addition to property development in Germany. Mr. Larre is a Norwegian citizen, and resides in Oslo, Norway.

Mr. Larre currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Aheloy Beach Commercial AS – Board member
- Dubai Real Development Holding AS – Board member
- Erik Sture Larres Stiftelse Til Friluftslivet Fremmed – Board member

- Florida Eiendom Invest AS – Board member
- Florida Residential Komplementar AS – Board member
- German Property AS – Board member
- Mida Finans AS – Chairman
- Prime Property Kroatia 2 AS – Chairman
- Prime Property Kroatia 1 AS – Chairman
- Rødbergveien 14 AS – Chairman
- Villafranca Holding AS – Chairman
- Canoe International Energy – Board member and Chairman of the audit committee

Furthermore, Mr. Larre has previously held the following directorships, supervisory or leading management positions during the five last years (other than positions in the Company and/or its subsidiaries):

- Edge Capital Advisory AS – Board member
- Eurofund Real Estate Opportunity AS – Board member
- Oren Oil ASA – Board member
- Reistadgården Holding AS – Chairman
- Sparebank1 Nord-Norge – Vice Chairman

#### *9.1.4 Remuneration and Benefits*

An overview of the benefits received from the Company by the members of the Board of Directors is described in Section 9.1.2 (Overview of the Board of Directors) above. None of the members of the Board of Directors have received any benefits from the Company. At the Annual General Meeting 19 April 2013, it was resolved that the four current members of the Board of Directors shall abstain from any Directors fees. No member of the Board of Directors has any service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

#### *9.1.5 Loans and Guarantees*

As of the date of the Prospectus, the Company has no outstanding loans or guarantees to any member of the Board of Directors.

### **9.2 Nomination-, audit- and remuneration committee**

#### *9.2.1 Nomination committee*

The Company considers it unnecessary to establish a nomination committee at this point in time due to the cost of running a separate nomination committee.

#### *9.2.2 Audit committee*

According to the Norwegian Public Limited Companies Act section 6-41 (2) and the Stock Exchange Regulations, the Company is exempted from the requirement of having an audit committee.

#### *9.2.3 Remuneration committee*

The Company is not required to have a remuneration committee, and the Board of Directors has not considered it necessary to establish a remuneration committee at this point in time due to the size and activity of the Company.

### **9.3 Management**

#### *9.3.1 Overview of the executive management*

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

**TABLE 9.2: EXECUTIVE MANAGEMENT**

<b>Name</b>	<b>Position</b>	<b>Business address</b>
Kay Thorkildsen	CEO of RomReal and CEO of Westhouse Group	Westhouse Group, Mamaia Avenue, Constanta, Romania
Nicoleta Ploscaru	Commercial & Development of Westhouse Group	Westhouse Group, Mamaia Avenue, Constanta, Romania
Claudia Oprisan	Chief Accountant of Westhouse Group	Westhouse Group, Mamaia Avenue, Constanta, Romania

The Group's Investor Relation responsible, Mr Harris Palaondas, was seconded to the Group from North Bridge Group pursuant to a secondment letter dated 1 November 2008. Mr Palaondas is not considered part of the Company's Executive Management.

### *9.3.2 Brief Biographies of the Members of the Management*

Set out below are brief biographies of the members of the Management of RomReal as of the date of this Prospectus.

#### **Kay Thorkildsen, CEO**

Mr. Thorkildsen has been CEO of RomReal since November 2008. Mr. Thorkildsen is the owner of Thorkildsen Real-estate/Invest AS. He serves as the Executive Chairman of the Board of Directors of Westhouse Group. Mr. Thorkildsen founded and owned IMS International Ltd, Gibraltar, and served as Chairman of the Board. Mr. Thorkildsen is a Board member and owner of FBT Real Estate Lda. Mr. Thorkildsen holds a degree in Maritime Engineering and Economics from Agder Distrikthøyskole. Mr. Thorkildsen is a Norwegian citizen, and resides in Romania.

Mr. Thorkildsen currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Thorkildsen Invest AS – Chairman
- North Bridge Capital – Board member
- FBT Real Estate Lda – Board member

Furthermore, Mr. Thorkildsen has previously held the following directorships, supervisory or leading management positions during the five last years (other than positions in the Company and/or its subsidiaries):

- IMS International Ltd. – Chairman

#### **Nicoleta Ploscaru, Commercial & Development of Westhouse Group**

Mrs. Ploscaru is the Commercial and Development Director of Westhouse Group. Mrs. Ploscaru holds a Masters degree in Cannon Law and European Institutions, and in Government and Administration. Mrs. Ploscaru holds a degree in Letters and Theology. Mrs. Ploscaru has significant experience in real estate, tourism, insurance and political activities in Romanian Parliament. Mrs. Ploscaru is a Romanian citizen, and resides in Romania.

#### **Claudia Oprisan, Chief Accountant of Westhouse Group**

Mrs. Oprisan is the Chief Accountant of Westhouse Group. Mrs. Oprisan has 25 years of experience in financial management of several companies from real estate domain, construction and repairs of ships, maritime insurance and production. Mrs. Oprisan has a Master degree in Management and Business Administration. Mrs. Oprisan has a postuniversity degree in IFRS, financial auditor, being member of Chamber of Financial Romanian

Auditors, expert accountant as an executive member in the board of Romanian Expert Accountants Camera. Mrs. Oprisan is a Romanian citizen, and resides in Romania.

### **Harris Palaondas, Investor Relations of RomReal Ltd**

Mr Harris Palaondas is a Cypriot and resides in Romania. He holds an MSc with specialisation in Operations and Risk Management and a BSc in Marketing Management. He has 13 years of proven track record in operations management and business development in Cyprus, Romania and Hungary. Experience from multinational corporations like Alison Hayes-UK (four years) and Ralley Group-Fra (three years). Currently acting as Chief Operating Officer of North Bridge (five years) with focus on management, fund administration, corporate tax planning, and Investor relations. Professional working proficiency in English, Greek, Romanian, and French.

#### *9.3.3 Shareholdings of the members of the Executive Management*

Table 9.3 sets out the shareholding and number of options held for each of the members of the Executive Management of RomReal, as of the date of the Prospectus. None of the members of Management holds any warrants.

**TABLE 9.3: EXECUTIVE MANAGEMENT'S SHAREHOLDINGS**

<b>Name</b>	<b>Shares</b>	<b>Options</b>	<b>Date of option granted</b>	<b>Strike price option (EUR)</b>	<b>Option period</b>
Kay Thorkildsen	169,836	N/A	N/A	N/A	N/A
Nicoleta Ploscaru	N/A	N/A	N/A	N/A	N/A
Claudia Oprisan	N/A	N/A	N/A	N/A	N/A

#### *9.3.4 Remuneration and benefits to the Executive Management*

The salaries paid to members of the Executive Management for the financial year ended 31 December 2012 are set out in the table 9.4.

**TABLE 9.4: REMUNERATION AND BENEFITS**

<b>Name</b>	<b>Salary (EUR)</b>	<b>Bonus (EUR)</b>	<b>Pension (EUR)</b>	<b>Other allowances (EUR)</b>	<b>Total (EUR)</b>
Kay Thorkildsen	125,000	N/A	N/A	N/A	125,000
Nicoleta Ploscaru	21,600	N/A	N/A	N/A	21,600
Claudia Oprisan	21,600	N/A	N/A	N/A	21,600

The Group does not offer a pension plan or other employee benefits to its employees as of 31 December 2012, nor are there any post-employment benefits.

#### *9.3.5 Service contracts*

No members of the Company's administrative management or supervisory bodies have any service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment, except for the normal term of notice of 6 months.

#### 9.3.6 *Loans and guarantees*

As of the date of the Prospectus, the Company has no outstanding loans or guarantees to any member of the Executive Management.

### 9.4 **Employees**

#### 9.4.1 *General*

The number of employees at year end 2010 was 10 and 5 in 2011. As of 31 December 2012, the Company had 5 employees.

#### 9.4.2 *Employee incentive scheme*

For a description of management incentive schemes, reference is made to Section 9.3.3 (Shareholdings of the members of the Executive Management) and 9.3.4 (Remuneration and benefits to the Executive Management). The Company currently has no incentive schemes for employees and does not plan to introduce such schemes.

#### 9.4.3 *Pension scheme*

The Group does not offer a pension plan.

### 9.5 **Corporate governance**

RomReal is with limited resources 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.

With the exceptions set out below, the Company complies with the Norwegian corporate governance regime, as detailed in the Norwegian Code of Practice for Corporate Governance Board (the “**Corporate Governance Code**”) published in the Norwegian Code of Practice for Corporate Governance of 23 October 2012. The Board of Directors has adopted a corporate governance policy for the Company.

The Board of Directors will continuously develop and monitor its corporate governance commitments based on future experience, input from shareholders and the market in general.

Deviations from the recommendations of the Norwegian Code of Practice for Corporate Governance are described below:

RomReal is not in compliance with the Corporate Governance Code section 7 due to the fact that the majority of the Board members and in particular Kjetil Grønskog (Chairman), Jonas Bjerg (board member), Arve Nilsson (board member) and Erik Sture Larre (board member) have waived their rights to a board member’s fee. Mr. Mihai Buia (board member) who resigned in October 2012, received a proportional amount for 2012, which is significantly below industry comparables. Furthermore, due to the current size and activity of the Company, the Company considers that the cost of running a separate nomination committee should be avoided.

Please refer to Section 9.2 (Nomination-, audit- and remuneration committee) for further details.

### 9.6 **Conflicts of interests**

The composition of the Board ensures that it serves the common interest and that it can operate as independently as possible of special interests. None of the Directors holds an executive position within the Company. The CEO Mr. Thorkildsen is not a Director.

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. All transactions with third parties have been conducted within the regulations and no Board member, employees or other individuals and/or Companies have received any compensation violating the regulations. North Bridge Group is a Company associated with Chairman Kjetil Grønskag, Director Jonas Bjerg, and CEO Kay Thorkildsen which holds a service contract for Management and a service contract for Investor Relations with RomReal fully disclosed to all Board members and where the remuneration has been approved by the Board. Two out of the four Board members are independent assuring that Board decisions are balanced. All Board members abstained from receiving a Director's fee in 2012 and 2013 as an ethical approach to assist the Company's low liquidity position. All Board members and the CEO are significant shareholders of the Company and in general are encouraged to hold shares.

To the knowledge of Management and the Board of Directors, there are no other potential conflicts of interest between the members of the Board of Directors or the members of the Executive Management's duties to RomReal and their private interests and/or other duties.

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the Executive Management has:

- had any convictions in relation to fraudulent offences;
- been officially publicly incriminated and/or sanctioned by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct the affairs of a company; or
- been associated with any bankruptcy, receivership or liquidation.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors and the Executive Management has been selected.

There are no family relationships between any members of the Board of Directors and the members of the Executive Management.

## 9.7 Related party transactions

RomReal has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 44,162,264, interest to 31 December 2011 included. Intergroup loans bear an interest rate of 5.5% and are for a term of 11 months. The subsidiary Westhouse Group SRL has further granted RomReal a loan of EUR 118,346 in connection with the purchase of 5% of the shares in Concorde Group SRL, 5% of shares in Investate SRL, 5% of Magic Sail Club SRL, 1% of the shares in Rofrench Connection SRL. These loans are not secured and are interest free. During 2011, EUR 44,932,692 of loans from RomReal to Westhouse Group SRL was converted into equity. This was done in order to improve the equity position, the debt-to-equity ratio, and to avoid a negative share capital effect due to a potential negative EUR/RON fluctuation. The subsidiaries involved are "Westhouse Group SRL"/ "Concorde SRL"/ "Investate SRL", and this conversion had absolutely no cash effect on the Company.

RomReal has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 45,763,048, interest to 31 December 2012 included. Intergroup loans bear an interest rate of 5.5% and are for a term of 11 months. All intergroup loans have a duration of 11 months. .

On 30 March 2007, the Group entered into an amended Management Support Agreement with North Bridge Group Ltd ("**North Bridge Group**"). North Bridge Group is controlled by the five shareholders of North Bridge, which include Mr. Jonas Bjerg, Mr. Kjetil Grønskag and Mr. Kay Thorkildsen. Pursuant to the Management Support Agreement, North Bridge Group is retained as an advisor to the Group, and will be responsible for making available resources to support the Group in continuing to develop its real estate portfolio, including

North Bridge Group's principals and recommending to the Group specialists, including seconders where appropriate. For these services North Bridge Group received an annual fee of EUR 64,000 during the year ended 31 December 2012, an annual fee of EUR 80,000 during the year ended 31 December 2011 and an annual fee of EUR 95,000 during the year ended 31 December 2010. In addition, North Bridge Group is entitled to reimbursement of travelling and other reasonable out-of-pocket expenses incurred by it with the prior agreement of the Group's Board of Directors. The terms of the Management Support Agreement were renewed on 10 October 2012 and the level of fees was revised to EUR 64,000 per annum, effective January 2012. The Group may engage the manager or its associates to provide other services outside the scope of this agreement. Such services will be subject to a separate mandate agreement.

The Group's Investor Relation responsible during 2012, Mr. Harris Palaondas, was seconded to the Group from North Bridge Group pursuant to a secondment letter dated 1 November 2008. Following the above, the Group's Board approved a fee payable to North Bridge of EUR 2,000 per month plus reasonable out-of-pocket expenses for travelling. During the period North Bridge charged EUR 24,000 (EUR 24,000 in 2011 and EUR 28,500 in 2010) in secondment fees and recharged EUR 2,597 (EUR 7,497 in 2011 and EUR 4,782 in 2010) of costs directly attributable to these services. The outstanding balance due to North Bridge Group at 31 December 2012 was nil (EUR 0 in 2011 and EUR 0 in 2010). The terms of the Investor Relations Support Agreement were renewed on 10 October 2012 and the level of fees was revised to EUR 16,000 per annum. During 2010, Mr. Kay Thorkildsen, the Group's CEO has acquired two apartments in the Corralia Project for a consideration of EUR 165,050 including VAT. Mr. Kjetil Grønskag has also acquired an apartment via an associated company in the Corralia Project for EUR 118,000 including VAT.

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

**10 OPERATING AND FINANCIAL INFORMATION**

The following section presents selected financial information derived from the Group's audited consolidated financial statements (including the notes thereto) as of, and for the years ended, 31 December 20010, 2011 and 2012 (the Financial Statements), as well as the unaudited interim consolidated financial information for the first quarter results from 2012 and 2013. The financial statements are made in English. The financial statements for 2010, 2011 and 2012 were audited by RomReal's auditor, Ernst & Young, independent accountants. The Financial Statements have been prepared in accordance with IFRS as adopted by the EU. The Interim Financial Information, combined with relevant information in the financial review, has been prepared in accordance with IAS 34.

**10.1 Summary of significant accounting policies**

The Group's significant accounting and measurement policies may be viewed by visiting the Company's website. Please see Note 2 in the Annual Report 2012 for a comprehensive version of RomReal's significant accounting principles, pages 30-36, by using the following link: <http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202012.pdf>. The Company reports in accordance with IFRS, as adopted by the EU.

**10.2 Historical financial information**

The following section presents a summary of the consolidated audited historical financial information for RomReal for the accounting years 2010, 2011 and 2012, and the unaudited interim consolidated financial information for the first quarter of 2012 and 2013.

Please see Section 16.5 (Cross reference list) for direct links to the annual and interim reports quoted below.



10.2.1 *Income statement***TABLE 10.1: INCOME STATEMENT**

<i>(in EUR)</i>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Rent revenue	85,000	81,000	330,499	341,838	398,398
Sales of inventory	-	-	99,305	15,065	3,857,371
Sales of investment property	-	-	-	-	2,345,963
<b>Operating revenues</b>	<b>85,000</b>	<b>81,000</b>	<b>429,804</b>	<b>356,903</b>	<b>6,601,733</b>
Payroll and related expenses	(66,000)	(65,000)	(258,457)	(255,383)	(237,080)
Depreciation and amortisation expense	(1,000)	(9,000)	(20,590)	(60,177)	(99,650)
Other operating expenses	(16,000)	(16,000)	(37,434)	(12,387)	(6,254,754)
Inventory write off	(9,000)	-	(432,764)	(246,389)	(342,217)
General and administrative expenses	(156,000)	(148,000)	(713,628)	(733,719)	(1,294,221)
<b>Operating expenses</b>	<b>(247,000)</b>	<b>(238,000)</b>	<b>(1,462,872)</b>	<b>(1,308,055)</b>	<b>(8,227,921)</b>
Profit/(loss) before other operating items	(162,000)	(157,000)	(1,033,068)	(951,152)	(1,626,187)
Net gain/(loss) from revaluation of investment properties	(99,000)	494,000	(2,096,457)	(2,665,638)	(8,471,357)
<b>Profit/(loss) from operations</b>	<b>(262,000)</b>	<b>337,000</b>	<b>(3,095,049)</b>	<b>(3,616,790)</b>	<b>(10,097,545)</b>
Financial income	4,000	3,000	14,871	15,722	30,841
Financial costs	82,000	(897,000)	(1,910,732)	(1,407,758)	(2,062,763)
<b>Profit/(loss) before taxes</b>	<b>(176,000)</b>	<b>(557,000)</b>	<b>(5,025,476)</b>	<b>(5,008,775)</b>	<b>(12,129,468)</b>
Tax expense	(53,000)	(78,000)	267,876	15,172	443,277
<b>Result for the period</b>	<b>(229,000)</b>	<b>(634,000)</b>	<b>(4,757,599)</b>	<b>(4,993,603)</b>	<b>(11,686,191)</b>

## 10.2.2 Balance sheet

TABLE 10.2: STATEMENT OF FINANCIAL POSITION

<i>(in EUR)</i>	Q1 2013 (unaudited)	Q1 2012 (unaudited)	2012 (audited)	2011 (audited)	2010 (audited)
<b>ASSETS</b>					
<b>Noncurrent assets</b>					
Property, plant & equipment	27,000	34,000	27,383	43,080	101,212
Investment properties	30,950,000	33,896,000	30,949,958	33,896,047	36,809,443
Intangible fixed assets	1,000	1,000	659	1,008	572
Deferred tax asset	148,000	-	132,041	-	-
<b>Total non current assets</b>	<b>31,125,000</b>	<b>33,931,000</b>	<b>31,110,382</b>	<b>33,940,127</b>	<b>36,911,226</b>
<b>Current assets</b>					
Inventories	2,858,000	3,466,000	2,857,715	3,467,405	3,765,286
Trade receivables and other receivables	205,000	749,000	208,574	1,097,676	1,834,562
Cash and cash equivalents	506,000	958,000	701,617	915,458	1,937,501
<b>Total current assets</b>	<b>3,569,000</b>	<b>5,173,000</b>	<b>3,767,907</b>	<b>5,480,539</b>	<b>7,537,350</b>
<b>Total assets</b>	<b>34,694,000</b>	<b>39,104,000</b>	<b>34,878,289</b>	<b>39,420,666</b>	<b>44,448,576</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Equity</b>					
Issued share capital	4,925	4,925	4,925	4,925	4,925
Contributed surplus	85,741,568	85,741,568	85,741,568	85,741,568	85,741,568
Retained earnings	(63,781,000)	(59,659,000)	(63,783,096)	(59,025,188)	(54,031,585)
Other reserves	424,808	424,808	424,808	424,808	424,808
Translation reserve	86,000	(64,000)	85,912	(308,972)	(846,312)
<b>Total equity</b>	<b>22,247,000</b>	<b>26,448,000</b>	<b>22,474,117</b>	<b>26,837,141</b>	<b>31,293,404</b>
<b>Non current liabilities</b>					
Non current debt liabilities	11,745,000	-	-	-	11,600,000
Deferred tax liability	147,000	445,000	148,123	376,585	397,173
<b>Total non current liabilities</b>	<b>11,892,000</b>	<b>445,000</b>	<b>148,123</b>	<b>376,585</b>	<b>11,997,368</b>
<b>Current liabilities</b>					
Trade and other payables	552,000	549,000	236,141	171,239	709,260
Provisions	-	-	363,075	372,237	375,269
Current debt liabilities	-	11,600,000	11,651,827	11,600,000	-
Income tax payable	2,000	-	4,604	-	15,075
Deferred income	-	63,000	3	63,464	58,395
<b>Total current liabilities</b>	<b>554,000</b>	<b>12,211,000</b>	<b>12,255,650</b>	<b>12,206,940</b>	<b>1,157,999</b>

---

<b>Total liabilities and equity</b>	<b>34,694,000</b>	<b>39,104,000</b>	<b>34,877,289</b>	<b>39,420,666</b>	<b>44,448,576</b>
-------------------------------------	-------------------	-------------------	-------------------	-------------------	-------------------

---

## 10.2.3 Cash flow statement

TABLE 10.3: STATEMENT OF CASH FLOWS

<i>(in EUR)</i>	Q1 2013 (unaudited)	Q1 2012 (unaudited)	2012 (audited)	2011 (audited)	2010 (audited)
CASH FLOW FROM OPERATING ACTIVITIES:					
<b>Net profit/(loss)</b>	<b>(229,000)</b>	<b>(634,000)</b>	<b>(4,757,600)</b>	<b>(4,993,603)</b>	<b>(11,686,191)</b>
Adjustments for:					
- Income tax expense/(profit)	53,000	78,000	(267,876)	(15,172)	(443,277)
- Net (gain)/loss from revaluation of investment properties	94,000	(462,000)	2,096,457	2,665,638	8,471,357
- Loss/(gain) on disposal of investment property	-	-	-	-	(16,120)
- Depreciation and amortization	1,000	9,000	20,590	60,177	99,650
- Interest income	(4,000)	(3,000)	(14,781)	(15,772)	(30,841)
- Interest expense	94,000	145,000	572,118	595,920	714,701
- Unrealised foreign exchange (gain)/loss	(176,000)	752,000	1,338,614	811,837	1,348,062
Decrease/(increase) in trade and other receivables	3,000	349,000	352,803	140,967	(299,257)
(Decrease)/increase in current payables	(47,000)	4,000	(7,806)	(535,581)	(940,353)
Decrease/(increase) in inventories	(9,000)	(147,000)	176,926	297,881	4,558,186
Cash generated from operations	(219,000)	89,000	(490,556)	(987,708)	1,776,111
Income tax paid	(5,000)	(4,000)	(11,002)	(17,618)	(43,575)
<b>Net cash flow from operating activities</b>	<b>(225,000)</b>	<b>86,000</b>	<b>(501,558)</b>	<b>(1,005,327)</b>	<b>1,732,536</b>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sales of investment property, net	-	-	-	-	2,345,963
Capital expenditure on investment property	-	(6,000)	(5,397)	(2,720)	(1,470)
<b>Net cash flow used in investing activities</b>	<b>-</b>	<b>(6,000)</b>	<b>(5,397)</b>	<b>(2,720)</b>	<b>2,344,493</b>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of borrowings	-	-	-	-	(2,102,923)
Interest paid	-	-	(539)	-	(1,844,453)
Interest received	4,000	3,000	14,781	15,772	30,841

<b>Net cash from financing activities</b>	<b>4,000</b>	<b>3,000</b>	<b>14,242</b>	<b>15,772</b>	<b>(3,916,535)</b>
Exchange losses on cash and cash equivalents	25,000	(41,000)	278,872	(29,767)	(84,525)
<b>Net increase in cash and cash equivalents</b>	<b>(196,000)</b>	<b>43,000</b>	<b>(213,841)</b>	<b>(1,022,043)</b>	<b>75,970</b>
Cash and cash equivalents, beginning of period	702,000	915,458	915,458	1,937,501	1,861,531
<b>Cash and cash equivalents, end of period</b>	<b>506,000</b>	<b>958,000</b>	<b>701,617</b>	<b>915,458</b>	<b>1,937,501</b>

## 10.2.4 Statement of changes in equity

TABLE 10.4: STATEMENT OF CHANGES IN EQUITY

<i>(in EUR)</i>	Share capital	Contributed surplus	Share premium	Retained earnings	Translation reserve	Other reserves	Total
<b>Balance as of 31 December 2009</b>	49,247,366	-	36,499,127	(42,345,394)	(1,663,383)	424,808	42,162,524
Profit for the period	-	-	-	(11,686,191)	-	-	(11,686,191)
Other comprehensive income	-	-	-	-	817,071	-	817,071
<b>Total comprehensive income and expense for the year</b>	-	-	-	(11,686,191)	817,071	-	(10,869,120)
Reduction in par value of shares	(49,242,411)	85,741,568	(36,499,127)				
<b>Balance as of 31 December 2010</b>	4,925	85,741,568	-	(54,031,585)	(846,312)	424,808	31,293,404
Profit for the period	-	-	-	(4,993,602)	-	-	(4,993,602)
Other comprehensive income	-	-	-	-	537,339	-	537,339
<b>Total comprehensive income and expense for the year</b>	-	-	-	(4,993,602)	537,339	-	(4,456,263)
<b>Balance as of 31 December 2011</b>	4,925	85,741,568	-	(59,025,187)	(308,973)	424,808	26,837,141
Profit for the period	-	-	-	(4,757,599)	-	-	(4,757,599)
Other comprehensive income	-	-	-	-	394,883	-	394,883
<b>Total comprehensive income and expense for the year</b>	-	-	-	(4,757,599)	394,883	-	(4,362,716)
<b>Balance as of 31 December</b>	4,925	85,741,568	-	(63,783,094)	85,910	424,808	22,474,117

---

2012

---

**10.3 Segment information***10.3.1 Business segments*

Historically, the Company has been focused on securing prime land for future development opportunities. As such the Group's operations to date have similar risk profiles. As a consequence, the Company has not identified different business segments to be reported separately.

*10.3.2 Geographical segments*

All of the Company's activities are within Romania. The Group has no division of geographical segments.

**10.4 Operating and financial review***10.4.1 Development quarter ended 31 March 2013 (corresponding period 2012)***Operating results**

The operating revenue during Q1 2013 was EUR 85 thousand compared to a total of EUR 81 thousand in Q1 2012. This income mainly relates to the rent received on some of the Land Bank assets awaiting development. Total operating expenses amounted to EUR 247 thousand in Q1 2013 (Q1 2012: EUR 238 thousand). Out of these operating expenses, the payroll costs were EUR 66 thousand, similar to the level registered in Q1 2012. Inventory write off reflects the changes in the value of Oasis (as a result of RON/EUR changes), which is classified as inventory for IFRS purposes. Overall, inventory adjustment excluded, the total operating expenses of the Company in Q1 2013 were similar to the ones in the same quarter of 2012. This stable level of the total general and administrative expenses is explained by the fact that they have reached a minimum level plateau.

The other operating income/(expense) for Q1 2013 is driven mainly by the change in the value of investment property as a result of the change in the foreign currency exchange rate before translating them into the functional currency of the group. Equally, a small effect was the due to the changes in the fair value as a result of the independent valuation review. The net of other operating income/expense in Q1 2013 amounted to a net loss of EUR 99 thousand, compared to a net gain of EUR 494 thousand in Q1 2012. During Q1 2013, RomReal generated an operating loss of EUR 262 thousand, compared to a profit of EUR 337 thousand in Q1 2012.

The interest expense includes the expense accrued for the period with the interest in respect of the Alpha Bank loan in amount of EUR 94 thousand. Foreign exchange result for Q1 2013 was a gain of EUR 176 thousand compared to a net foreign exchange loss of EUR 752 thousand in Q1 2012. Since the beginning of the year the RON depreciated by 2.5%, while during the period, the RON slightly appreciated against the EUR (0.3%), thus leading to the net unrealised foreign exchange gain mentioned above. The main items that generate foreign exchange differences are the inter-company loans and the loan taken from Alpha Bank in principal amount of EUR 11.6 million. However, from an operational stand point, the Company's policy is to hedge these effects by retaining most of its cash in Euros and also by denominating all receivables in Euros. Although not reflected from an accounting perspective, all final payments made by the customers when receiving apartments are made at the exchange rate ruling at the date of payment, hence offsetting in cash terms part of these losses.

The result before tax in Q1 2013 was a loss of EUR 176 thousand compared to a loss before tax of EUR 557 thousand in Q1 2012. The result of the period is mainly explained by the above mentioned fair value change and currency effect.

**Balance sheet**

Total assets for the Company were EUR 34.7 million at the end of Q1 2013 (Q1 2012: EUR 39.1 million). The main element in the Company's balance sheet is the investment property comprising the Land Bank of the

Group. The value of the Land Bank portfolio still based on the annual independent valuation, carried out using Knight Frank Romania valuers and Alpha Bank appointed valuers in the case of the land plots supplementing the security of the loan. Total equity amounted to EUR 22,247 thousand (Q1 2012: EUR 26,448 thousand), giving an equity ratio of 64% (68%). As of 31 March 2013, the Company had cash and cash equivalents of EUR 506 thousand (Q1 2013: NOK 958 thousand). At end Q1 2013, the Company had EUR 11.7 million (EUR 11.6 million) in long-term interest-bearing debt.

#### **Cash flow**

Cash flow from operations during the first quarter was EUR -225 thousand, compared to EUR 86 thousand in the same quarter the previous year. The difference is mainly explained by the fact that cash collections out of the sales in the Corralia development are mostly completed and represented in Q1 2013 only EUR 19 thousand (Q1 2012: EUR 110 thousand). Further differences are due to changes in working capital. Nevertheless, the operating cash flow for Q1 2013 is largely in line with the budgeted running outflows of the company. Net cash flow from investment activities and financing activities were immaterial during the analysed period.

#### *10.4.2 Development 2012*

##### **Operating results**

RomReal had consolidated operating revenues of EUR 0.43 million in 2012 compared to EUR 0.36 million in 2011. The main revenue stream was rental income from the Balada Market. Total consolidated operating expenses were EUR 1.46 million in 2012 compared to EUR 1.30 million in 2011. Consolidated loss after tax in 2012 was EUR 4.76 million compared to a loss of EUR 4.99 million in 2011. The end of year 2012 independent Land Bank portfolio valuation resulted in an average write-down of 9% compared to the independent valuation made at the end of 2011. This is reflected in the end of year 2012 financial statements.

##### **Balance sheet**

RomReal had on a consolidated basis a total balance of EUR 34.89 million at 31 December 2012. Total consolidated equity at 31 December 2012 amounted to EUR 22.47 million compared with EUR 26.84 million in 2011. The Company has total current liabilities of EUR 12.26 million at 31 December 2012. The Group's consolidated interest-bearing debt amounted to EUR 11.7 million, representing principal amount of EUR 11,600,000 and interest accrued to date of EUR 52 thousand. During Q1 2013, the Company signed an extension to the loan agreement with Alpha Bank to prolong the maturity of the loan for another 3 years until 28 November 2015 with the possibility to extend for another 2 years. A consequence of the addendum being signed after the balance sheet date, in accordance with IFRS the loan was presented at 31 December 2012 as a current liability. Consolidated liquid assets were EUR 0.7 million at 31 December 2012 compared to EUR 0.9 million in 2011.

#### **Cash flow**

Cash flow from operations during 2012 was a negative EUR 0.5 million compared to a negative EUR 1 million in 2011. The difference in cash flows between the two periods is largely explained by the one-off VAT payment EUR 380 thousand that the company had in the first quarter of 2011. The VAT due was related to a divestment done by the Company in the last quarter of 2010, the proceeds of which were used to reduce the Alpha Bank loan outstanding at the time (EUR 2.1 million) and prepay the interest for a period of two years. Net cash flow from investment activities was EUR -5.4 thousand in 2012 compared in EUR 2.7 thousand in 2011. Cash flow from financing activities amounted to EUR 14.2 thousand in 2012 compared to EUR 15.8 thousand in 2011.

#### *10.4.3 Development quarter ended 31 March 2012*

##### **Operating results**

The operating revenue during Q1 2012 was EUR 81 thousand compared to EUR 84 thousand in the same period in 2011. This income relates to the rent received on some of the Land Bank assets awaiting development. Total operating expenses amounted to EUR 238 thousand in Q1 2012 compared to EUR 310 thousand in Q1 2011. The



costs reduction process continued further and the administrative costs of the Company were reduced by 27% compared to the same period in 2011. Total operating expenses were reduced by a further 23% compared to Q1 2011. Out of the operating expenses, the main cost items relate to general and administration costs (62% of total operating expenses) and salaries (27% of total operating expenses).

The other operating income/(expense) for Q1 2012 was driven mainly by the change in the value of the investment property as a result of the change in the foreign currency exchange rate before translating them into the functional currency of the Group. The Company has not made any changes to the EUR value of the investment properties, but as their values are expressed in RON in the Romanian accounts, the currency change during the period corrects their RON values before translating into the functional currency of the Group at the period's closing exchange rate. A reversed effect of the change in the EUR/RON is reflected in the foreign exchange result. The exchange rate of EUR/RON at the beginning of the quarter was 4.32 and at the end of the quarter 4.37. The net of other operating income/(expense) in Q1 2012 amounted to a net gain of EUR 494 thousand compared to a net loss of EUR 1.8 million during the same period in 2011.

During Q1 2012, RomReal generated an operating gain of EUR 337 thousand compared to a loss of EUR 2.0 million in Q1 2011.

The interest expense includes the expense allocated for the period with the interest in respect of the Alpha Bank loan in amount of EUR 145 thousand. Foreign exchange result for Q1 2012 was a loss of EUR 752 thousand compared to EUR 4.3 million the same period the previous year. During the period, the RON has witnessed a 1.4% depreciation against the EUR, thus leading to the net unrealised foreign exchange loss mentioned above. The main items that generated foreign exchange differences are the inter-Company loan taken from Alpha Bank amounting to EUR 11.6 million. However, from an operational point of view, the Company's policy is to hedge these effects by retaining most of its cash in EUR and also by denominating all receivables in EUR. Although not reflected from an accounting perspective, all final payments made by the customers when receiving apartments are made at the exchange rate ruling at the date of payment, hence offsetting in cash terms part of these losses.

The result before tax in Q1 2012 was a loss of EUR 557 thousand compared to a gain of EUR 104 thousand in Q1 2011. The result of the period is mainly explained by the above mentioned currency effect.

### **Balance sheet**

Total assets for the Company as at end of Q1 2012 were EUR 39.1 million compared to EUR 43.7 million as at end of Q1 2011. The Company's total equity as at end of Q1 2012 was EUR 26.4 million, representing 67.6% of total assets at the end of the period. There has been no change in the number of shares issued during Q1 2012. The total issued number of shares at the end of Q1 2012 was 49.2 million. The Company's cash and cash equivalents at the end of Q1 2012 were EUR 958 thousand compared to EUR 1.2 million in Q1 2011. At the end of Q1 2012, the Company did not have any non current debt liabilities. The Company had EUR 11.6 million in current debt liabilities in Q1 2012 and in Q1 2011.

### **Cash flow**

Cash flow from operations during the first quarter was EUR 86 thousand compared to EUR -689 thousand the same period in 2011. In Q1 2011, the Company had to make a one off payment in respect of the VAT due in connection with the sale of the Bus Station plot which occurred at the end of the previous year. This amounted to EUR 380 thousand. Additionally, the continuous efforts of the Company to reduce operational expenses are reflected in a lower cash outflow in Q1 2012 as compared to the same period of the previous year (see Operating result above). Net cash flow from investment activities was EUR -6 thousand compared to EUR 0 for the same period in 2011. Cash flow from financing activities amounted to EUR 3 thousand compared to EUR 0 for the first quarter of 2011.

*10.4.4 Development in 2011***Operating results**

RomReal had consolidated operating revenues of EUR 0.36 million in 2011 compared to EUR 6.6 million in 2010. The main revenue stream was rent from the Balada Market. Total consolidated operating expenses were EUR 1.31 million in 2011 compared to EUR 8.23 million in 2010.

An independent valuation report was produced at the year-end 2011 for IFRS account purposes. Mainly due to the lack of liquidity and comparable transactions in the Romanian real estate market, a total write-down of RomReal's Land Bank of 8% was conducted in 2011. In 2010, the total write down was 18.5%. Due to the lack of liquidity, valuers tend to be conservative in their approach at the moment. One contributing factor is that comparable transactions (an important input to valuations) are weighted down by distressed sales.

In 2011, efforts continued to reduce the Company's overheads and in parallel to improve the cash inflow from cash producing subsidiaries. As a result, the administrative costs of the Company were 43% less as compared to the similar period of 2010. Total operating expenses were reduced by a further 84% compared to 2010.

Highlights of main operational changes in 2011 include:

- A reduction in consulting and Management fees of EUR 92 thousand.
- Reduction in the number of Board members from six to five as of 1 January 2012. Overall Board members remuneration was reduced by 25% and the CEO's remuneration was reduced by 20%.
- Increased rental income from Balada Market at the last months of the year resulting in an increase in revenue stream of between 10% and 15%.

**Balance sheet**

RomReal had on a consolidated basis a total balance of EUR 39.42 million at 31 December 2011. Total consolidated equity at 31 December 2011 amounted to EUR 26.84 million compared with EUR 31.29 million in 2010. The Company has total current liabilities of EUR 12.2 million at 31 December 2011. In Q4 2011, the Company signed an extension to the loan agreement with Alpha Bank to prolong the maturity of the loan for another 2 years until 30 November 2012; as a consequence the loan was presented at 31 December 2011 as a current liability.

**Cash flow**

Net cash flow from consolidated operations was EUR 1.00 million at 31 December 2011 compared to EUR 1.73 million in 2010. The cash flows include a one off payment (EUR 380 thousand) made in Q1 2011 relating to VAT due on the sale of the Bus Station plot (see above). Furthermore, the ongoing efforts of the Management to reduce costs are (e.g. general and administrative expenses were reduced 43%) reflected in a reduced outflow as opposed to 2010. Consolidated liquid assets were EUR 0.92 million at 31 December 2011 compared to EUR 1.94 million in 2010.

*10.4.5 Development in 2010***Operating results**

RomReal had consolidated operating revenues of EUR 6.60 million in 2010 compared to EUR 1.45 million in 2009. The main revenue streams were the sale of apartments in the Corallia project and the divesting of the Bus Station plot. Total consolidated operating expenses were EUR 8.23 million in 2010 compared to EUR 22.25 million in 2009. While general and administrative expenses were further reduced, the increase in total operating expenses relates mainly to the cost of apartments and plot disposed. Consolidated loss after taxation in 2010 was EUR 11.69 million compared to a loss after tax of EUR 19.04 million in 2009. An independent valuation report was produced at the year-end 2010 for IFRS account purposes. Mainly due to the lack of liquidity and comparable transactions in the Romanian real estate market, a total write-down of RomReal's Land Bank of

18.5% was conducted. In 2009, the total write-down was 23%. 2010 has brought very few changes to the Romanian real estate market, which continued at a slow pace. Due to the lack of activity in the market, it is extremely difficult for the valuers to find meaningful transactions that can serve as benchmark for valuations. With the latest assets write-down, the book value of RomReal's Land Bank is now roughly 70% lower than it was at the peak of the market in early 2008.

In 2010, the Company continued its firm cost reduction programme whereby various measures have been implemented to reduce operational and administrative costs:

- RomReal pays an annual fee to the Bermuda Government based on the assessable capital of the Company each year, which is the total of share capital plus the share premium. In order to reduce the annual fee, the Company has decided to transfer part of the authorised share capital and the share premium to contributed surplus. This represented purely a legal reclassification, which reduced by almost 90% the level of fees payable per annum.
- The payroll expenses were around 11% less compared to the same period of 2009. The administrative costs of the Company were 42% less compared to the similar period in 2009.
- The sale of the "Bus Station" plot was part of the Company's asset divestment policy, and resulted in an extraordinary income of EUR 2.1 million. The proceeds, amounting to EUR 2.1 million, from the sale were used to partially repay the loan with Alpha Bank as part of a wider discussion with the lender to extend the maturity of the loan. During Q4 2010, the Company signed an extension of the loan agreement with Alpha Bank to prolong the maturity of the loan for another two years until 30 November 2012. The Company made an advance payment of interest for the remaining loan up to November 2012.

#### **Balance sheet**

RomReal had on consolidated basis a total balance of EUR 44.49 million at 31 December 2010. Total consolidated equity at 31 December 2010 amounted to EUR 31.29 million compared with EUR 42.16 million in 2009. The Company had total current liabilities of EUR 1.16 million at 31 December 2010. During Q4 2010, the Company signed an extension to the loan agreement with Alpha Bank to prolong the maturity of the loan for another 2 years until 30 November 2012; as a consequence the loan was presented at 31 December 2010 as a non-current liability. Consolidated liquid assets were EUR 1.94 million at 31 December 2010 compared to EUR 1.86 million at 31 December 2009.

#### **Cash flow**

Net cash from consolidated operations was EUR 1.73 million at 31 December 2010 compared to a negative net cash flow of EUR 3.4 million in 2009. The improved result is a result of the Company's costs reduction programme (see above), especially with regards to the operating and administrative expenses of the organisation. Net cash flow from investing activities was EUR 2.34 million in 2010 compared to EUR 0.2 million in 2009. The positive result was driven by the sale of the Bus Station plot in the last quarter of 2010, for an amount of EUR 2.34 million. Net cash flow from financing activities was a negative EUR 4.00 million in 2010 compared to a negative EUR 1.49 million in 2009. The outflow in 2010 includes the repayment of EUR 2.1 million to reduce the Alpha Bank loan balance as well as the EUR 1.2 million pre-payment of the interest due for the period until the 30 November 2012.

## 10.5 Tangible fixed assets

**TABLE 10.5: NET BOOK VALUE OF TANGIBLE FIXES ASSETS**

<i>(in EUR)</i>	<b>IT equipment</b>	<b>Motor vehicles</b>	<b>Other fixtures and fittings</b>	<b>Investment properties</b>	<b>Total</b>
Closing balance at 31.12.10	5,474	27,136	68,602	36,809,443	36,910,655
Closing balance at 31.12.11	4,566	10,595	27,919	33,896,047	33,939,127
Closing balance at 31.12.12	6,675	580	20,128	30,949,958	30,977,341

The Company's property plant and equipment is not subject to any liens and the Company has full ownership to all of the assets. Except for the assets classified as either Investment Properties or Inventories, the rest of the assets include IT equipment, motor vehicles and other fixtures, all of which are utilised by the company for its day to day activities.

Please see Section 7.7.2 (Property portfolio) regarding the size, location and the uses of the Company's investment properties and inventories (i.e. Oasis plot). The Company rents out 1,210 sqm as main cash generating asset, 29,962 sqm are rented as seasonal rental and 100.5 hectares of agricultural land.

Part of the investment property and inventory, has been pledged to Alpha Bank, as part of the extension of the loan. The pledge assets include Oasis, Mamaia North, Morii Lake and Brasov plots.

RomReal is currently just a land bank holder and manager. If it decides to re-engage into development projects in the future, underground, air and noise pollution might affect the feasibility and attractiveness of a project. There are no current or known environmental issues that might, directly or indirectly, affect RomReal's Land Bank.

## 10.6 Investments

### 10.6.1 Historical investments 2010 – 2012

**TABLE 10.6: PROPERTY, PLANT AND EQUIPMENT**

<i>(in EUR)</i>	<b>IT equipment</b>	<b>Motor vehicles</b>	<b>Other fixtures and fittings</b>	<b>Total</b>
<b>Gross book value as at 31 December 2009</b>	<b>44,287</b>	<b>81,129</b>	<b>247,521</b>	<b>372,937</b>
Additions in period	-	-	-	-
Disposals in period	-	-	(619)	(619)
Translation difference	(585)	(1,072)	(3,220)	(4,877)
<b>Gross book value as at 31 December 2010</b>	<b>43,703</b>	<b>80,057</b>	<b>243,682</b>	<b>367,442</b>
<b>Accumulated depreciation as 31 December 2009</b>	<b>(33,912)</b>	<b>(33,345)</b>	<b>(108,520)</b>	<b>(175,777)</b>
Charge for the period	(5,721)	(20,367)	(68,906)	(94,994)
Disposals in the period	-	-	227	227
Translation difference	1,404	791	2,119	4,314

<b>Accumulated depreciation as 31 December 2010</b>	<b>(38,229)</b>	<b>(52,921)</b>	<b>(174,756)</b>	<b>(266,230)</b>
<b>Net book value as at 31 December 2009</b>	<b>10,375</b>	<b>47,784</b>	<b>139,001</b>	<b>197,160</b>
<b>Net book value as at 31 December 2010</b>	<b>5,474</b>	<b>27,136</b>	<b>68,602</b>	<b>101,212</b>
<b>Gross book value as at 31 December 2010</b>	<b>43,703</b>	<b>80,057</b>	<b>243,682</b>	<b>367,442</b>
Additions in period	2,720	-	-	2,720
Disposals in period	-	-	(1,712)	(1,712)
Translation difference	(405)	(723)	(1,912)	(3,040)
<b>Gross book value as at 31 December 2011</b>	<b>46,018</b>	<b>79,334</b>	<b>240,058</b>	<b>365,410</b>
<b>Accumulated depreciation as 31 December 2010</b>	<b>(38,229)</b>	<b>(52,921)</b>	<b>(174,756)</b>	<b>(266,230)</b>
Charge for the period	(4,460)	(16,586)	(38,553)	(59,599)
Disposals in the period	-	-	602	602
Translation difference	1,237	768	892	2,897
<b>Accumulated depreciation as 31 December 2011</b>	<b>(41,452)</b>	<b>(68,739)</b>	<b>(212,139)</b>	<b>(322,330)</b>
<b>Net book value as at 31 December 2010</b>	<b>5,474</b>	<b>27,136</b>	<b>68,602</b>	<b>101,212</b>
<b>Net book value as at 31 December 2011</b>	<b>4,566</b>	<b>10,595</b>	<b>27,919</b>	<b>43,080</b>
<b>Gross book value as at 31 December 2011</b>	<b>46,018</b>	<b>79,334</b>	<b>240,058</b>	<b>365,410</b>
Additions in period	5,397	-	-	5,397
Disposals in period	(1,025)	(13,781)	-	(14,806)
Translation difference	(1,104)	(2,273)	(5,835)	(9,212)
<b>Gross book value as at 31 December 2012</b>	<b>49,286</b>	<b>63,280</b>	<b>234,223</b>	<b>346,789</b>
<b>Accumulated depreciation as 31 December 2011</b>	<b>(41,452)</b>	<b>(68,739)</b>	<b>(212,139)</b>	<b>(322,330)</b>
Charge for the period	(3,010)	(8,876)	(8,378)	(20,264)
Disposals in the period	798	13,119	-	13,917
Translation difference	1,053	1,796	6,442	9,271
<b>Accumulated depreciation as 31 December 2012</b>	<b>(42,611)</b>	<b>(62,700)</b>	<b>(214,095)</b>	<b>(319,406)</b>
<b>Net book value as at 31 December 2011</b>	<b>4,566</b>	<b>10,595</b>	<b>27,919</b>	<b>43,080</b>

<b>Net book value as at 31 December 2012</b>	<b>6,675</b>	<b>580</b>	<b>20,128</b>	<b>27,383</b>
Depreciation method	Linear	Linear	Linear	
Depreciation period (years)	2-4	4	3-9	

There were no impairment charges between 2010 and 2012.

**TABLE 10.7: INVESTMENT PROPERTIES**

<i>(in EUR)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Opening balance as at 1 January	33,896,047	36,809,443	48,058,069
Additions in period	-	-	1,470
Disposals	-	-	(2,329,843)
Fair value adjustment during the period	(2,096,457)	(2,665,638)	(8,471,356)
Translation differences	(849,632)	(247,758)	(448,897)
<b>Carrying amount as at 31 December</b>	<b>30,949,958</b>	<b>33,896,047</b>	<b>36,809,443</b>

Investment properties consist of land and buildings at various locations in Romania. The fair value of investment property is based on a valuation by an independent valuator 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. Valuations were based on a market approach which provides for the best estimation of the open market value.

There were no significant additions to investment properties during 2010. During the period, the Company has disposed of one of its plot, the Bus Station, a plot located in Constanta, with a size of 5,437 sqm. The revenue in respect of the sale was EUR 2.30 million, while the related operating expenses were EUR 2.33 million. The proceeds were used to partially pay the loan to Alpha Bank, in amount of EUR 2.1 million, as part of the overall restructuring which also extends the maturity of the remaining outstanding balance for another 2 years.

There were neither additions nor disposals to investment properties during 2011 and 2012.

**TABLE 10.7: SOFTWARE**

<i>(in EUR)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Gross book value as at 1 January	39,289	38,356	38,634
Additions in period	-	1,008	-
Disposals in period	-	-	-
Translation differences	(726)	(75)	(278)
<b>Gross book value as at 31 December</b>	<b>38,563</b>	<b>39,289</b>	<b>38,356</b>
Accumulated amortisation as at 31 January	(38,280)	(37,784)	(33,418)
Charge for the period	(326)	(578)	(4,656)
Translation difference	702	82	291

<b>Accumulated amortisation as at 31 December</b>	<b>(37,904)</b>	<b>(38,280)</b>	<b>(37,784)</b>
<b>Net book value as at 1 January</b>	<b>1,009</b>	<b>572</b>	<b>5,217</b>
<b>Net book value as at 31 December</b>	<b>659</b>	<b>1,009</b>	<b>572</b>

The Company's intangible assets consist of purchased software, and are amortised over 3 years.

#### *10.6.2 Ongoing investments*

The Company does not currently have any ongoing investments.

#### *10.6.3 Planned investments*

RomReal has not made firm commitments regarding any principal future investments.

### **10.7 Significant changes in financial and trading position after**

After 31 December 2012, the following changes have occurred, which affect the Group's financial and trading position up to the date of the Prospectus:

- On 28 February 2013, the Group signed documentation for the extension of the Alpha Bank loan.

Except for the changes listed above, there has not been any significant change in the financial or trading position of the Group which has occurred from the end of 31 December 2012 and until the date of this Prospectus.

As the date of this Prospectus, the Group is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Group's operations. See also Section 2 (Risk factors) and Section 8 (Market overview).

### **10.8 Capital resources and indebtedness**

#### *10.8.1 Cash flow*

As a general overview, the Company has focused on maintaining a strict control of the cash balances, while continuing to search for opportunities to release some of the value in its Land Bank. However, all discussions to date are very early stage exploratory ones and there is no visibility at this stage on whether any of such divestments is likely to take place in the foreseeable future. The operating cash flow during Q1 2013 was EUR - 225 thousand, compared to EUR 86 thousand during Q1 2012. This negative cash flow mainly relates to the ongoing operating expenses of the Company. The operating cash flow was EUR 0.5 million in the financial year of 2012, compared to EUR 1 million in 2011. The difference in cash flows between the two periods is largely explained by the one-off VAT payment EUR 380,000 that the company had in the first quarter of 2011. The VAT due was related to a divestment done by the Company in the last quarter of 2010, the proceeds of which were used to reduce the Alpha Bank loan outstanding at the time (EUR 2.1 million) and prepay the interest for a period of two years.

As of the end of Q1 2013, none of the Company's cash balance is subject to any liens nor are there any restrictions in respect of cash transfers between the Parent company and its subsidiaries. However, the shareholder loans issued by the Parent company are subordinated to the external finance provided by Alpha Bank, in case the Company defaults in the latter.

As part of the extension of the Alpha Bank loan maturity, interest shall be rolled up and payable at maturity of the loan. Therefore, the Company does not have any debt service that it needs to meet for the duration of the loan.

### 10.8.2 Capitalisation and indebtedness

Table 10.8 gives an overview of the Company's capitalisation and indebtedness at 31 December 2013 and 31 March 2013. The Company does not have any indirect or material contingent indebtedness.

**TABLE 10.8: CAPITALISATION**

<i>(in EUR)</i>	31 December 2012	Change	Adjusted as 31 March 2013	Note
Share capital	4,925	-	4,925	
Legal reserve	85,741,568	-	85,741,568	
Other reserves	424,808	-	424,808	
<b>Shareholder equity (A)</b>	22,474,000	(227,000)	22,247,000	
<b>Current debt</b>	11,652,000	(11,652,000)	-	
Guaranteed	-	-	-	
Secured	11,652,000	-	-	1
Unguaranteed/unsecured	-	-	-	
<b>Total current debt</b>	11,652,000	(11,652,000)	-	2
<b>Non-current debt</b>	-	11,745,000	11,745,000	
Guaranteed	-	-	-	
Secured	-	11,745,000	11,745,000	1
Unguaranteed/unsecured	-	-	-	
<b>Total non-current debt</b>	-	-	11,745,000	2
<b>Total indebtedness</b>	11,652,000	93,000	11,745,000	
<b>Total capitalisation</b>	34,126,000	(134,000)	33,992,000	

Notes:

1 The loan is secured with the following land bank assets of the Company: Oasis, Mamaia North, Morii lake and Brasov plots. Additionally it benefits from a corporate guarantee issued by the parent of the Group and a pledge over the shares of Westhouse Group SRL.

2 The extension of the Alpha Bank loan was signed by the Company 28 February 2013. Therefore, in accordance with IFRS, the outstanding due at the end of 2012 was presented as a current liability. As of 31 March 2013, this was classified as long term debt, since its maturity is currently 2015. The loan does not pay any interest, but it is rolled-up and is payable at maturity.

There has been no material change in the capitalisation of the Company following 31 March 2013.

Table 10.9 gives an overview of the Company's net financial indebtedness at 31 December 2012 and 31 March 2013. The Company does not have any indirect or material contingent indebtedness.

**TABLE 10.9: INDEBTEDNESS**

<i>(in EUR)</i>	31 December 2012	Change	Adjusted as 31 March 2013	Note
A. Cash	702,000	(196,000)	506,000	
B. Cash equivalents	-	-	-	
C. Trading securities	-	-	-	



<b>D. Liquidity (A+B+C)</b>	702,000	(196,000)	506,000	
<b>E. Current financial receivables</b>				
F. Current bank debt	(11,652,000)	11,652,000	-	1
G. Current position of non-current debt	-	-	-	
H. Other current financial debt	-	-	-	
<b>I. Current financial debt (F+G+H)</b>	(11,652,000)	11,652,000	-	
<b>J. Net current financial indebtedness (I-E-D)</b>	(10,950,000)	11,456,000	506,000	
K. Non-current bank debt	-	(11,745,000)	(11,745,000)	1
L. Bonds issued	-	-	-	
M. Other non-current loans	-	-	-	
<b>N. Non-current financial debt (K+L+M)</b>	-	(11,745,000)	(11,745,000)	
<b>Net Financial indebtedness</b>	(10,950,000)	(289,000)	(11,239,000)	

*Notes:*

*1 The extension of the Alpha Bank loan was signed by the Company 28 February 2013. Therefore, in accordance with IFRS, the outstanding due at the end of 2012 was presented as a current liability. As of 31 March 2013, this was classified as long term debt, since its maturity is currently 2015. Interest is not paid on the loan, but is rolled-up and is payable at maturity.*

There has been no material change in the indebtedness of the Company following 31 March 2013.

#### *10.8.3 Sources of funding*

As of 31 December 2012, the Company had EUR 0.7 million in cash (31 March 2013: 0.5 million). The Company does not have any restrictions on the use of its cash balance.

The EUR 11.6 million loan with Alpha Bank was extended on 28 February 2013. The extension is of 3 years until 30 Nov 2015, with a possibility afterwards for an extra 2 years subject to certain conditions. The extension of the loan bears interest at a rate of EURIBOR+3%, payable bullet on maturity. The Group has the option of extending the loan for an additional two (2) years, in subsequent periods of one (1) year, if the interest is paid in advance for each year of extension. For further extension the applicable interest rate will be Fixed Base Rate (to be provided by the Bank at the moment, by reference to 1 year swap rate) + 3.0% per annum. Additional real estate mortgage was provided to Alpha Bank of EUR 6 million, including beyond the Mamaia North plot, the Lake Morii plot, the Brasov plot and the Oasis development. The corporate guarantee of RomReal was reissued for the new maturity of the loan. Further undertakings include:

- (a) The Company cannot take any other loans or enter into any other transactions that would result in the obligation to repay the current loan, without Alpha Bank's prior written consent.
- (b) The Company undertakes that all shareholder loans, third party loans and any other debt compensation are subordinated to the Alpha Bank credit facility.
- (c) The Company undertakes that all proceeds from potential future sale of mortgaged assets will be used to repay the loan's principal and accrued interest.
- (d) In case Alpha Bank decides to transfer its rights and obligations under the financing agreement to a third party outside the Alpha Bank group, the Company shall have the first right of refusal to acquire the rights and obligations of this financing agreement in the same terms as those offered to the third party.
- (e) Mortgage of 100% of the share capital in SC Westhouse Group SRL held by RomReal. Mortgage over all buildings to the mortgaged immovable assets. First rank movable mortgage over any receivables owing to the Westhouse Group Ltd resulting from rents and leases.

The documentation was finalised with Alpha Bank and signed on 28 February 2013.

The Company's interest coverage ratio was -2.79 as of 31 March 2013.

The Company does not have any other credit facilities apart from the above mentioned Alpha Bank loan.

#### *10.8.4 Liquidity*

The objective of the Group is to ensure that sufficient cash is maintained to cover the operating costs until the market recovers. At 31 March 2013, the Group had a cash position of EUR 0.5 million. Equally, the Group is actively looking to divest some of smaller plots in order to strengthen its cash position. However, some expenditure is likely to be needed to prepare some of the assets for divestment given the changed market environment. A tight liquidity control is performed in order to minimize cash outflows. This reviews expenditure against budgets and forecasts cash needs of the Company on a monthly basis for the nearest 12 months as well as an annual forecast for the next years.

#### *10.8.5 Working capital statement*

The Board of Directors is of the opinion that the working capital of the Company is sufficient for the Group's present requirements in a twelve months perspective as from the Prospectus date.

#### *10.8.6 Treasury and funding policy*

From a treasury perspective, the Company keeps most of its cash in EUR to hedge against EUR/RON rate fluctuations. 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 under normal circumstances not higher than 70%.

### **10.9 Auditor**

The Company's historical financial information has been audited since incorporation by Ernst & Young AS, registration number 976 389 387, with registered business address at Thormøhlens gate 53 D, NO-5008 Bergen, Norway. Ernst & Young AS is member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

Ernst & Young AS has audited the 2010, 2011 and 2012 financial statements of RomReal. The audits were conducted in accordance with laws, regulations and auditing standards and practices generally accepted in the EU, including International Standards on Auditing. The audited reports did not include any qualifications.

Ernst & Young has not audited, reviewed or produced any report on any other information provided in this Prospectus.

## 11 SHARES, SHAREHOLDERS AND OWNERSHIP STRUCTURE

### 11.1 General

The following is a summary of certain information relating to the Shares and certain shareholder matters, including summaries of certain provisions of the Company's Memorandum of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Memorandum of Association, Bye-Laws and Bermuda law.

### 11.2 Share capital

As the date of this Prospectus, the Company's authorised share capital is EUR 270,000 divided into 270,000,000 Shares, each with a nominal value of EUR 0.001. The Company currently has shares in issuance all of which are authorised and fully paid. The Shares are registered in VPS under ISIN BMG 763301022.

### 11.3 Share capital development

The Company was incorporated 3 October 2005 with a share capital of EUR EUR 20,050,000 divided into 20,050,000 Shares, each with a nominal value of EUR 1.00.

**TABLE 11.1: SHARE CAPITAL DEVELOPMENT**

Date	Description	Change in issued share capital (EUR)	Change in number of Shares	Issue price (EUR)	No of Shares following change	Nominal or par value per Share (EUR)	Share capital following increase
2005	Private Placement	20,050,000	20,050,000	1.00	20,050,000	1.00	20,050,000
2006	Private Placement	5,383,333	5,383,333	1.50	25,433,333	1.00	25,433,333
2006	Private Placement	3,407,620	3,407,620	2.20	28,840,953	1.00	28,840,953
2007	Private Placement	8,232,500	8,232,500	2.50	37,073,453	1.00	37,073,453
2007	Exchange offer	8,232,500	8,232,500	N/A	45,305,953	1.00	45,305,953
2007	Cancellation of shares	(8,232,500)	(8,232,500)	N/A	37,073,453	1.00	37,073,453
2007	IPO	12,173,913	12,173,913	3.14	49,247,366	1.00	49,247,366
2010	Reduction in par value of Shares	N/A	N/A	N/A	49,247,366	0.0001	4,925
2012	Reverse share split 10:1	N/A	(44,322,630)	N/A	4,924,736	0.001	4,925

In the private placement conducted by the Company in January 2007, the new investors in the Company invested and acquired shares in the Company through a Norwegian limited liability company, RomReal Estate AS ("RRE"). A total of 8,232,500 shares in the Company were issued to RRE at a subscription price of EUR 2.50. The purchase price for these shares was financed through the issuance of a corresponding number of shares in RRE to the investors at the same price. In February 2007, the Company offered the investors in the private placement to exchange the shares they held in RRE into shares in the Company on a one-to-one basis. All

shareholders in RRE accepted the offer, the shares in the Company held by RRE were transferred to the Company and cancelled on 19 April 2007. In consideration of the transfer of the share, the Company issues a promissory note to RRE in the amount of EUR 20,581,250, bearing an interest of 5.40%. As RRE had no other assets or operations, the Company resolved to liquidate RRE. The liquidation process was completed by in 2007.

In 2010, a reduction in the par value of RomReal's 90,000,000 shares from EUR 1.00 to EUR 0.0001 per share was approved by the shareholders. RomReal pays an annual fee to the Bermuda Government based on the assessable capital of the Company each year, which is the total of share capital plus the share premium. In order to reduce the annual fee, the Company decided during 2010 to transfer part of the authorised share capital and the share premium contributed surplus. This represented purely a legal reduction in the number of shares, which reduced by almost 90% the level of fees payable per annum.

To conform with the Oslo Axess regulation and following the approval from the 2012 AGM, the Company proceeded with a reverse share split with ex-date 18 June 2012, where 10 old shares gave 1 new share.

There were no share issues between 2008 and 2012.

#### **11.4 Authorisation to increase the share capital**

The Board of Directors has authorisation to increase the Company's share capital from EUR 9,000 to EUR 270,000. The authorisation was granted at the 2013 AGM, and is valid until the authorisation is fully utilised or changed by a new AGM. The authorisation was registered in June 2013.

#### **11.5 Authorisation to acquire treasury shares**

According to the Bye-Laws, the Company may in accordance with the provisions of the Bermuda Companies Act 1981 from time to time purchase Shares in such terms as the Board may think fits, at its discretion and without the sanction of a resolution from the General Meeting.

#### **11.6 Convertible securities, options and warrants**

##### *11.6.1 Convertible securities*

As the date of this Prospectus, the Company does not have any convertible securities, and the Board of Directors is not authorised to issue convertible securities.

##### *11.6.2 Warrants*

As the date of this Prospectus, the Company has no outstanding warrants.

##### *11.6.3 Option scheme*

The Company does not currently have any incentive schemes for employees, nor does it plan to introduce such a scheme.

#### **11.7 Share discount program**

The Company has no share discount program for its employees.

#### **11.8 Treasury shares**

As the date of this Prospectus, RomReal owns 80,195 Shares in the Company.

The Board decided to carry out a share buyback before the Rights Issue. All the shareholders in RomReal as per 15 May 2013 had the opportunity to sell up to 3,000 Shares each. The main objective behind the share buyback was primarily to provide the small shareholders in RomReal with the choice of selling their holdings.

**11.9 Shareholder structure**

As of 15 May 2013, the Company had 394 shareholders.

**TABLE 11.2: TOP 20 SHAREHOLDERS (15 MAY 2013)**

Shareholder	Number of shares	% ownership
MGL INVESTMENTS LTD	886,667	18.00%
GRØNSKAG KJETIL*	224,636	4.56%
ASEO AS	197,667	4.01%
CARNEGIE BANK A/S	177,630	3.61%
TONSENHAGEN FORRETNINGSSENTRUM AS*	173,700	3.53%
CITCO GLOBAL CUSTODY NV REF UBS AG	164,000	3.33%
BRANDEGGEN LARS TORE	131,142	2.66%
KARLSEN LARS ERIK	124,713	2.53%
KOVACI RAMADAN	102,535	2.08%
SAGA EIENDOM AS	92,805	1.88%
GREENWICH LAND SECURITIES AS	85,100	1.73%
CLEARSTREAM BANKING S.A.	75,886	1.54%
SPAR KAPITAL INVESTOR AS	73,540	1.49%
STATE STREET BANK & TRUST CO.	70,550	1.43%
HOEN ANDERS MYSSSEN	70,290	1.43%
PERSSON ARILD	70,000	1.42%
THORKILDSEN INVEST AS*	62,909	1.28%
HMB EIENDOM AS	59,584	1.21%
THORKILDSEN KAY TØNNES	56,927	1.16%
SKANDINAVISKA ENSKILDA BANK	55,760	1.13%
TOP 20 SHAREHOLDERS	2,956,041	60.02%
OTHER	1,968,695	39.98%
TOTAL	4,924,736	100.00%

\* Primary insiders

As the date of this Prospectus, the following shareholder own more than 5% of the issued share capital of the Company: MGL Investments Ltd (18.00%).

All Shares have equal voting rights. This, all major shareholders have the same voting rights relative to the number of Shares held.

The Company is not aware that the Company is controlled or owned, directly or indirectly, by any shareholder or related shareholders.

**11.10 Shareholder agreement**

To the Company's knowledge, there are no shareholder agreements regarding the Shares of the Company.

**11.11 Registrar**

The Company's registrar of shareholders in the VPS is: DNB Bank ASA, Registrars Dept., P.O. Box 1600, 0021 Oslo, Norway.

**11.12 Dividend policy**

It is expected that the main return to shareholders, if any, will come from capital appreciation in the asset base and therefore in the shares, rather than via dividend payments. The Company will strive to follow a dividend policy favourable to shareholders. The Company has not paid any dividends since its incorporation.

**11.13 Summary of the Company's Memorandum of Association**

The following is a summary of certain provisions of the Company's Memorandum of Association and Bye-Laws, some of which have not been addressed in the preceding Sections. The Company's Memorandum of Association is included in Appendix 1 and the Company's Bye-Laws are included in Appendix 2 to this Prospectus.

In accordance with common practice for Bermuda companies, the Company's objects as stated in its Memorandum of Association are wider and more extensive than recommended by the Code.

The Company's object and purpose are determined by section 6 of the Company's Memorandum of Association, and include the following:

- packaging of goods of all kinds;
- buying, selling and dealing in goods of all kinds;
- designing and manufacturing of goods of all kinds;
- mining and quarrying and exploration for metals, minerals, fossil fuels and precious stones of all kinds and their preparation for sale or use;
- exploring for, the drilling for, the moving, transporting and refining petroleum and hydro carbon products including oil and oil products;
- scientific research including the improvement, discovery and development of processes, inventions, patents and designs and the construction, maintenance and operation of laboratories and research centres;
- land, sea and air undertakings including the land, ship and air carriage of passengers, mails and goods of all kinds;
- ships and aircraft owners, managers, operators, agents, builders and repairers;
- acquiring, owning, selling, chartering, repairing or dealing in ships and aircraft;
- travel agents, freight contractors and forwarding agents;
- dock owners, wharfingers, warehousemen;
- ship chandlers and dealing in rope, canvas oil and ship stores of all kinds;
- all forms of engineering;
- developing, operating, advising or acting as technical consultants to any other enterprise or business;
- farmers, livestock breeders and keepers, graziers, butchers, tanners and processors of and dealers in all kinds of live and dead stock, wool, hides, tallow, grain, vegetables and other produce;
- acquiring by purchase or otherwise and holding as an investment inventions, patents, trade marks, trade
- buying, selling, hiring, letting and dealing in conveyance of any sort;
- names, trade secrets, designs and the like;
- buying, selling, hiring, letting and dealing in conveyances of any sort; and
- employing, providing, hiring out and acting as agent for artists, actors, entertainers of all sorts, authors, composers, producers, directors, engineers and experts or specialists of any kind;
- to acquire by purchase or otherwise and hold, sell, dispose of and deal in real property situated outside Bermuda and in personal property of all kinds wheresoever situated; and

- to enter into any guarantee, contract of indemnity or suretyship and to assure, support or secure with or without consideration or benefit the performance of any obligations of any person or persons and to guarantee the fidelity of individuals filling or about to fill situations of trust or confidence.

#### **11.14 Shareholder rights**

All Shares carry equal and full shareholder rights in all respects and no Shares have different rights. The Company has only one class of Shares.

The rights attached to the Shares might be altered or abrogated by the Company with the consent in priority of the holders of not less than seventy-five percent (75%) of the issued Shares of that class or with the sanction of a resolution at a separate General Meeting of such shares adjusted in accordance with the voting rights described in Section 11.18 (Voting rights).

#### **11.15 Limitation on the right to own and transfer Shares**

The Shares are freely transferable. The Company's Memorandum of Association and Buy-Laws do not contain any provisions imposing limitations on the ownership.

#### **11.16 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 General Meeting and supporting document 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 VPS in due 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 mail to all shareholders. The notifications and proxies clearly specify the deadline for returning the proxies which provide the shareholders between 2 and 3 weeks to return their vote depending on their accessibility, i.e. email or mail.

The meeting takes place in the Company's 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 (i) appointing a proxy, (ii) appointing a person who can act as proxy for the shareholder, or (iii) allowing separate voting instructions for each matter, but, in case of elections of the Board of Directors, not each one of the candidates nominated. The reason for not allowing separate voting for individual Board members is that the number of candidates equal the number of Board members required.

Representatives of the Board always attend the annual General Meeting, together with representatives of the Executive Management, and a representative from Ernst & Young auditors either in person or via conference call.

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 Memorandum of Association. As recommended by the Code, each General Meeting appoints a person to act as its independent chair.

#### **11.17 The Board**

The Directors shall be elected or appointed by a resolution the Company's shareholders' meeting and shall serve for such term as the resolution may determine, or in the absence of such determination, until the termination of

the next Annual General Meeting following their appointment. The Company's General Meeting appoints the chairman of the Board among the Directors.

Pursuant to the Bye-Laws, the powers and duties of the Board include, inter alia:

- Subject to the provisions of the Companies Acts, the Bye-Laws and to any directions given by the shareholders, the Board shall manage the business of the Company and may pay all expenses incurred in promoting and incorporating the Company and may exercise all the powers of the Company.
- The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company; and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.
- All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.
- The Board on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.
- The Board may from time to time appoint one or more of its body to be a Managing Director, joint Managing Director or an Assistant Managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

Subject to the provisions of the Companies Acts, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, anybody corporate promoted by the Company or in which the Company is interested.

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board may be given to a Director by word of mouth or in any manner permitted by the Bye-Laws. A Director may retrospectively waive the requirement for notice of any meeting by consenting in writing to the business conducted at the meeting.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two individuals. Any Director who ceases to be a Director at a meeting of the



Board may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board (or by an Alternate Director, as provided for in the Bye-Laws) shall be as valid and effectual as a resolution passed at a meeting of the Board.

#### **11.18 Voting rights**

At any General Meeting, every holder of Shares who is present in person or by proxy, shall have one vote on a show of hands. On a poll, every such holder of Shares present in person or by proxy shall have one vote for every Share held.

The beneficial owners of Shares registered in the VPS system must exercise any rights of ownership relating to the Shares, including all voting rights attached to the Shares, by instructing the registered holder, DNB Bank ASA, accordingly. Unless a different majority is required by law or by the Company's Bye-Laws, any question proposed for the consideration of the shareholders at a General Meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of the Bye-Laws of the Company and in case of an equality of votes the resolution shall fail. No Bye-Laws shall be rescinded, altered or amended unless the same shall have been proposed and approved by resolution of the directors and by a resolution of the shareholders.

Pursuant to the Company's Bye-Laws, the Board may make such calls as it thinks fit upon the shareholders in respect of any monies unpaid on the Shares allotted to or held by such shareholders (and not made payable at fixed times by the terms and conditions of issue). No shareholder shall be entitled to vote at any General Meeting unless such shareholder has paid all such calls on all the Shares held by such shareholder.

#### **11.19 Additional issuances and preferential rights**

Subject to the Bye-Laws and to any resolution of the shareholders to the contrary, the Board has the power to issue any unissued shares of the Company on such terms and conditions as it may determine. Any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the shareholders prescribe.

The Memorandum of Association and the Bye-Laws do not contain provisions regarding disclosure obligations. Reference is made to Section 12.7 (Disclosure obligations) for description of disclosure obligations under the Norwegian Security Trading Act.

#### **11.20 Dividends**

The Shares carry rights to such dividend as the Board from time to time may declare. The Board may fix any date as the record date for determining the shareholders entitled to receive any dividend.

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 realisable 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. Any dividend unclaimed for a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

### 11.21 Minority rights

An acquiring party is generally able to acquire compulsorily the common Shares of minority holders in the following ways:

- i. By a procedure under the Bermuda Companies Act 1981 known as a “scheme of arrangement”. A scheme of arrangement could be effected by obtaining the agreement of the Company and of holders of Shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders present and voting at a meeting ordered by the Bermuda Supreme Court to be held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court must then sanction, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of Shares could be compelled to sell their Shares under the terms of the scheme of arrangement.
- ii. If the acquiring party is a company, and is acquiring pursuant to a tender offer 90% of the Shares not already owned by, or by a nominee for, the acquiring party (the offeror), or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the Shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the Shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any nontendering shareholders to transfer its Shares on the same terms as the original offer. In those circumstances, nontendering shareholders will be compelled to sell their Shares unless the Bermuda Supreme Court (on application made within a one-month period from the date of the offeror’s notice of its intention to acquire such Shares) orders otherwise.
- iii. Where the acquiring party or parties hold not less than 95% of the Shares of the Company, by acquiring, pursuant to a notice given to the remaining Shareholders, the Shares of such remaining shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the Shares of the remaining shareholders on the terms set out in this notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their Shares. This provision only applies where the acquiring party offers the same terms to all holders of Shares whose Shares are being acquired.

### 11.22 Amalgamations

The amalgamation of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement to be approved by the company’s board of directors and by its shareholders. Unless the company’s Bye-Laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company.

### 11.23 Appraisal rights and shareholder suits

Under the Bermuda Companies Act 1981, in the event of an amalgamation of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who is not satisfied that fair value has been offered for such shareholder’s shares may, within one month of notice of the General Meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violations of the company’s memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged

to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

#### **11.24 Provisions preventing change of control**

There are no provisions that prevent a change of control in RomReal.

#### **11.25 Distribution of assets on liquidation**

In the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, the holder of the Shares have the right to receive a pro rata share of the surplus assets of the Company available for distribution to shareholders.

#### **11.26 Rights of redemption**

The Shares do not carry a right of redemption by shareholders.

## **12 SECURITIES TRADING IN NORWAY**

### **12.1 Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs has entered into a strategic cooperation with the London Stock Exchange Group with regards to, inter alia, trading systems for equities, fixed income and derivatives. Oslo Børs VPS Holding ASA owns and operates the two regulated markets for equities in Norway; Oslo Børs and Oslo Axess.

### **12.2 Trading of equities and settlement**

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:30 hours (CET) each trading day, with pre-trade session between 08:15 hours (CET) and 09:00 hours (CET), a closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET).

The settlement period for trading on Oslo Børs is three trading days (T+3).

Oslo Clearing ASA, a wholly owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has since 18 June 2010 Offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian brokerage houses holding a license under the Norwegian Securities Trading Act, branches of brokerage houses from an EEA member state or brokerage houses from outside the EEA that have been licensed to operate in Norway. Brokerage houses in an EEA member state may also provide cross-border investment services in Norway.

It is possible for brokerage houses to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of brokerage houses in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the NFSA or Oslo Børs except for the general obligation on brokerage houses that are members of Oslo Børs to report all trades in stock exchange listed securities.

### **12.3 Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company which is listed, or has applied for listing, on a Norwegian regulated market, must promptly release any inside information (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the

market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

#### **12.4 The VPS and transfer of Shares**

The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's shareholder register is operated through the VPS. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered in the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (i.e. Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Articles of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an on-going basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **12.5 Shareholder register**

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered in the VPS by a fund manager (bank or other nominee) approved by the Norwegian Ministry of Finance, as the nominee of foreign shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in General Meetings on behalf of the beneficial owners (see Section 11.17 (Voting rights) above).

#### **12.6 Foreign investment in Norwegian shares**

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

#### **12.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of shares and/or rights to shares in a company listed on a regulated market with Norway as its home state (e.g., the Company) reaches, exceeds or falls below the respective thresholds of 5, 10, 15, 20, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of the

company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

## **12.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

## **12.9 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group who becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in such company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares which together with the party's own shareholding represent more than 1/3 of the voting rights in the company and Oslo Børs decides that this must be regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation shall immediately notify Oslo Børs and the company accordingly. The notification shall state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a main rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and his/her/its pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duties to make a mandatory offer, Oslo Børs may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group who has passed the relevant threshold for a mandatory offer obligation without triggering such an obligation, and who consequently has not previously made an offer for the remaining

shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company (subsequent offer obligation).

A shareholder who represents more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) where the shareholder through acquisition becomes the owner of shares representing 40% or more of the votes in the company. The same applies correspondingly where the shareholder through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the shareholder sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Pursuant to the Norwegian Securities Trading Act and the Norwegian Securities Regulation of 29 June 2007 No. 876, the above mentioned rules also apply in part or in whole to acquisitions of shares in certain non-Norwegian companies whose shares are listed on a Norwegian regulated market.

#### **12.10 Compulsory acquisition**

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing more than 90% of the total number of issued shares in a Norwegian public limited company, as well as more than 90% of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing 90% or more of the total number of issued shares, as well as a corresponding amount of the voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired 90% or more of the shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to Section 4–25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiration of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiration of the specified deadline.

**12.11 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway, other than in certain extreme macroeconomic conditions, that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.



## 13 TAXATION IN NORWAY

*Set out below is a summary of certain Norwegian tax matters related to investments in the Company. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.*

*The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.*

*Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.*

### 13.1 Norwegian shareholders

#### 13.1.1 Taxation of dividends

##### **Norwegian Personal Shareholders**

Dividends received by shareholders who are individuals resident in Norway for tax purposes (“**Norwegian Personal Shareholders**”) are taxable as ordinary income for such shareholders at a flat rate of 28% to the extent the dividends exceed a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: “**statskasserveksler**”) with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share (“**excess allowance**”) may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

##### **Norwegian Corporate Shareholders**

Dividends received by shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes (“**Norwegian Corporate Shareholders**”) from companies resident in Bermuda for tax purposes are taxable as ordinary income in Norway for such shareholders at a flat rate of 28%.

#### 13.1.2 Taxation of capital on realisation of shares

##### **Norwegian Personal Shareholders**

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder’s ordinary income in the year of disposal. Ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder’s cost price of the share, including any costs incurred in relation to the

acquisition or realisation of the share. From a possible capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See Section 13.1.1 (Taxation of dividends) above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis.

### **Norwegian Corporate Shareholders**

A capital gain or loss derived by a Norwegian Corporate Shareholder from sale, redemption or other disposal of shares in a company resident in Bermuda for tax purposes is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

If the Norwegian Corporate Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis

#### *13.1.3 Norwegian Controlled Foreign Corporation (CFC) regulations ("NOKUS")*

Norwegian shareholders in the Company will be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations) if Norwegian shareholders directly or indirectly control the Company. In this context, Norwegian control means that Norwegian resident shareholders have direct or indirect ownership of shares totaling 50% or more, or otherwise are in a position where they have effective control of the Company's share capital (hereinafter referred to as "Control").

Norwegian shareholders will be considered to Control the Company if:

- Norwegian resident shareholders Control 50% or more of the Shares or capital of the Company at the beginning of and at the end of a tax year; or
- If Norwegian resident shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian shareholders in the following tax year unless Norwegian resident shareholders Control less than 50% of the Shares at both the beginning and the end of the following tax year; or
- Norwegian resident shareholders Control more than 60% of the Shares at the end of a tax year.

If less than 40% of the shares are controlled by Norwegian shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian shareholders for Norwegian tax purposes.

Under the Norwegian CFC-regulations, Norwegian shareholders are generally subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company, calculated according to Norwegian tax laws, regardless of any dividends distributed. The applicable tax rate is 28%.

If the Norwegian shareholders are subject to Norwegian CFC-taxation, the calculation of taxable dividend and capital gain/loss upon realisation of shares in the Company may differ from the regulations outlined in Sections 13.1.1 and 13.1.2 above.

#### *13.1.4 Net wealth tax*

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for shares listed on Oslo Børs is the listed value as of 1 January in the year of assessment.

Norwegian Corporate Shareholders are not subject to wealth tax.

### **13.2 Foreign shareholders**

#### *13.2.1 Taxation of dividends*

As a general rule, dividends received by Non-Norwegian Shareholders from shares in companies that are not resident in Norway for tax purposes are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

#### *13.2.2 Capital gains tax*

As a general rule, capital gains or losses received by Non-Norwegian Shareholders from shares in companies that are not resident in Norway for tax purposes are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

#### *13.2.3 Net wealth tax*

Non-Norwegian Shareholders are as a general rule not subject to Norwegian net wealth tax. Non-Norwegian personal shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or a business in Norway.

### **13.3 Duties on the transfer of shares**

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares, whether in Norwegian or Non-Norwegian companies.

### **13.4 Inheritance tax**

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence.

Inheritance tax may also apply to gifts, if the donor is a citizen of Norway at the time the gift was given and the recipient is an heir of the donor according to the law or the donor's will. However, a credit will generally be given for taxes paid in the donor's country of residence.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15%. For inheritance and gifts from parents to children, the maximum rate is 10%.

**14 TAXATION IN BERMUDA**

*The following comments are based on advice received by the Directors regarding current law and practice in Bermuda, and are subject to any changes in law occurring after the date of this Prospectus. Investors should appreciate that the taxation consequences for investors may be otherwise than as stated below. Investors should consult their professional advisors on the possible tax consequences of their subscribing for, purchasing, holding, selling and redeeming Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.*

As the date of this Prospectus, there is neither Bermuda income, corporation, or profit tax, withholding tax, capital gains tax, capital transfer tax, estate duty nor inheritance tax payable by the Company or its shareholders not ordinarily resident in Bermuda. The Company is not subject to Bermuda stamp duty on the issue, transfer or redemption of its Shares.

The Company has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company or any or its operations, or to the Shares, debentures or other obligations of the Company except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Company or any land leased or let to the Company.

As an exempted company, the Company is liable to pay to Bermuda a registration fee at a rate presently ranging from USD 1,870 to USD 29,200 per annum.

## **15 SELLING AND TRANSFER RESTRICTIONS**

### **15.1 General**

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares offered hereby.

The Company is not taking any action to register the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### **15.2 United States shareholders**

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States and are being offered and sold under an exemption from registration under the U.S. Securities Act. The Offer Shares cannot be subscribed by U.S. persons except, under certain circumstances, by U.S. persons that are QIBs as defined under Rule 144A under the U.S. Securities Act and major US institutional investors under SEC rule 15a-6 to the US Exchange Act. The Offer Shares are being offered to non U.S. persons under Regulation S under the U.S. Securities Act. The Offer Shares acquired by existing U.S. shareholders will be “restricted securities” within the meaning of Rule 144 (a) (3) under the U.S. Securities Act. Restricted securities may not be offered, sold, pledged or otherwise transferred, directly or indirectly, except as permitted below under “Investor representation and restriction on resale in the United States”.

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act that are applicable to the Offer Shares. All shareholders who receive such securities are urged to consult with counsel to ensure that the subscription of their Offer Shares complies with applicable United States securities laws.

The Company will provide the information required by Rule 144A (d) (4) under the U.S. Securities Act to holders and prospective purchasers, as applicable, for as long as the Offer Shares remain outstanding.

#### **Investor Representations and Restrictions on Resale in the U.S.:**

Each Subscriber, by subscribing for Offer Shares, will be deemed to have represented and agreed as follows:

1. it is acquiring the Offer Shares for its own account or for an account with respect to which it exercises sole investment discretion, and that it or such account, as the case may be, (a) is a QIB as defined under Rule 144A, and is aware that the sale to it is being made in reliance on an exemption from registration under the U.S. Securities Act, or (b) is a major US institutional investor under SEC rule 15a-6 to the US Exchange Act, or (c) is not a “U.S. Person” and is acquiring the Offer shares in an offshore transaction, pursuant to Regulation S under the U.S. Securities Act;
2. it acknowledges that the Offer Shares have not been registered under the U.S. Securities Act and may not be sold except as permitted below;
3. it understands and agrees that such Subscription Rights and Offer Shares are being offered only in a transaction not involving any public offering in the U.S. within the meaning of the U.S. Securities Act, and that

(a) if in the future it decides to resell, pledge or otherwise transfer the such Offer Shares on which the legend set forth below is deemed to appear, such Offer Shares issued pursuant to the Rights Issue may be resold, pledged or transferred only (i) to the Company, (ii) in a transaction entitled to an exemption from registration provided by Rule 144 under the U.S. Securities Act, (iii) so long as such security is eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (iv) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act, (v) in accordance with another applicable exemption from the registration requirements of the U.S. Securities Act (and based upon an opinion of counsel acceptable to us), or (vi) pursuant to an effective registration statement under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state of the United States. The purchaser of the restricted Offer Shares will, and each subsequent holder is required to, notify any purchaser of Offer Shares from it of the resale restrictions referred to in (a) above, if then applicable;

4. it understands that the Offer Shares issued to U.S. persons pursuant to an exemption from registration under the U.S. Securities Act shall be deemed to include the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY STATE SECURITIES LAW. NO TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF ITS COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY AND REASONABLY CONCURRED IN BY THE COMPANY’S COUNSEL, THAT SUCH PROPOSED TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

5. it has received a copy of this prospectus and:

(a) has been afforded an opportunity to ask questions of and to request information from the Company, and has received all additional information it considers necessary in connection with its decision to purchase any of the Offer Shares and to verify the accuracy and completeness of the information contained or incorporated by reference herein;

(b) is relying on the information contained or incorporated by reference in this prospectus or on display in making its investment decision with respect to the Offer Shares and has not relied on any other person in connection with investigating the accuracy of such information or its investment decision;

(c) the Company nor any person representing or affiliated with the Company has made any representation to you with respect to the Company or the Rights Issue, other than the representations of the Company contained in this prospectus; and

(d) has read and agreed to the matters set forth in this section of the prospectus;

6. it (i) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Offer Shares, (ii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment, and (iii) may be required to bear the financial risks of this investment for an indefinite period of time; and

7. it understands that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by it by its purchase of the Offer Shares are no longer

accurate, it shall promptly notify the Company in writing. If it is acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

### 15.3 United Kingdom

This Prospectus and any other material in relation to the securities described herein is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

### 15.4 European Economic Area

The Prospectus has been prepared on the basis that all offers of Shares (other than the offer contemplated in this Prospectus in Norway, once this Prospectus has been approved by the Financial Supervisory Authority of Norway and published in accordance with the Prospectus Directive as implemented in Norway) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (“**EEA**”), from the requirement to produce a prospectus for offer of Shares. Accordingly, any person making or intending to make any offer within the EEA of Shares which are the subject of the Rights Issue should only do so in circumstances in which no obligation arises for the Company or any of the Managers to produce a prospectus under the Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Shares contemplated in this Prospectus.

In relation to each member state of the EEA, which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Shares which are the subject of the Rights Issue may not be made in that Relevant Member State (other than the offers contemplated in the Prospectus in Norway once the Prospectus has been approved by the Financial Supervisory Authority of Norway and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public in that Relevant Member State of any of the Shares may be made at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;*
- b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;*
- c) by the Managers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Global Co-ordinators and Bookrunners for any such offer; or*
- d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,*

provided that no such offer of the Shares shall result in a requirement for the publication by the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any of the Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.



## 16 ADDITIONAL INFORMATION

### 16.1 Name, incorporation and registered office

RomReal Ltd is a public limited liability company incorporated on 3 October 2005 with registration number 37382 as a Bermuda exempted company limited by shares in accordance with Section 127 of the Bermuda Companies Act of 1981.

The Company's registered office is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda. The Company's telephone number is: +1 441 400 6000. The Company's web site is: [www.romreal.com](http://www.romreal.com).

### 16.2 Legal and arbitration proceedings

The Company, and its subsidiaries, have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the last twelve months, which may have, or have had in the recent past, significant effects on the Company's and the Group's financial position or profitability.

### 16.3 Auditors and advisors

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.

Swedbank First Securities, Filipstad Brygge 1, P.O. Box 1441 Vika, N-0115 Oslo, Norway is acting as Managers in the Rights Issue. Arntzen de Besche Advokatfirma Trondheim AS is acting as the Company's legal adviser in relation to the Rights Issue.

### 16.4 Documents on display

For the life of the Prospectus, the following documents (or copies thereof) will be available for inspection at the Company's offices at: Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda, telephone: +1 441 400 6000, or at [www.romreal.com](http://www.romreal.com):

- (a) the Companies Act 1981 (Bermuda);
- (b) the Memorandum of Incorporation and the Bye-Laws of the Company;
- (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- (d) the historical financial information of the Company or, in the case of a Group, the historical financial information for the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus.

### 16.5 Cross reference list

The Prospectus and the most recent annual and interim reports and press releases from RomReal can be downloaded from the Company's web site at the following address: [www.romreal.com](http://www.romreal.com).

Name of document	Available from:
Interim Report Jan-Mar 2013	<a href="http://www.romreal.com/assets/pdfs/RomReal_Q1_2013%20Report.pdf">http://www.romreal.com/assets/pdfs/RomReal_Q1_2013%20Report.pdf</a>
Interim Report Jan-Mar 2012	<a href="http://www.romreal.com/assets/pdfs/RomReal_Q1_2012_Report.pdf">http://www.romreal.com/assets/pdfs/RomReal_Q1_2012_Report.pdf</a>
Annual Report 2012	<a href="http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202012.pdf">http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202012.pdf</a>
Annual Report 2011	<a href="http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202011.pdf">http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202011.pdf</a>

---

Annual Report 2010	<a href="http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202010.pdf">http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202010.pdf</a>
--------------------	---

---

---

Summary of the Group's significant accounting and measurement policies	<a href="http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202012.pdf">http://www.romreal.com/assets/pdfs/RomReal%20Annual%20Report%202012.pdf</a> in the Annual Report 2012, page 30-36
--	--

---

## 17 DEFINITIONS AND GLOSSARY OF TERMS

In the Prospectus, the following defined terms have the following meanings:

AGM:	.....Annual General Meeting.
Anti-Money Laundering Legislation:	.....The Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009, collectively.
Board of Directors or Board:	.....The board of directors of the Company.
Bye-Laws:	..... RomReal's Bye-Laws as adopted at the special general meeting held on 10 May 2007.
CEO:	.....Chief Executive Officer.
CET:	.....Central European Time.
Company:	.....RomReal Ltd.
Companies Act:	..... The Bermuda Companies Act of 1981, with any subsequent amendments or additions.
EEA:	.....The European Economic Area.
EU:	.....The European Union.
EUR:	.....Euro, the lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
Executive Management:	..... The executive management of the Company as described in section 9.3.1 of this Prospectus.
Existing Shareholders:	.....Shareholders in RomReal on the close of trading on Oslo Axess on 10 July 2013 (appearing in VPS on 13 July 2013).
General Meeting:	..... The general meeting of the Company
Group:	.....The Company and its consolidated subsidiaries.
Hectare:	.....1 hectare = 10,000 square metres.
IAS:	.....International Accounting Standard.
IFRS:	.....International Financial Reporting Standards.
ISIN:	.....International Securities Identification Number.
Land Bank:	.....The Company's Investment Portfolio consists of 1,261,439 sqm.
Listing:	.....The listing of the Offer Shares on Oslo Axess.
Management:	..... The management of the Company as described in section 9.3.1 of this Prospectus.
Manager:	.....Swedbank First Securities (Swedbank Norge).
Member State:	..... Any member state of the European Union and the European Economic Area.
Memorandum of Association:	.....RomReal Memorandum of Association.
NFSA:	.....Financial Supervisory Authority of Norway.

NGAAP:	Norwegian Generally Accepted Accounting Principles.
NOK:	Norwegian kroner, the lawful currency of Norway.
Non-Norwegian Shareholders:	Shareholders who are not resident in Norway for tax purposes.
North Bridge Group:	A group of five Scandinavian and English partners who founded RomReal.
Norwegian Corporate Shareholders:	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian Personal Shareholders:	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Liability Companies Act:	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (Nw. <i>Allmenaksjeloven</i> ).
Norwegian Register of Business Enterprises:	The Norwegian Register of Business Enterprises (Nw. <i>Foretaksregisteret</i> ).
Norwegian Securities Trading Act:	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Norwegian: <i>Verdipapirhandelloven</i> ”).
Offer Shares:	Up to 98,494,720 ordinary shares issued by the Company in the Rights Issue.
Offering:	The offering of the Offer Shares according to this Prospectus.
Oslo Axess:	The Oslo Axess market place, which is one of several market places at Oslo Børs.
Oslo Børs:	Oslo Børs ASA.
Parent company:	RomReal Ltd
Payment Date:	The date on which payment for the Offer Shares falls due.
Prospectus:	This prospectus 12 June 2013.
Prospectus Directive:	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003.
QIBs:	Qualified institutional buyers, as defined in Rule 144A of the U.S. Securities Act.
Record Date:	10 June 2013 (at the close of trading on Oslo Axess)
Rights Issue:	The offering of up to 98,494,720 Offer Shares described in Section 6 (The Rights Issue).
RON:	Romanian leu, the lawful currency of Romania.
Rule 144A:	Rule 144A under the U.S. Securities Act.
Share(s):	The shares in the capital of RomReal, each having a nominal value of EUR 0.001, and a Share means any one of them.
Sqm	Square metre, m <sup>2</sup> .
Subscriber:	The Shareholders that subscribe for the Offer Shares in the Rights Issue.
Subscription Form:	The form attached to this Prospectus as Appendix 4. Subscription

for Offer Shares by using allocated Subscription Rights must be made by printing out the Subscription Form and returning it correctly completed to the Manager.

Subscription Period: .....The subscription period in which the investors must either submit the Subscription Form to the Manager or subscribe online in respect of the Rights Issue, being from and including 17 June 2013, to and including 16:30 CET on 28 June 2013.

Subscription Price: .....NOK 0.125 per Offer Share.

Subscription Rights: .....Subscription rights issued to the Existing Shareholders in connection with the Rights Issue. The Existing Shareholders will receive 20 Subscription Rights per Share owned in the Company as at the Record Date. One Subscription Right will grant the right to subscribe for one Share.

USD: .....United States Dollar, the lawful currency of the United States of America.

U.S. Securities Act: .....United States Securities Act of 1933, as amended.

VAT: .....Value added tax.

VPS: .....Norwegian Central Securities Depository.

VPS account: .....An account held with VPS to register ownership of securities.

Appendix 1: Memorandum of Association RomReal Ltd

Registration No. 37382



BERMUDA

**CERTIFICATE OF INCORPORATION  
ON CHANGE OF NAME**

I HEREBY CERTIFY that in accordance with section 10 of the Companies Act 1981 ROMREAL INVEST LTD., by resolution and with the approval of the Registrar of Companies has changed its name and was registered as **RomReal Ltd.**, on the **28th** day of **March, 2007**.

Given under my hand and the Seal of the REGISTRAR OF COMPANIES this **2nd** day of **April, 2007**



*[Signature]*  
for Registrar of Companies

Registration No. 37382



BERMUDA

**CERTIFICATE OF INCORPORATION**

I hereby in accordance with section 14 of the Companies Act 1981 issue this Certificate of Incorporation and do certify that on the **3rd** day of **October, 2005**

**ROMREAL INVEST LTD.**

was registered by me in the Register maintained by me under the provisions of the said section and that the status of the said company is that of an **exempted** company.

Given under my hand and the Seal of the REGISTRAR OF COMPANIES this **5th** day of **October, 2005**



*[Signature]*  
for Registrar of Companies



FORM No. 2



BERMUDA

## THE COMPANIES ACT 1981

ALTERED MEMORANDUM OF ASSOCIATION OF COMPANY LIMITED BY SHARES  
Section 7(1) and (2)

ALTERED MEMORANDUM OF ASSOCIATION

OF

**ROMREAL INVEST LTD.**  
(hereinafter referred to as "the Company")

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.

2. We, the undersigned, namely,

Name and Address	Bermudian Status (Yes or No)	Nationality	Number of Shares Subscribed
James Bodi Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	No	Canadian	1
Ruby L. Rawlins Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	Yes	British	1
Donna S. Outerbridge Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	Yes	British	1
Robert Dummett Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda	Yes	British	1

do hereby respectively agree to take such number of shares of the Company as may be allotted to us respectively by the provisional directors of the Company, not exceeding the number of shares for which we have respectively subscribed, and to satisfy such calls as may be made by the directors, provisional directors or promoters of the Company in respect of the shares allotted to us respectively.

3. The Company is to be an Exempted Company as defined by the Companies Act 1981.

4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding \_\_\_\_ in all, including the following parcels:-

Not Applicable.

5. The authorised share capital of the Company is Euro 12,000.00 divided into 12,000 shares of par value Euro 1.00 each. The minimum subscribed share capital of the Company is \$12,000.00 in Euro currency. The authorised share capital of the Company is EUR 1,000 divided into 90,000 shares of par value EUR 0.0001 each.

6. The objects for which the Company is formed and incorporated are:-

As set forth in paragraphs (b) to (u) inclusive of the Second Schedule to the Companies Act 1981.

7. The Company has the powers set out in The Schedule annexed hereto.

**THE COMPANIES ACT 1981**

**SECOND SCHEDULE (section 11(2))**

Subject to Section 4A, a company may by reference include in its memorandum any of the following objects, that is to say the business of -








- (a) insurance and re-insurance of all kinds;
- (b) packaging of goods of all kinds;
- (c) buying, selling and dealing in goods of all kinds;
- (d) designing and manufacturing of goods of all kinds;
- (e) mining and quarrying and exploration for metals, minerals, fossil fuels and precious stones of all kinds and their preparation for sale or use;
- (f) exploring for, the drilling for, the moving, transporting and refining petroleum and hydro carbon products including oil and oil products;
- (g) scientific research including the improvement, discovery and development of processes, inventions, patents and designs and the construction, maintenance and operation of laboratories and research centres;
- (h) land, sea and air undertakings including the land, ship and air carriage of passengers, mails and goods of all kinds;
- (i) ships and aircraft owners, managers, operators, agents, builders and repairers;
- (j) acquiring, owning, selling, chartering, repairing or dealing in ships and aircraft;
- (k) travel agents, freight contractors and forwarding agents;
- (l) dock owners, wharfingers, warehousemen;
- (m) ship chandlers and dealing in rope, canvas oil and ship stores of all kinds;
- (n) all forms of engineering;
- (o) developing, operating, advising or acting as technical consultants to any other enterprise or business;
- (p) farmers, livestock breeders and keepers, graziers, butchers, tanners and processors of and dealers in all kinds of live and dead stock, wool, hides, tallow, grain, vegetables and other produce;

- (q) acquiring by purchase or otherwise and holding as an investment inventions, patents, trade marks, trade names, trade secrets, designs and the like;
- (r) buying, selling, hiring, letting and dealing in conveyances of any sort; and
- (s) employing, providing, hiring out and acting as agent for artists, actors, entertainers of all sorts, authors, composers, producers, directors, engineers and experts or specialists of any kind;
- (t) to acquire by purchase or otherwise and hold, sell, dispose of and deal in real property situated outside Bermuda and in personal property of all kinds wheresoever situated;
- (u) to enter into any guarantee, contract of indemnity or suretyship and to assure, support or secure with or without consideration or benefit the performance of any obligations of any person or persons and to guarantee the fidelity of individuals filling or about to fill situations of trust or confidence;
- (v) to be and carry on business of a mutual fund within the meaning of section 156A.



STAMP DUTY (To be affixed)

Signed by each subscriber in the presence of at least one witness attesting the signature thereof:-

(Subscribers) (Witnesses)

Subscribed this 29th day of September 2005

### The Schedule

(referred to in Clause 7 of the Memorandum of Association)

- (a) to borrow and raise money in any currency or currencies and to secure or discharge any debt or obligation in any manner and in particular (without prejudice to the generality of the foregoing) by mortgages of or charges upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by the creation and issue of securities;
- (b) to enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by both such methods or in any other manner, the performance of any obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary or a holding company of the company or another subsidiary of a holding company of the company or otherwise associated with the company;
- (c) to accept, draw, make, create, issue, execute, discount, endorse, negotiate and deal in bills of exchange, promissory notes, and other instruments and securities, whether negotiable or otherwise;
- (d) to sell, exchange, mortgage, charge, let on rent, share of profit, royalty or otherwise, grant licences, easements, options, servitudes and other rights over, and in any other manner deal with or dispose of, all or any part of the undertaking, property and assets (present and future) of the company for any consideration and in particular (without prejudice to the generality of the foregoing) for any securities;
- (e) to issue and allot securities of the company for cash or in payment or part payment for any real or personal property purchased or otherwise acquired by the company or any services rendered to the company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose;
- (f) to grant pensions, annuities, or other allowances, including allowances on death, to any directors, officers or employees or former directors, officers or employees of the company or any company which at any time is or was a subsidiary or a holding company or another subsidiary of a holding company of the company or otherwise associated with the company or of any predecessor in business of any of them, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of

benefit to the company or whom the company considers have any moral claim on the company or to their relations connections or dependants, and to establish or support any associations, institutions, clubs, schools, building and housing schemes, funds and trusts, and to make payment towards insurance or other arrangements likely to benefit any such persons or otherwise advance the interests of the company or of its members or for any national, charitable, benevolent, educational, social, public, general or useful object;

- (g) subject to the provisions of Section 42 of the Companies Act 1981, to issue preference shares which at the option of the holders thereof are to be liable to be redeemed;
- (h) to purchase its own shares in accordance with the provisions of Section 42A of the Companies Act 1981.

THE COMPANIES ACT 1981

FIRST SCHEDULE (section 11(1))

A company limited by shares, or other company having a share capital, may exercise all or any of the following powers subject to any provision of law or its memorandum -

- (1) [repealed by 1992:51]
- (2) to acquire or undertake the whole or any part of the business, property and liabilities of any person carrying on any business that the company is authorised to carry on;
- (3) to apply for, register, purchase, lease, acquire, hold, use, control, licence, sell, assign or dispose of patents, patent rights, copyrights, trade marks, formulae, licences, inventions, processes, distinctive marks and similar rights;
- (4) to enter into partnership or into any arrangement for sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person carrying on or engaged in or about to carry on or engage in any business or transaction that the company is authorised to carry on or engage in or any business or transaction capable of being conducted so as to benefit the company;
- (5) to take or otherwise acquire and hold securities in any other body corporate having objects altogether or in part similar to those of the company or carrying on any business capable of being conducted so as to benefit the company;
- (6) subject to section 96 to lend money to any employee or to any person having dealings with the company or with whom the company proposes to have dealings or to any other body corporate any of whose shares are held by the company;
- (7) to apply for, secure or acquire by grant, legislative enactment, assignment, transfer, purchase or otherwise and to exercise, carry out and enjoy any charter, licence, power, authority, franchise, concession, right or privilege, that any government or authority or any body corporate or other public body may be empowered to grant, and to pay for, aid in and contribute toward carrying it into effect and to assume any liabilities or obligations incidental thereto;
- (8) to establish and support or aid in the establishment and support of associations, institutions, funds or trusts for the benefit of employees or former employees of the company or its predecessors, or the dependants or

connections of such employees or former employees, and grant pensions and allowances, and make payments towards insurance or for any object similar to those set forth in this paragraph, and to subscribe or guarantee money for charitable, benevolent, educational or religious objects or for any exhibition or for any public, general or useful objects;

- (9) to promote any company for the purpose of acquiring or taking over any of the property and liabilities of the company or for any other purpose that may benefit the company;
- (10) to purchase, lease, take in exchange, hire or otherwise acquire any personal property and any rights or privileges that the company considers necessary or convenient for the purposes of its business;
- (11) to construct, maintain, alter, renovate and demolish any buildings or works necessary or convenient for its objects;
- (12) to take land in Bermuda by way of lease or letting agreement for a term not exceeding fifty years, being land *bona fide* required for the purposes of the business of the company and with the consent of the Minister granted in his discretion to take land in Bermuda by way of lease or letting agreement for a term not exceeding twenty-one years in order to provide accommodation or recreational facilities for its officers and employees and when no longer necessary for any of the above purposes to terminate or transfer the lease or letting agreement;
- (13) except to the extent, if any, as may be otherwise expressly provided in its incorporating Act or memorandum and subject to this Act every company shall have power to invest the moneys of the Company by way of mortgage of real or personal property of every description in Bermuda or elsewhere and to sell, exchange, vary, or dispose of such mortgage as the company shall from time to time determine;
- (14) to construct, improve, maintain, work, manage, carry out or control any roads, ways, tramways, branches or sidings, bridges, reservoirs, watercourses, wharves, factories, warehouses, electric works, shops, stores and other works and conveniences that may advance the interests of the company and contribute to, subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof;
- (15) to raise and assist in raising money for, and aid by way of bonus, loan, promise, endorsement, guarantee or otherwise, any person and guarantee the performance or fulfilment of any contracts or obligations of any person, and in particular guarantee the payment of the principal of and interest on the debt obligations of any such person;

- organization of the company;
- (27) to invest and deal with the moneys of the company not immediately required for the objects of the company in such manner as may be determined;
- (28) to do any of the things authorised by this Schedule and all things authorised by its memorandum as principals, agents, contractors, trustees or otherwise, and either alone or in conjunction with others;
- (29) to do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the company.
- Every company may exercise its powers beyond the boundaries of Bermuda to the extent to which the laws in force where the powers are sought to be exercised permit.

- (16) to borrow or raise or secure the payment of money in such manner as the company may think fit;
- (17) to draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants and other negotiable or transferable instruments;
- (18) when properly authorised to do so, to sell, lease, exchange or otherwise dispose of the undertaking of the company or any part thereof as an entirety or substantially as an entirety for such consideration as the company thinks fit;
- (19) to sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with the property of the company in the ordinary course of its business;
- (20) to adopt such means of making known the products of the company as may seem expedient, and in particular by advertising, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes and rewards and making donations;
- (21) to cause the company to be registered and recognised in any foreign jurisdiction, and designate persons therein according to the laws of that foreign jurisdiction or to represent the company and to accept service for and on behalf of the company of any process or suit;
- (22) to allot and issue fully-paid shares of the company in payment or part payment of any property purchased or otherwise acquired by the company or for any past services performed for the company;
- (23) to distribute among the members of the company in cash, kind, specie or otherwise as may be resolved, by way of dividend, bonus or in any other manner considered advisable, any property of the company, but not so as to decrease the capital of the company unless the distribution is made for the purpose of enabling the company to be dissolved or the distribution, apart from this paragraph, would be otherwise lawful;
- (24) to establish agencies and branches;
- (25) to take or hold mortgages, hypothecs, liens and charges to secure payment of the purchase price, or of any unpaid balance of the purchase price, of any part of the property of the company of whatsoever kind sold by the company, or for any money due to the company from purchasers and others and to sell or otherwise dispose of any such mortgage, hypothec, lien or charge;
- (26) to pay all costs and expenses of or incidental to the incorporation and

## Appendix 2: Bye-Laws RomReal Ltd

## I N D E X


BYE-LAW	SUBJECT	PAGE
1	Interpretation.....	1
2	Registered Office.....	2
3	Share Rights.....	2
4	Modification of Rights.....	3
5	Shares.....	4
6	Certificates.....	4
7	Lien.....	5
8	Calls on Shares.....	6
9	Forfeiture of Shares.....	6
10	Register of Shareholders.....	8
11	Register of Directors and Officers.....	8
12	Transfer of Shares.....	8
13	Transmission of Shares.....	9
14	Increase of Capital.....	10
15	Alteration of Capital.....	10
16	Reduction of Capital.....	11
17	General Meetings and Written Resolutions.....	11
18	Notice of General Meetings.....	12
19	Proceedings at General Meetings.....	13
20	Voting.....	14
21	Proxies and Corporate Representatives.....	16
22	Appointment and Removal of Directors.....	18
23	Resignation and Disqualification of Directors.....	18
24	Alternate Directors.....	19
25	Directors' Fees and Additional Remuneration and Expenses.....	20
26	Directors' Interests.....	20
27	Powers and Duties of the Board.....	21
28	Delegation of the Board's Powers.....	22
29	Proceedings of the Board.....	23
30	Officers.....	24
31	Minutes.....	25
32	Secretary and Resident Representative.....	25
33	The Seal.....	26
34	Dividends and Other Payments.....	26
35	Reserves.....	28
36	Capitalisation of Profits.....	28
37	Record Dates.....	29
38	Accounting Records.....	29
39	Audit.....	29
40	Service of Notices and Other Documents.....	30
41	Winding Up.....	31
42	Indemnity.....	31
43	Amalgamation.....	32

## B Y E - L A W S

of

RomReal Ltd.

I HEREBY CERTIFY that the within written Bye-Laws are a true copy of the Bye-Laws of  
**RomReal Ltd.** (the "Company") adopted at the Special General Meeting held on 10 May  
 2007 in place of those adopted on 26 March 2007 in place of those originally adopted on 7  
 October 2005.

  
 Secretary



44	Continuation .....	32
45	Alteration of Bye-Laws .....	32

## BYE – LAWS

of

## ROMREAL LTD.

### INTERPRETATION

#### 1 Interpretation

##### 1.1 In these Bye-Laws, unless the context otherwise requires:

- “**Bermuda**” means the Islands of Bermuda;
- “**Board**” means the Board of Directors of the Company or the Directors present at a meeting of Directors at which there is a quorum;
- “**the Companies Acts**” means every Bermuda statute from time to time in force concerning companies insofar as the same applies to the Company;
- “**Company**” means **ROMREAL LTD.**, the company incorporated in Bermuda under the name of **ROMREAL INVEST LTD.** on 3 October 2005;
- “**Director**” means such person or persons as shall be appointed to the Board from time to time pursuant to these Bye-Laws;
- “**Indemnified Person**” means any Director, Officer, Resident Representative, member of a committee duly constituted under these Bye-Laws and any liquidator, manager or trustee for the time being acting in relation to the affairs of the Company, and his heirs, executors and administrators;
- “**Officer**” means a person appointed by the Board pursuant to these Bye-Laws and shall not include an auditor of the Company;
- “**paid up**” means paid up or credited as paid up;
- “**Register**” means the Register of Shareholders of the Company;
- “**Registered Office**” means the registered office for the time being of the Company;
- “**Resident Representative**” means (if any) the individual (or, if permitted in accordance with the Companies Acts, the company) appointed to perform the duties of resident representative set out in the Companies Acts and includes any assistant or deputy Resident Representative appointed by the Board to perform any of the duties of the Resident Representative;
- “**Resolution**” means a resolution of the Shareholders or, where required, of a separate class or separate classes of Shareholders, adopted either in general meeting or by written resolution, in accordance with the provisions of these Bye-Laws;



- “**Seal**” means the common seal of the Company and includes any authorised duplicate thereof;
- “**Secretary**” includes a temporary or assistant or deputy Secretary and any person appointed by the Board to perform any of the duties of the Secretary;
- “**share**” means share in the capital of the Company and includes a fraction of a share;
- “**Shareholder**” means a shareholder or member of the Company provided that for the purposes of Bye-Law 42 it shall also include any holder of notes, debentures or bonds issued by the Company;
- “**these Bye-Laws**” means these Bye-Laws in their present form or as from time to time amended;
- 1.2 For the purposes of these Bye-Laws, a corporation shall be deemed to be present in person if its representative duly authorised pursuant to the Companies Acts is present.
- 1.3 Words importing only the singular number include the plural number and vice versa.
- 1.4 Words importing only the masculine gender include the feminine and neuter genders respectively;
- 1.5 Words importing persons include companies or associations or bodies of persons, whether corporate or un-incorporate.
- 1.6 A reference to writing shall include typewriting, printing, lithography, photography and other modes of representing or reproducing words in a legible and non-transitory form.
- 1.7 Any words or expressions defined in the Companies Acts in force at the date when these Bye-Laws or any part thereof are adopted shall bear the same meaning in these Bye-Laws or such part (as the case may be).

#### REGISTERED OFFICE

- 2 Registered Office

The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.

#### SHARES AND SHARE RIGHTS

- 3 Share Rights

- 3.1 Subject to any special rights conferred on the holders of any share or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions,

2

whether in regard to dividend, voting, return of capital or otherwise, as the Company may by Resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

- 3.2 Subject to the Companies Acts, any preference shares may, with the sanction of a resolution of the Board, be issued on terms:

3.2.1 that they are to be redeemed on the happening of a specified event or on a given date; and/or,

3.2.2 that they are liable to be redeemed at the option of the Company; and/or,

3.2.3 if authorised by the memorandum of association of the Company, that they are liable to be redeemed at the option of the holder.

The terms and manner of redemption shall be provided for in such resolution of the Board and shall be attached to but shall not form part of these Bye-Laws.

- 3.3 The Board may, at its discretion and without the sanction of a Resolution, authorise the purchase by the Company of its own shares upon such terms as the Board may in its discretion determine, provided always that such purchase is effected in accordance with the provisions of the Companies Acts.

- 3.4 The Board may, at its discretion and without the sanction of a Resolution, authorise the acquisition by the Company of its own shares, to be held as treasury shares, upon such terms as the Board may in its discretion determine, provided always that such acquisition is effected in accordance with the provisions of the Companies Acts. The Company shall be entered in the Register as a Shareholder in respect of the shares held by the Company as treasury shares and shall be a Shareholder of the Company but subject always to the provisions of the Companies Acts and for the avoidance of doubt the Company shall not exercise any rights and shall not enjoy or participate in any of the rights attaching to those shares save as expressly provided for in the Companies Act.

- 4 Modification of Rights

- 4.1 Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than seventy five percent (75%) of the issued shares of that class or with the sanction of a Resolution passed at a separate general meeting of the holders of such shares voting in person or by proxy. To any such separate general meeting, all the provisions of these Bye-Laws as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one or more persons holding or representing by proxy any of the shares of the relevant class,

3

that every holder of shares of the relevant class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the relevant class present in person or by proxy may demand a poll.

4.2 The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

## 5 Shares

5.1 Subject to the provisions of these Bye-Laws, the unissued shares of the Company (whether forming part of the original capital or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.

5.2 Subject to the provisions of these Bye-Laws, any shares of the Company held by the Company as treasury shares shall be at the disposal of the Board, which may hold all or any of the shares, dispose of or transfer all or any of the shares for cash or other consideration, or cancel all or any of the shares.

5.3 The Board may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by law.

5.4 Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or in any fractional part of a share or (except only as otherwise provided in these Bye-Laws or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

## 6 Certificates

6.1 The preparation, issue and delivery of certificates shall be governed by the Companies Acts. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.

6.2 If a share certificate is defaced, lost or destroyed, it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out of pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.

6.3 All certificates for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any persons.

## 7 Lien

7.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies, whether presently payable or not, called or payable, at a date fixed by or in accordance with the terms of issue of such share in respect of such share, and the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Shareholder, whether singly or jointly with any other person, for all the debts and liabilities of such Shareholder or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Shareholder, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Shareholder or his estate and any other person, whether a Shareholder or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Bye-Law.

7.2 The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share.

7.3 The net proceeds of sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person who was the holder of the share immediately before such sale. For giving effect to any such sale, the Board may authorise some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.



## Calls on Shares

8.1 The Board may from time to time make calls upon the Shareholders (for the avoidance of doubt excluding the Company in respect of any nil or partly paid shares held by the Company as treasury shares) in respect of any monies unpaid on their shares (whether on account of the par value of the shares or by way of premium) and not by the terms of issue thereof made payable at a date fixed by or in accordance with such terms of issue, and each Shareholder shall (subject to the Company serving upon him at least fourteen (14) days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.

8.2 A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

8.3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

8.4 If a sum called in respect of the share shall not be paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of actual payment at such rate as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

8.5 Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Bye-Laws be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Bye-Laws as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

8.6 The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

## Forfeiture of Shares

9.1 If a Shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

9.2 The notice shall name a further day (not being less than fourteen (14) days from the date of the notice) on or before which, and the place where, the

payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call is made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-Laws to forfeiture shall include surrender.

9.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

9.4 When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

9.5 A forfeited share shall be deemed to be the property of the Company and may be sold, re-offered or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Board may think fit.

9.6 A person whose shares have been forfeited shall thereupon cease to be a Shareholder in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.

9.7 An affidavit in writing that the deponent is a Director of the Company or the Secretary and that a share has been duly forfeited on the date stated in the affidavit shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or disposition thereof and the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

- 12.2.2 the instrument of transfer is in respect of only one class of share, and
- 12.2.3 where applicable, the permission of the Bermuda Monetary Authority with respect thereto has been obtained.
- 12.3 Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under this Bye-Law.
- 12.4 If the Board declines to register a transfer it shall, within three (3) months after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.
- 12.5 No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register relating to any share.

#### TRANSMISSION OF SHARES

- 13 Transmission of Shares
- 13.1 In the case of the death of a Shareholder, the survivor or survivors, where the deceased was a joint holder, and the estate representative, where he was sole holder, shall be the only person recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether the sole or joint) from any liability in respect of any share held by him solely or jointly with other persons. For the purpose of this Bye-Law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, failing any such person, such other person as the Board may in its absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-Law.
- 13.2 Any person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law may, subject as hereafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Bye-Laws relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Shareholder or other event giving rise to the transmission had not occurred and the notice or

9

#### REGISTER OF SHAREHOLDERS

- 10 Register of Shareholders
- The Secretary shall establish and maintain the Register at the Registered Office in the manner prescribed by the Companies Acts. Unless the Board otherwise determines, the Register shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon on every working day. Unless the Board so determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register any indication of any trust or any equitable, contingent, future or partial interest in any share or any fractional part of a share and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any of the provisions of Bye-Law 5.3.

#### REGISTER OF DIRECTORS AND OFFICERS

- 11 Register of Directors and Officers
- The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Acts. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon on every working day.

#### TRANSFER OF SHARES

- 12 Transfer of Shares
- 12.1 Subject to the Companies Acts and to such of the restrictions contained in these Bye-Laws as may be applicable, any Shareholder may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board may approve. No such instrument shall be required on the redemption of a share or on the purchase by the Company of a share.
- 12.2 The instrument of transfer of a share shall be signed by or on behalf of the transferor and where any share is not fully-paid, the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer when registered may be retained by the Company. The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which is not a fully-paid share. The Board may also decline to register any transfer unless:
- 12.2.1 the instrument of transfer is duly stamped (if required by law) and lodged with the Company, accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,

8

instrument of transfer was an instrument of transfer signed by such Shareholder.

13.3 A person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other monies payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Shareholder until he shall have become registered as the holder thereof. The Board may at any time give notice requiring such person to elect either to be registered himself or to transfer the share and, if the notice is not complied with within sixty (60) days, the Board may thereafter withhold payment of all dividends and other monies payable in respect of the shares until the requirements of the notice have been complied with.

13.4 Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under this Bye-Law.

#### SHARE CAPITAL

14 Increase of Capital

14.1 The Company may from time to time increase its capital by such sum to be divided into shares of such par value as the Company by Resolution shall prescribe.

14.2 The Company may, by the Resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or make any other provision as to the issue of the new shares.

14.3 The new shares shall be subject to all the provisions of these Bye-Laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

15 Alteration of Capital

15.1 The Company may from time to time by Resolution:

15.1.1 divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

15.1.2 consolidate and divide all or any of its share capital into shares of larger par value than its existing shares;

15.1.3 sub-divide its shares or any of them into shares of smaller par value than is fixed by its memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

15.1.4 make provision for the issue and allotment of shares which do not carry any voting rights;

15.1.5 cancel shares which, at the date of the passing of the Resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and

15.1.6 change the currency denomination of its share capital.

15.2 Where any difficulty arises in regard to any division, consolidation, or sub-division under this Bye-Law, the Board may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Shareholders who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

15.3 Subject to the Companies Acts and to any confirmation or consent required by law or these Bye-Laws, the Company may by Resolution from time to time convert any preference shares into redeemable preference shares.

16 Reduction of Capital

16.1 Subject to the Companies Acts, its memorandum and any confirmation or consent required by law or these Bye-Laws, the Company may from time to time by Resolution authorise the reduction of its issued share capital or any share premium account in any manner.

16.2 In relation to any such reduction, the Company may by Resolution determine the terms upon which such reduction is to be effected including, in the case of a reduction of part only of a class of shares, those shares to be affected.

#### GENERAL MEETINGS AND WRITTEN RESOLUTIONS

17 General Meetings and Written Resolutions

17.1 The Board shall convene and the Company shall hold general meetings as Annual General Meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. The Board may, whenever it thinks fit, and shall, when required by the Companies Acts, convene general meetings other than Annual General Meetings which shall be called Special General Meetings.

17.2 Except in the case of the removal of auditors or Directors, anything which may be done by Resolution in general meeting may, without a meeting and without any previous notice being required, be done by Resolution in writing, signed by all of the Shareholders or any class thereof or their proxies, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts) by its representative on behalf of such Shareholder, being all of the Shareholders of the Company or any class thereof who at the date of the Resolution in writing would be entitled to attend a meeting and vote on the Resolution. Such Resolution in writing may be signed in as many counterparts as may be necessary.

17.3 For the purposes of this Bye-Law, the date of the Resolution in writing is the date when the Resolution is signed by, or on behalf of, the last Shareholder to sign and any reference in any enactment to the date of passing of a Resolution is, in relation to a Resolution in writing made in accordance with this Bye-Law, a reference to such date.

17.4 A Resolution in writing made in accordance with this Bye-Law is as valid as if it had been passed by the Company in general meeting or, if applicable, by a meeting of the relevant class of Shareholders of the Company, as the case may be. A Resolution in writing made in accordance with this Bye-Law shall constitute minutes for the purposes of the Companies Acts and these Bye-Laws.

## 18 Notice of General Meetings

18.1 An Annual General Meeting shall be called by not less than fourteen (14) days notice in writing and a Special General Meeting shall be called by not less than fourteen (14) days notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of the meeting, and, the nature of the business to be considered. Notice of every general meeting shall be given in any manner permitted by these Bye-Laws to all Shareholders other than such as, under the provisions of these Bye-Laws or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company and every Director and to any Resident Representative who or which has delivered a written notice upon the Registered Office requiring that such notice be sent to him or it.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-Law, it shall be deemed to have been duly called if it is so agreed:

12

18.1.1 in the case of a meeting called as an Annual General Meeting, by all the Shareholders entitled to attend and vote thereat;

18.1.2 in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the shares giving that right.

18.2 The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

18.3 The Board may cancel or postpone a meeting of the Shareholders after it has been convened and notice of such cancellation or postponement shall be served in accordance with these Bye-Laws upon all Shareholders entitled to notice of the meeting so cancelled or postponed setting out, where the meeting is postponed to a specific date, notice of the new meeting in accordance with this Bye-Law.

## 19 Proceedings at General Meetings

19.1 In accordance with the Companies Acts, a general meeting may be held with only one individual present provided that the requirement for a quorum is satisfied. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Bye-Laws, at least one Shareholder present in person or by proxy and entitled to vote shall be a quorum for all purposes.

19.2 If within five (5) minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the chairman of the meeting may determine and at such adjourned meeting one Shareholder present in person or by proxy and entitled to vote shall be a quorum. The Company shall give not less than five (5) days notice of any meeting adjourned through want of a quorum and such notice shall state that the one Shareholder present in person or by proxy (whatever the number of shares held by them) and entitled to vote shall be a quorum.

19.3 A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone, or by video conferencing) as permit all persons participating in the meeting to

13



total voting rights of all the Shareholders having the right to vote at such meeting; or

20.2.4 a Shareholder or Shareholders present in person or represented by proxy holding shares conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth (1/10) of the total sum paid up on all such shares conferring such right.

The demand for a poll may be withdrawn by the person or any of the persons making it at any time prior to the declaration of the result. Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a Resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded for or against such Resolution.

20.3 If a poll is duly demanded, the result of the poll shall be deemed to be the Resolution of the meeting at which the poll is demanded.

20.4 A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time (being not later than three (3) months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.

20.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

20.6 On a poll, votes may be cast either personally or by proxy.

20.7 A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

20.8 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of such meeting shall not be entitled to a second or casting vote and the Resolution shall fail.

20.9 In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

15

communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

19.4 Each Director, and upon giving the notice referred to in Bye-Law 18.1 above, the Resident Representative, if any, shall be entitled to attend and speak at any general meeting of the Company.

19.5 The Chairman (or President) or, in his absence, the Deputy Chairman (or Vice-President), shall preside as chairman at every general meeting. If there is no such Chairman or Deputy Chairman (or President or Vice-President), or if at any meeting the Chairman or Deputy Chairman (or the President or Vice-President) is not present within five (5) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act or if only one Director is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

19.6 The chairman of the meeting may, with the consent by Resolution of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for three (3) months or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as expressly provided by these Bye-Laws, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## 20 Voting

20.1 Save where a greater majority is required by the Companies Acts or these Bye-Laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast.

20.2 At any general meeting, a Resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

20.2.1 the chairman of the meeting; or

20.2.2 at least three (3) Shareholders present in person or represented by proxy; or

20.2.3 any Shareholder or Shareholders present in person or represented by proxy and holding between them not less than one tenth (1/10) of the

14

20.10 A Shareholder who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as such Shareholder for the purpose of general meetings.

20.11 No Shareholder shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

20.12 If:

- 20.12.1 any objection shall be raised to the qualification of any voter; or,
- 20.12.2 any votes have been counted which ought not to have been counted or which might have been rejected; or,
- 20.12.3 any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any Resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any Resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

## 21 Proxies and Corporate Representatives

21.1 The instrument appointing a proxy or corporate representative shall be in writing executed by the appointor or his attorney authorised by him in writing or, if the appointor is a corporation, either under its seal or executed by an officer, attorney or other person authorised to sign the same.

21.2 Any Shareholder may appoint a proxy or (if a corporation) representative for a specific general meeting, and adjournments thereof, or may appoint a standing proxy or (if a corporation) representative, by serving on the Company at the Registered Office, or at such place or places as the Board may otherwise specify for the purpose, a proxy or (if a corporation) an authorisation. Any standing proxy or authorisation shall be valid for all general meetings and adjournments thereof or Resolutions in writing, as the case may be, until notice of revocation is received at the Registered Office or at such place or places as the Board may otherwise specify for the purpose. Where a standing

proxy or authorisation exists, its operation shall be deemed to have been suspended at any general meeting or adjournment thereof at which the Shareholder is present or in respect to which the Shareholder has specially appointed a proxy or representative. The Board may from time to time require such evidence as it shall deem necessary as to the due execution and continuing validity of any standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until such time as the Board determines that it has received the requested evidence or other evidence satisfactory to it.

21.3 Subject to Bye-Law 21.2, the instrument appointing a proxy or corporate representative together with such other evidence as to its due execution as the Board may from time to time require, shall be delivered at the Registered Office (or at such place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case or the case of a written Resolution, in any document sent therewith) prior to the holding of the relevant meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, before the time appointed for the taking of the poll, or, in the case of a written Resolution, prior to the effective date of the written Resolution and in default the instrument of proxy or authorisation shall not be treated as valid.

21.4 Instruments of proxy or authorisation shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting or any written Resolution forms of instruments of proxy or authorisation for use at that meeting or in connection with that written Resolution. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll, to speak at the meeting and to vote on any amendment of a written Resolution or amendment of a Resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy or authorisation shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

21.5 A vote given in accordance with the terms of an instrument of proxy or authorisation shall be valid notwithstanding the previous death or unsoundness of mind of the principal, or revocation of the instrument of proxy or of the corporate authority, provided that no intimation in writing of such death, unsoundness of mind or revocation shall have been received by the Company at the Registered Office (or such other place as may be specified for the delivery of instruments of proxy or authorisation in the notice convening the meeting or other documents sent therewith) at least one hour before the commencement of the meeting or adjourned meeting, or the taking of the poll, or the day before the effective date of any written Resolution at which the instrument of proxy or authorisation is used.

21.6 Subject to the Companies Acts, the Board may at its discretion waive any of the provisions of these Bye-Laws related to proxies or authorisations and, in particular, may accept such verbal or other assurances as it thinks fit as to the right of any person to attend, speak and vote on behalf of any Shareholder at general meetings or to sign written Resolutions.

## BOARD OF DIRECTORS

### 22 Appointment and Removal of Directors<sup>1</sup>

22.1 The number of Directors shall be not less than two (2) and not more than six (6) or such numbers in excess thereof as the Company by Resolution may from time to time determine and, subject to the Companies Acts and these Bye-Laws, the Directors shall be elected or appointed by the Company by Resolution and shall serve for such term as the Company by Resolution may determine, or in the absence of such determination, until the termination of the next Annual General Meeting following their appointment. All Directors, upon election or appointment (except upon re-election at an Annual General Meeting), must provide written acceptance of their appointment, in such form as the Board may think fit, by notice in writing to the Registered Office within thirty (30) days of their appointment.

22.2 The Company may by Resolution increase the maximum number of Directors. Any one or more vacancies in the Board not filled by the Shareholders at any general meeting of the Shareholders shall be deemed casual vacancies for the purposes of these Bye-Laws. Without prejudice to the power of the Company by Resolution in pursuance of any of the provisions of these Bye-Laws to appoint any person to be a Director, the Board, so long as a quorum of Directors remains in office, shall have power at any time and from time to time to appoint any individual to be a Director so as to fill a casual vacancy.

22.3 The Company may in a Special General Meeting called for that purpose remove a Director, provided notice of any such meeting shall be served upon the Director concerned not less than fourteen (14) days before the meeting and he shall be entitled to be heard at that meeting. Any vacancy created by the removal of a Director at a Special General Meeting may be filled at the meeting by the election of another Director in his place or, in the absence of any such election, by the Board.

### 23 Resignation and Disqualification of Directors

The office of a Director shall be vacated upon the happening of any of the following events:

- 23.1 if he resigns his office by notice in writing delivered to the Registered Office or tendered at a meeting of the Board;
- 23.2 if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that his office is vacated;
- 23.3 if he becomes bankrupt under the laws of any country or compounds with his creditors;
- 23.4 if he is prohibited by law from being a Director;
- 23.5 if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Bye-Laws.

### 24 Alternate Directors

24.1 A Director may appoint and remove his own Alternate Director. Any appointment or removal of an Alternate Director by a Director shall be effected by delivery of a written notice of appointment or removal to the Secretary at the Registered Office, signed by such Director, and such notice shall be effective immediately upon receipt or on any later date specified in that notice. Any Alternate Director may be removed by resolution of the Board. Subject as aforesaid, the office of Alternate Director shall continue until the next annual election of Directors or, if earlier, the date on which the relevant Director ceases to be a Director. An Alternate Director may also be a Director in his own right and may act as alternate to more than one Director.

24.2 An Alternate Director shall be entitled to receive notices of all meetings of Directors, to attend, be counted in the quorum and vote at any such meeting at which any Director to whom he is alternate is not personally present, and generally to perform all the functions of any Director to whom he is alternate in his absence.

24.3 Every person acting as an Alternate Director shall (except as regards powers to appoint an alternate and remuneration) be subject in all respects to the provisions of these Bye-Laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for any Director for whom he is alternate. An Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director. Every person acting as an Alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an Alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the terms of his appointment

provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

## 25 Directors' Fees and Additional Remuneration and Expenses

The amount, if any, of Directors' fees shall from time to time be determined by the Company by Resolution or in the absence of such a determination, by the Board. Unless otherwise determined to the contrary, such fees shall be deemed to accrue from day to day. Each Director may be paid his reasonable travel, hotel and incidental expenses in attending and returning from meetings of the Board or committees constituted pursuant to these Bye-Laws or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-Law.

## 26 Directors' Interests

26.1 A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-Law.

26.2 A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

26.3 Subject to the provisions of the Companies Acts, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

26.4 So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Directors as

required by the Companies Acts, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye-Laws allow him to be appointed or from any transaction or arrangement in which these Bye-Laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.

26.5 Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or Officer declaring that he is a director or officer or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person, shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.

## POWERS AND DUTIES OF THE BOARD

### 27 Powers and Duties of the Board

27.1 Subject to the provisions of the Companies Acts, these Bye-Laws and to any directions given by the Company by Resolution, the Board shall manage the business of the Company and may pay all expenses incurred in promoting and incorporating the Company and may exercise all the powers of the Company. No alteration of these Bye-Laws and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Bye-Law shall not be limited by any special power given to the Board by these Bye-Laws and a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

27.2 The Board may exercise all the powers of the Company to:

27.2.1 borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company; and

27.2.2 issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.

27.3 All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

27.4 The Board on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any



Director or former Director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.

27.5 The Board may from time to time appoint one or more of its body to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

## 28 Delegation of the Board's Powers

28.1 The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-Laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney may, if so authorised under the Seal, execute any deed or instrument under the personal seal of such attorney, with the same effect as the affixation of the Seal.

28.2 The Board may entrust to and confer upon any Director, Officer or, without prejudice to the provisions of Bye-Law 28.3, other person any of the powers, authorities and discretions exercisable by it upon such terms and conditions with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, authorities and discretions, and may from time to time revoke or vary all or any of such powers, authorities and discretions, but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

28.3 The Board may delegate any of its powers, authorities and discretions to committees, consisting of such person or persons (whether a member or

members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings conform to any regulations which may be imposed upon it by the Board. If no regulations are imposed by the Board the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by the Bye-Laws regulating the proceedings of the Board.

## 29 Proceedings of the Board

29.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.

29.2 Notice of a meeting of the Board may be given to a Director by word of mouth or in any manner permitted by these Bye-Laws. A Director may retrospectively waive the requirement for notice of any meeting by consenting in writing to the business conducted at the meeting.

29.3 The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2) individuals. Any Director who ceases to be a Director at a meeting of the Board may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

29.4 A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Companies Acts and these Bye-Laws with regard to disclosure of his interest shall be entitled to vote in respect of any contract, transaction or arrangement in which he is so interested and if he shall do so his vote shall be counted, and he shall be taken into account in ascertaining whether a quorum is present.

29.5 The Resident Representative shall, upon delivering written notice of an address for the purposes of receipt of notice to the Registered Office, be entitled to receive notice of, attend and be heard at, and to receive minutes of all meetings of the Board.

29.6 So long as a quorum of Directors remains in office, the continuing Directors may act notwithstanding any vacancy in the Board but, if no such quorum remains, the continuing Directors or a sole continuing Director may act only for the purpose of calling a general meeting.

29.7 The Chairman (or President) or, in his absence, the Deputy Chairman (or Vice-President), shall preside as chairman at every meeting of the Board. If at any meeting the Chairman or Deputy Chairman (or the President or Vice-President) is not present within five (5) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.

29.8 The meetings and proceedings of any committee consisting of two (2) or more members shall be governed by the provisions contained in these Bye-Laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

29.9 A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board (or by an Alternate Director, as provided for in these Bye-Laws) or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors or members of the committee concerned.

29.10 A meeting of the Board or a committee appointed by the Board may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be deemed to take place where the largest group of those Directors participating in the meeting is physically assembled, or, if there is no such group, where the chairman of the meeting then is.

29.11 All acts done by the Board or by any committee or by any person acting as a Director or member of a committee or any person duly authorised by the Board or any committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorised.

## OFFICERS

30 Officers

30.1 The Officers of the Company must include a Chairman, who must be a Director, who shall be elected by the Shareholders at a General Meeting and shall serve until the termination of the next Annual General Meeting following his or her appointment. In addition, the

24

Board may appoint any person whether or not he is a Director to hold such office as the Board may from time to time determine. Any person elected or appointed pursuant to this Bye-Law shall hold office for such period and upon such terms as the Board may determine and the Board may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for damages that such Officer may have against the Company or the Company may have against such Officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Acts or these Bye-Laws, the powers and duties of the Officers of the Company shall be such (if any) as are determined from time to time by the Board.

30.2 The provisions of these Bye-Laws as to resignation and disqualification of Directors shall *mutatis mutandis* apply to the resignation and disqualification of Officers.

## MINUTES

31 Minutes

31.1 The Board shall cause minutes to be made and books kept for the purpose of recording:

31.1.1 all appointments of Officers made by the Board;

31.1.2 the names of the Directors and other persons (if any) present at each meeting of the Board and of any committee; and

31.1.3 all proceedings at meetings of the Company, of the holders of any class of shares in the Company, of the Board and of committees appointed by the Board or the Shareholders.

31.2 Shareholders shall only be entitled to see the Register of Directors and Officers, the Register, the financial information provided for in Bye-Law 38.3 and the minutes of meetings of the Shareholders of the Company.

## SECRETARY AND RESIDENT REPRESENTATIVE

32 Secretary and Resident Representative

32.1 The Secretary (including one or more deputy or assistant secretaries) and, if required, the Resident Representative, shall be appointed by the Board at such remuneration (if any) and upon such terms as it may think fit and any Secretary and Resident Representative so appointed may be removed by the Board. The duties of the Secretary and the duties of the Resident Representative shall be those prescribed by the Companies Acts together with such other duties as shall from time to time be prescribed by the Board.

25

32.2 A provision of the Companies Acts or these Bye-Laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

#### THE SEAL

#### 33 The Seal

33.1 The Board may authorise the production of a common seal of the Company and one or more duplicate common seals of the Company, which shall consist of a circular device with the name of the Company around the outer margin thereof and the country and year of registration in Bermuda across the centre thereof.

33.2 Any document required to be under seal or executed as a deed on behalf of the Company may be

33.2.1 executed under the Seal in accordance with these Bye-Laws; or

33.2.2 signed or executed by any person authorised by the Board for that purpose, without the use of the Seal.

33.3 The Board shall provide for the custody of every Seal. A Seal shall only be used by authority of the Board or of a committee constituted by the Board. Subject to these Bye-Laws, any instrument to which a Seal is affixed shall be attested by the signature of:

33.3.1 a Director; or

33.3.2 the Secretary; or

33.3.3 any one person authorised by the Board for that purpose.

#### DIVIDENDS AND OTHER PAYMENTS

#### 34 Dividends and Other Payments

34.1 The Board may from time to time declare dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests, including such interim dividends as appear to the Board to be justified by the position of the Company. The Board, in its discretion, may determine that any dividend shall be paid in cash or shall be satisfied, subject to Bye-Law 36, in paying up in full shares in the Company to be issued to the Shareholders credited as fully paid or partly paid or partly in one way and partly the other. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Board, justifies such payment.

34.2 Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:

34.2.1 all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid, and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-Law as paid-up on the share;

34.2.2 dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.

34.3 The Board may deduct from any dividend, distribution or other monies payable to a Shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

34.4 No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

34.5 Any dividend, distribution or interest, or part thereof payable in cash, or any other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post or by counter addressed to the holder at his address in the Register or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his registered address as appearing in the Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two (2) or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the shares held by such joint holders.

34.6 Any dividend or distribution out of contributed surplus unclaimed for a period of six (6) years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the share into a separate account shall not constitute the Company a trustee in respect thereof.

34.7 The Board may also, in addition to its other powers, direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or

debentures of any other company, and where any difficulty arises in regard to such distribution or dividend, the Board may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board, provided that such dividend or distribution may not be satisfied by the distribution of any partly paid shares or debentures of any company without the sanction of a Resolution.

### 35 Reserves

The Board may, before declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

## CAPITALISATION OF PROFITS

### 36 Capitalisation of Profits

36.1 The Board may from time to time resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid amongst such Shareholders, or partly in one way and partly in the other, provided that for the purpose of this Bye-Law, a share premium account may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid and provided further that any sum standing to the credit of a share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

36.2 Where any difficulty arises in regard to any distribution under this Bye-Law, the Board may settle the same as it thinks expedient and, in particular, may authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that

28

cash payments should be made to any Shareholders in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Shareholders.

## RECORD DATES

### 37 Record Dates

Notwithstanding any other provisions of these Bye-Laws, the Company may by Resolution or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and for the purpose of identifying the persons entitled to receive notices of any general meeting and to vote at any general meeting. Any such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made or such notice is despatched.

## ACCOUNTING RECORDS

### 38 Accounting Records

38.1 The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Companies Acts.

38.2 The records of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit, and shall at all times be open to inspection by the Directors, provided that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three (3) month period. No Shareholder (other than an Officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or by Resolution.

38.3 A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Acts.

## AUDIT

### 39 Audit

Save and to the extent that an audit is waived in the manner permitted by the Companies Acts, auditors shall be appointed and their duties regulated in accordance

29



with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

#### SERVICE OF NOTICES AND OTHER DOCUMENTS

##### 40 Service of Notices and Other Documents

40.1 Any notice or other document (including a share certificate and any notice of a general meeting of the Company) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Shareholder at his address as appearing in the Register or by sending it by courier to or leaving it at such registered address, or, where applicable, by sending it by email or facsimile or other mode of representing or reproducing words in a legible and non-transitory form to an address supplied by such Shareholder for the purpose of the receipt of notices or documents. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders. Any notice or other document, if sent by personal delivery, shall be deemed to have been served or delivered at the time of delivery, or if sent by post, shall be deemed to have been served or delivered forty-eight (48) hours after it was put in the post, or if sent by courier or facsimile, twenty-four (24) hours after sending, or if sent by email, twelve (12) hours after sending and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed and stamped and put in the post, sent by courier, facsimile or email, as the case may be.

40.2 Any notice or other document delivered, sent or given to a Shareholder in any manner permitted by these Bye-Laws shall, notwithstanding that such Shareholder is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

40.3 Save as otherwise provided, the provisions of these Bye-Laws as to service of notices and other documents on Shareholders shall *mutatis mutandis* apply to service or delivery of notices and other documents to the Company or any Director, Alternate Director or Resident Representative pursuant to these Bye-Laws.

#### WINDING UP

30

##### 41 Winding Up

If the Company shall be wound up, the liquidator may, with the sanction of a Resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is any liability.

#### INDEMNITY

##### 42 Indemnity

42.1 Subject to the proviso below, every Indemnified Person shall be indemnified and held harmless out of the assets of the Company against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties and the indemnity contained in this Bye-Law shall extend to any Indemnified Person acting in any office or trust in the reasonable belief that he has been appointed or elected to such office or trust notwithstanding any defect in such appointment or election provided always that the indemnity contained in this Bye-Law shall not extend to any matter which would render it void pursuant to the Companies Acts.

42.2 No Indemnified Person shall be liable to the Company for the acts, defaults or omissions of any other Indemnified Person.

42.3 Every Indemnified Person shall be indemnified out of the assets of the Company against all liabilities incurred by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.

42.4 To the extent that any Indemnified Person is entitled to claim an indemnity pursuant to these Bye-Laws in respect of amounts paid or discharged by him, the relevant indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.

31

These Bye-Laws may be amended from time to time by resolution of the Board, but subject to approval by Resolution.

33

42.5 Each Shareholder and the Company agree to waive any claim or right of action he or it may at any time have, whether individually or by or in the right of the Company, against any Indemnified Person on account of any action taken by such Indemnified Person or the failure of such Indemnified Person to take any action in the performance of his duties with or for the Company provided however that such waiver shall not apply to any claims or rights of action arising out of the fraud of such Indemnified Person or to recover any gain, personal profit or advantage to which such Indemnified Person is not legally entitled.

42.6 Subject to the Companies Acts, expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Bye-Laws shall be paid by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified pursuant to these Bye-Laws.

Each Shareholder of the Company, by virtue of its acquisition and continued holding of a share, shall be deemed to have acknowledged and agreed that the advances of funds may be made by the Company as aforesaid, and when made by the Company under this Bye-Law are made to meet expenditures incurred for the purpose of enabling such Indemnified Person to properly perform his or her duties to the Company.

#### AMALGAMATION

43 Amalgamation

Any Resolution proposed for consideration at any general meeting to approve the amalgamation of the Company with any other company, wherever incorporated, shall require the approval of a simple majority of votes cast at such meeting and the quorum for such meeting shall be that required in Bye-Law 19.1 and a poll may be demanded in respect of such Resolution in accordance with the provisions of Bye-Law 20.2.

#### CONTINUATION

44 Continuation

Subject to the Companies Acts, the Board may approve the discontinuation of the Company in Bermuda and the continuation of the Company in a jurisdiction outside Bermuda. The Board, having resolved to approve the discontinuation of the Company, may further resolve not to proceed with any application to discontinue the Company in Bermuda or may vary such application as it sees fit.

#### ALTERATION OF BYE-LAWS

45 Alteration of Bye-Laws

32

### Appendix 3: Knight Frank report

**THE ADVISERS**  
*Private Property*

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROUPO | DECEMBER 2012

May 17<sup>th</sup>, 2013

**Kay T. Thorkildsen**  
Executive Chairman  
Westhouse Group  
Bucharest, Romania

Dear Mr. Thorkildsen,

Re: Opinion letter regarding the real estate portfolio owned by Westhouse Group Romanian in Romania.

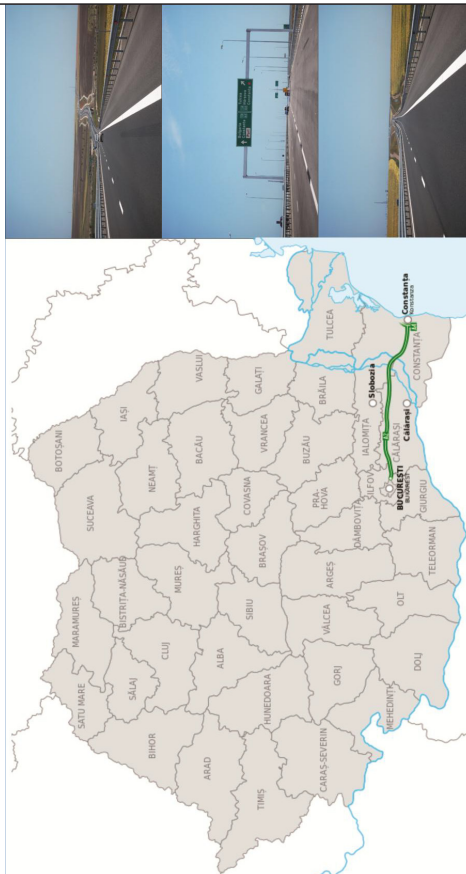
In accordance with your instruction we are pleased to submit an opinion letter for the above mentioned portfolio. The valuer acts as an independent expert on behalf of Westhouse Group.

The valuation is provided as of December 31, 2012. Our inspections of the properties were undertaken during December 2012 for eleven properties (no. 1-11 listed in the table below) and during May 2013 for four properties (no. 12-15 listed in the table below). According to the Client's statement no changes have been registered in the properties status between the inspection date and the valuation date.

Our valuation has been prepared in accordance with the International Valuation Standards (IVS), published by the International Valuation Standards Council (IVSC) in 2011. At the Client's request, we have estimated the *Fair Value* of the analyzed properties for financial reporting purpose.

Having regard to the foregoing, we have estimated the Fair Value of the subject properties comprised in the analyzed portfolio, as of December 31, 2012:

**EUR 33,487,000**  
**(Thirty Three Million Four Hundred and Eighty Seven Thousand Euro)**



**OPINION LETTER  
WESTHOUSE PORTFOLIO  
DECEMBER 2012**

**THE ADVISERS**  
*James Buckley*

In association with  
**Knight Frank**

The subject properties are presented in the table below:

No	Identification - Location	Plot size (sq m)
1	Hospital plot	13,263
2	Balada Market	7,188
3	Carrefour plot	15,000
4	Ovidiu Lakeside	61,433
5	Ovidiu Center	4,641
6	Badulescu plot	50,000
7	Gunaydin 1	7,900
8	Gunaydin 2	7,100
9	Tatar Peninsula	9,965
10	Centrepont	122,350
11	Agricultural land	865,062
12	Brasov	4,127
13	Moril Lake	11,716
14	Mamaia North	56,167
15	Oasis	25,527
<b>TOTAL</b>		<b>1,261,439</b>

For the purposes of the subject valuation we have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously.

The above value is exclusive of VAT. We would confirm that we are not aware of any conflict of interest that could prevent us from valuing the properties on your behalf. Opinions and estimates expressed in the report represent our best judgment and do not guarantee any fulfillments of values. It should not be construed as advice or recommendation to act. Any actions taken by the Client or any others should be based on their own judgment and the decision process should consider many factors other than just the value estimate and information given in this report. Please also bear in mind that the present Value estimations do not represent a guarantee that a buyer can be found at the above price, or at other prices. Under present market conditions, it might be possible that a buyer would be difficult to find. This is not related to the subject properties, being a characteristic of the entire real estate market.

We have been provided with documentation, upon which we have relied as being correct for the purposes of this report.

Should you need any additional information regarding the valuation of these properties we would be glad to discuss it with you.

Yours faithfully,

**Roxana Bencze**

**ANEVAR member**

## ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the opinion letter submitted herewith are contingent, but not limited to the following assumptions and limiting conditions.

### General

- We assume that the legal description given for the subject property is correct and take no responsibility for legal matters, including those affecting title. The title of the subject property is considered good and marketable.
- The subject property is appraised free and clear of mortgages, liens and encumbrances.
- We do not perform a building or structural survey of the analyzed premises in order to establish the details of any defects or disrepairs. Our valuation is based on the assumption that the subject property is in good condition, except for any defects specifically noted within the report. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render the property more or less valuable.
- Engineering analyses of the property were neither provided for use nor made as a part of this engagement. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on our rudimentary examination and the value conclusions are subject to such limitations.
- We assume that the building services and any associated controls or software are in good working order. We presume that all licenses necessary to operate the property have been obtained.
- Unless otherwise stated in the report, the subject property is assumed to have the necessary statutory consents for the current construction and use.
- It is assumed that the use of the land and of the improvements is within the boundaries or lines of the property and that there is no encroachment or trespass unless noted in the report.
- Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding, at normal, commercially acceptable premiums.
- We do not perform measurements of the site and building. Areas provided from a quoted source will be relied upon.
- We assume to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.
- We assume the subject property is free of any contamination or hazardous substances and is not affected by environmental factors. However, if their presence or potential



presence can be established during the course of the valuation inspection of the property, through normal enquiries or local knowledge, it will be mentioned in the report. We would like to state that we are not qualified to detect such substances and we recommend you to retain an expert in this field if desired.

- l) The subject property has been appraised as if it is and will remain under responsible ownership and competent management.
- m) This appraisal is to be used only in its entirety, and no part is to be used without the whole report.
- n) All documents, information, opinion and estimates provided to us by the client's representatives or others are assumed to be correct. No responsibility for the accuracy of such information is assumed by us. Moreover, we do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance becomes available the value given in the report is subject to change.
- o) Any comparable sales data relied upon in the report are believed to be from reliable sources. It may have been impossible to examine all comparables due to monetary and time constraints. The value conclusions are subject to the accuracy of such information.
- p) Opinions and estimates expressed in the report represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by the client or any others should be based on their own judgment and the decision process should consider many factors other than just the value estimate and information given in this report. Before relying on any statement made in this report interested parties should contact us for the exact extent of data collection and verification on any point they believe to be important to their decision making.
- q) All values shown in the report are projections based on our analysis as of the effective date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions or circumstances affecting the value of the property that take place subsequent to the date of value noted in the report.
- r) Since mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not present them as results that will actually be achieved, but as best estimations.
- s) Illustrative material is to assist the reader and may not be exact.
- t) Neither all nor part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without our written consent. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose other than its intended use, as stated in the body of the report.
- u) Our liability is limited to the client only and to the fee received by our company. There is no accountability, obligation or liability to any third party.

- v) We will not give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. We are not required to engage in post-appraisal consultation with the client or other third parties, except under separate arrangements at an additional fee.

#### Special

The valuation was not based on any special assumption.

## APPENDICES

### BUCHAREST - ALEXANDRIEI ROAD SITE

**Address** 145, Alexandriei Road, District 5, Bucharest, Romania



**Location** The analyzed property is located in the south – western part of Bucharest in District 5, on the exit road to Alexandria. Although it has direct access to Alexandriei Road, the analyzed property is retreated from the street.

Alexandriei Road connects the very crowded Rahova neighborhood to the Ring Road being an important artery in the area. The area stretches along the main Alexandriei Road and is a mixture of small residential units, showrooms, storage and light production facilities.

During 2012 a Coria hypermarket together with an attached gallery was delivered right across the street from the subject property, as it can be seen in the map above. This brings a plus to the subject asset as it improves the character of the neighbourhood.

The real estate development has far surpassed Rahova neighborhood and has even reached nearby localities such as: Bragadiru, Buda and Cometu. The majority of the new developments are single individual houses but also industrial facilities were opened: RoStar, Elbi, Braco Trade, Italbox Import Export, Salserv, Ecosistem, Exalco Romania, Salic Bragadiru, Marconstruct Impex.

Other important properties in the area are: Bus Terminal Rahova, RATB Motor Depot Alexandria and Bucharest Prison.

**Documents** We have been provided with the following information from the client:

- Land Book Excerpt no 10025 issued on July 24, 2006
- Sale – Purchase Agreement no 2323 issued on July 26, 2006
- Location map
- Cadastral documentation
- Buildings' floor plans

**Property Description** The analyzed property consists of a 13,262.73 square meters site occupied by old buildings which are used at present by a hospital.

The site has a rectangular shape (190x67 meters) and a 5.41 meters wide alley which provides the access from Alexandriei Road. The property also benefits from an opening to a smaller artery in the rear part, Neptun Street.

The plot is connected to all the public utilities networks: electricity, water, gas, sewerage.

The land plot is identified with the cadastral registration number 13792.

As previously mentioned a hospital carries out its activities in several buildings which are located on the site.

Please find below a table containing information regarding the buildings on the site:

GENERAL DATA		
Building	Destination	Height Regime
C1	Unit A	UG+GF+1F
C2	Unit B	GF
C3	Unit C	GF
C4	Storage Area	GF
C5	Storage Area	GF
C6	Entrance Cabin	GF

The buildings are old and they are not bringing additional value to the property.

The Certificate of Urbanism stipulates that the area zoned as L1e (small residential units) + M3 (mixed area with buildings that are not exceeding GF+4F).

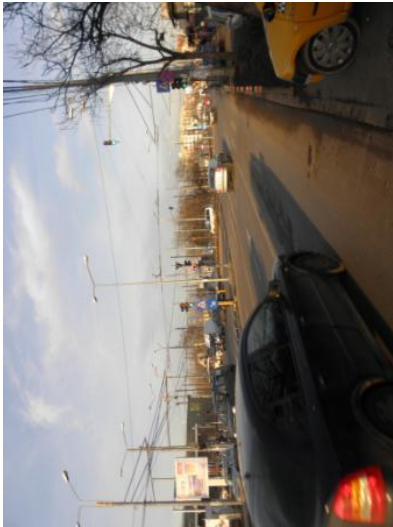
Due to the poor visibility (the access to the plot is made through a rather narrow access alley) the site is not suitable for a retail development. An office project is excluded due to the location which is not common for this type of development. The only use that is feasible at present is for a residential development. For a future project, the existing infrastructure can be used but it needs improvement.

The hospital still uses the location but according to the information received it needs to leave the premises as their right of use has expired.

According to the zoning in place the land has a residential best use.

**Development Potential**

**Photos** Please find below a few pictures taken during our inspection of the analyzed property:



View of Alexandrie Road



View of the entrance from Alexandrie Road



View of the road which provides access from Alexandrie Road

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

THE ADVISERS  
Real Estate  
Koult Frank



Property View



Property View

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

THE ADVISERS  
Real Estate  
Koult Frank



Property View



Property View





Property View

## CONSTANTA - BALADA MARKET SITE

**Address** Garofitei Alley, Constanta, Constanta County, Romania.



### Location

The valued site is located in the center of Constanta, near the Cultural House. The plot is located within walking distance from the shopping center Tomis Mall and also from the City Hall.

The site has a retreat location, on an alley connecting 1 Decembrie 1918 Boulevard and Avram Iancu Street, thus benefiting from a quiet environment.

The vicinities are a mixture of blocks of flats built during the communist regime and individual villas. The plot is surrounded by high rise blocks of flats (five or nine stories).

### Documents

We have been provided with the following information from the client:

- Location Map;
- Cadastral Documentation;
- Sale – Purchase Engagement no. 2128 – July 12, 2006;
- Excerpt no. 70507 from Land Book no. 30085 – December 12, 2006;
- Soil Survey.

**Property Description**

The 7,188 sq m valued site has an approximately square shape. Although located in a retreat location, the site enjoys very good access through Garofitei alley.

On the site, there is a commercial market called "Balada", which has been built a few years ago and which was functional at the date of the inspection. The spaces have been rented to several tens of tenants on short terms.

The commercial market has a 2,384 sq m footprint and is displayed on ground floor. A concrete platform with an approximate area of 1,125 sqm surrounds the construction.

Nonetheless the existing construction does not bring additional value to the site, not exploiting fully its development potential. Therefore, it should be demolished and instead a new mixed residential and commercial project should be build.

The site is connected to all the necessary public utility networks: electricity, sewerage, gas and water.

The remaining land area is covered by a concrete platform which is used as a parking area for the market visitors.

**Development Potential**

Westhouse Group intended to develop on the site a mixed residential and commercial project (210 apartments with commercial spaces at the ground and first floors). The project implied obtaining a CUT of 4:3 and a POT of 63%.

Due to the present market conditions, the development has been postponed.

**Photos**

Please find below a few pictures taken during our inspection of the analyzed property:



Access road



Subject property



Subject property



Subject property



Subject property



Subject property



Subject property

## CONSTANTA – CARREFOUR SITE

**Address** Parcel no A600/ 12/ 3, Constanta, Constanta County, Romania



### Location

The analyzed property is located in the western part of Constanta, outside the built up area, on the third row on Aurel Vlaicu Blvd.

The area is delimited by:

- North – exit to Harsova;
- South – County Road to Ovidiu;
- East – Aurel Vlaicu Blvd.

At present, the vicinities are represented by vacant land plots.

The area has a good potential on the industrial segment.

**Documents** We have been provided with the following information from the client:

- Land Book Excerpt no 17790 issued on October 05, 2005;
- Land Book Excerpt no 17857 issued on September 8, 2005;
- Tender Agreement – 3807- October 5, 2005;



- Cadastral documentation;
- Tax Certificate.

**Property Description** The analyzed property consists of a 15,000 square meters, presently zoned for agriculture purposes, being situated outside the built-up area of Constanta.

The plot has a rectangular shape and is not connected to the public utilities networks.

**Development Potential** The site is suitable for an industrial development. At present it is located outside the built-up area.

## OVIDIU – LAKESIDE SITE

**Address** The valued property consists in several adjacent plots of land with the following addresses:

- Ovidiu, Constanta County, Romania for plots no 1, 4, 5, parcel 592, area 104;
- Constanta County, identified with the cadastral no 2075, Ranch no 1, km 200 + 290;
- Ovidiu, Constanta County, Romania, cadastral no 138.



### Location

The analyzed property is located between Siutghiol Lake and DN 2A, being situated on the right side of DN 2A (road connecting Constanta to Harsova and Mihail Kogalniceanu airport) at the entrance to Ovidiu from Constanta.

Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at short distance to both Constanta and Mamaia.

#### Documents

We have been provided with the following information from the client:

- Land Book Excerpt no 15957 issued on September 24, 2005;
- Land Book Excerpt no 56801 issued on January 3, 2007;
- Land Book Excerpt no 56789 issued on January 3, 2007;
- Land Book Excerpt no 60497 issued on September 11, 2007;
- Land Book Excerpt no 60462 issued on September 7, 2007;
- Land Book Excerpt no 60492 issued on September 7, 2007;
- Cadastral documentation;
- Tax Certificate;
- Sale-Purchase Agreement- September 16, 2005 (no 4585).

#### Property Description

The analyzed property consists of a 61,433 square meters site, which was obtained from several adjacent sites with various surfaces: 27,480 sqm, 32,703 sqm, 1,250.25 sqm.

The land is located inside the built-up area of Ovidiu city and is zoned for residential and commercial activities.

The plot has an irregular shape, approximately flat with a declivity towards the lake and is connected only to electricity and water.

On the site were situated several buildings, which served as accommodation for the labor force working during the crop harvesting. All these buildings were demolished, except one unit of 132 sq m identified in the cadastral documentation as building C3.

#### Development Potential

A residential project consisting of 1,400 apartments is intended to be developed by Westhouse Group.

The apartments will vary in size between 60 to 120 sqm and will be located on six stories blocks of flats. The project will provide 9,000 sqm of parking area.

Due to the market conditions the project is on hold on indefinite term.

#### Photos

Please find below a few pictures taken during our inspection of the analyzed property.



2A National Road



Subject property

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROF | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
Koult Frank



Subject property

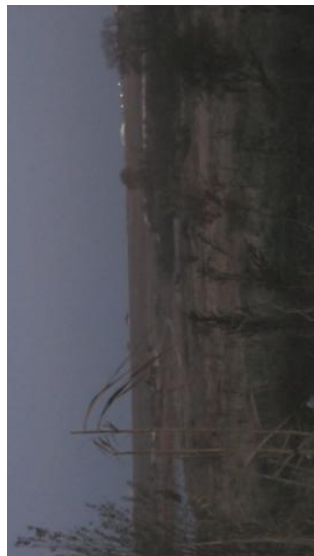
Page 26 of 66

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROF | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
Koult Frank



Subject property



Subject property

Page 25 of 66

## OVIDIU - CENTER SITE

**Address** 23A, C Street, Ovidiu, Constanta County, Romania



### Location

Ovidiu city is located in the North of Constanta across Slutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Slutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued site is located in Ovidiu Sud neighborhood, in a newly erected area. The site is retreated from the main street, lying at a couple of hundreds of meters away from the national road. The vicinities consist in recently built small rise hoses/blocks or hotels.

**Documents** We have been provided with the following information from the client:

- Excerpt no. 871 from Land Book no.10076 – February 5, 2007;
- Sale – Purchase Agreement no. 499 – February 7, 2007;
- General Zoning;
- Location Map;
- Cadastral Documentation;
- Former Detailed Zoning Map – performed by Decodesign.

**Property Description** The subject site has 4,641 sq m and a square shape. The land is vacant, flat and is connected to all the necessary utilities.

The site benefits of rather limited visibility due to its location on a secondary artery, but of good access, having openings to four different streets. All frontages are of approximately 70 m, providing the premises of a site suited for development.

**Development Potential** Westhouse Group purchased the property from Ovidiu's city hall, which has prepared in 2006 a zoning for the site for a mixed use project: accommodation and retail. The coefficients permitted were a height regime of GF+7F, a maximum coverage ratio (POT) of 40% and a land using ratio (CUT) of 2.3.

Considering the characteristics of the site, Westhouse Group wants to change the zoning and develop instead a residential project. These plans were postponed due to the current market situation.

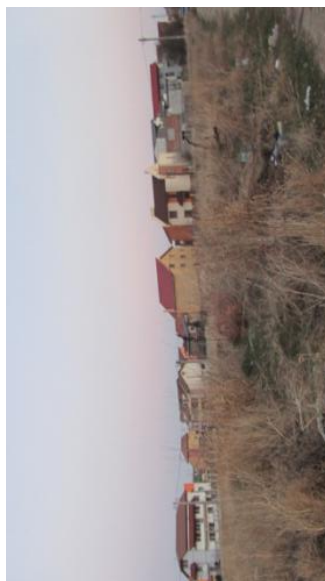
**Photos** Please find below a few pictures taken during our inspection of the analyzed property.



Subject property



Subject property



Subject property

## OVIDIU - BADULESCU SITE

**Address** Parcel A 532, Ovidiu, Constanta County (DN2A)



### Location

Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued site is located at the entrance in Ovidiu, on the left side of DN2A when coming from Constanta. The area has increased in the last years, many villas being developed across the street from the subject property in the last years.

**Documents** We have been provided with the following information from the client:

- Sale – Purchase Agreement no. 1194 – October 7, 2005;
- Excerpt no. 60487 from Land Book no. 248 – September 12, 2007;



- Excerpt no. 17776 from Land Book no. 248 – October 5, 2009;  
- Cadastral documentation.  
**Property Description** The valued property represents a 50,000 sq m land plot located outside the built-up area of Ovidiu, being zoned as agricultural site.

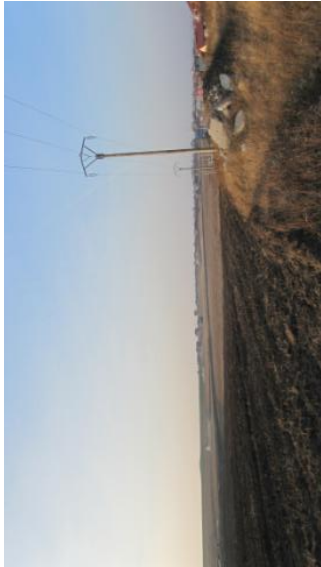
The plot is flat, vacant, has an irregular shape, being connected only to electricity.

**Development Potential** Westhouse Group's intention with the property was to develop a 36,000 sqm mixed commercial project with sport facilities, offices and residential. Development has been postponed due to the current market conditions.

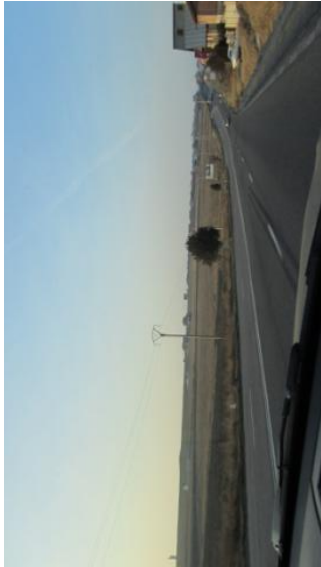
**Photos** Please find below a few pictures taken during our inspection of the analyzed property.



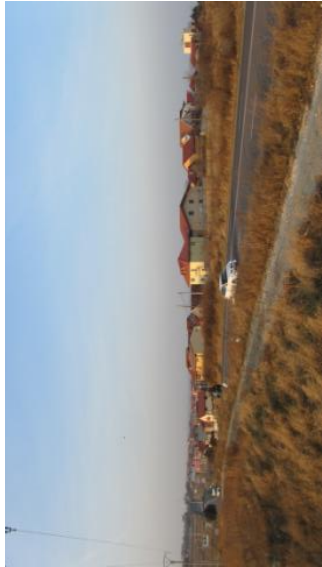
Subject property



Subject property



Subject property



Subject property

## OVIDIU - GUNAYDIN SITE

**Address** Outside the built – up area of Ovidiu, Constanta County, Romania (in the proximity of DN2A, Ovidiu – Constanta Ring Road and the railway in between)



Gunaydin – Site 1



Gunaydin – Site 2

**Location** Ovidiu city is located in the North of Constanta across Slughiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Slughiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued site comprises two distinct plots of land separated by the railway.

The first plot is located on DN 2A, on the left side of the road when entering Ovidiu. The second plot is located in the prolonging of the first one, after the Ring Road Constanta-Ovidiu, on the right side of the road towards Ovidiu.

**Documents** We have been provided with the following information from the client:

- Sale – Purchase Agreement no. 4319 – November 11, 2005;
- Excerpt no. 20151 from Land Book no. 1533 – November 10, 2005;
- Excerpt no. 60495 from Land Book no. 1533 – September 11, 2007;
- Cadastral Documentation.

**Property Description** The valued site consists of two plots, separated by the railway, with the following areas:

- 7,900 sq m located on DN2A, identified with the cadastral no. 1154/1 (site 1);
- 7,100 sq m located after Ovidiu – Constanta ring road, identified with cadastral no. 1151/1 (site 2).

Both sites are vacant and flat, have rectangular shapes and are located near the railway. The sites are situated outside the built-up area of Ovidiu, being zoned for agricultural purposes.

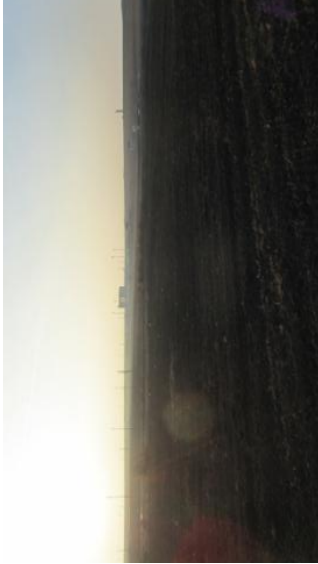
The plots can be connected to all the necessary public utilities.

**Development Potential** Being located outside the built – up area, no project has been planned for the subject property.

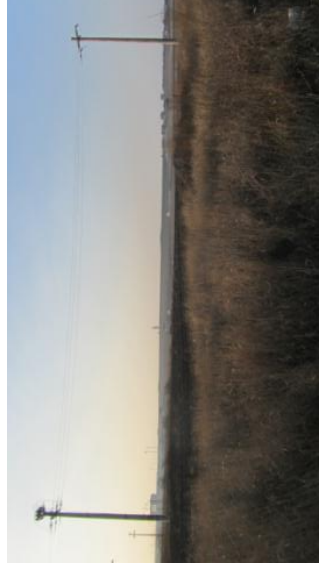
**Photos** Please find below a few pictures taken during our inspection of the analyzed property:

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAID REF 207  
PREPARED FOR WESTHOUSE GROEP | DECEMBER 2012

**THE ADVISERS**  
Kougel & Frank  
Adviseurs in vastgoed



Subject property

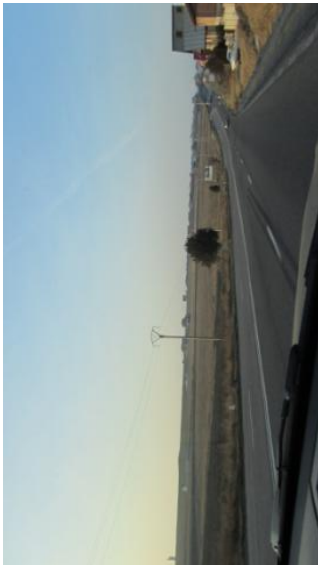


Subject property

Page 36 of 66

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAID REF 207  
PREPARED FOR WESTHOUSE GROEP | DECEMBER 2012

**THE ADVISERS**  
Kougel & Frank  
Adviseurs in vastgoed



DNZA



Subject property

Page 35 of 66



## OVIDIU - TATAR PENINSULA

**Address** Plot no 41, identified with the cadastral no. 139, Tatar Peninsula, Ovidiu, Constanta County



### Location

Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued site is located in the eastern part of Ovidiu, benefiting from opening to Siutghiol Lake and representing a part of the Tatar Peninsula.

The site is retreated at several hundred meters from the main road crossing Ovidiu from South to North.

The area has a residential character, the houses located in the immediate vicinity being old and in poor condition.

**Documents** We have been provided with the following information from the client:

- Sale – Purchase Agreement no. 5634 – November 14, 2005;
- Excerpt no. 605301 from Land Book no. 141 – September 11, 2007;
- Excerpt no. 68564 from Land Book no. 141 – November 30, 2006;
- Cadastral Documentation.

**Property Description** The valued property has an area of 9,965 sq m and an irregular shape (shape of the letter V). The site is flat and connected to electricity.

The main advantage of the site is the wide opening to Siutghiol Lake (approximately 300 meters).

**Development Potential** Westhouse Group planned the development of a 184 apartment residential scheme on the site.

From the information that we have, a 2.4 land using ratio (CUT) and a 40% land coverage ratio (POT) can be obtained on the valued property.

Due to the present market conditions the development process has been postponed.

**Photos** Please find below a few pictures taken during our inspection of the analyzed property:



Access road

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROF | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
Koult Frank



Subject property

Page 40 of 66

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROF | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
Koult Frank



Subject property



Subject property

Page 39 of 66

## OVIDIU-CENTERPOINT

**Address** 1 Tulcei Street, Ovidiu, Constanta County, Romania



### Location

Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued site is situated in the northern part of Ovidiu, on DN2A after passing the junction with Ovidiu – Lumina county road, on the right side of the road when exiting Constanta.

DN2A is the road which connects Constanta to Mihail Kogalniceanu International Airport.

### Documents

We have been provided with the following information from the client:

- Sale – Purchase Agreement no. 1081 – August 3, 2006;
- Excerpt no. 17019 From Land Book no. 1260 – August 3, 2006;

- Sale – Purchase Agreement no. 5318 – August 14, 2007;
- Sale – Purchase Agreement no. 4840 – October 29, 2007;
- Excerpt no. 76545 From Land Book no. 11903 – November 7, 2007;
- Sale – Purchase Agreement no. 3958 – September 10, 2007;
- Cadastral Documentation.

**Property Description**  
The valued site has 122,350 sq m, being formed by gathering 4 adjacent plots with the following areas:

Cadastral Number	Land Area (sq m)
956	112,678.29
10090	2,000
10512	6,672
381/2/1	1,000

The resulting site has a significant opening to the national road. It is flat and has some constructions on it (summing 305 sq m). The improvements do not bring additional value to the site as they are old and in a poor condition, thus they should be demolished. Due to small area of the buildings, the demolition cost do not affect the price of the land.

The shape of the site is irregular and it is located inside the built-up area, being zoned for commercial activities.

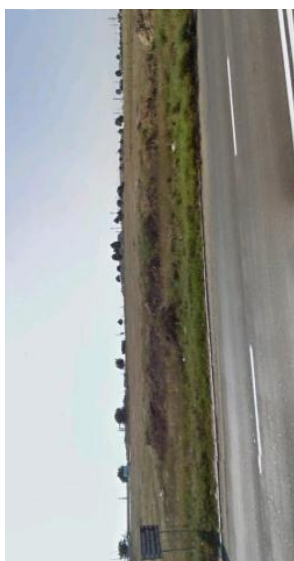
The site is connected to electricity, whereas all the other necessary utilities are in the vicinity.

### Development Potential

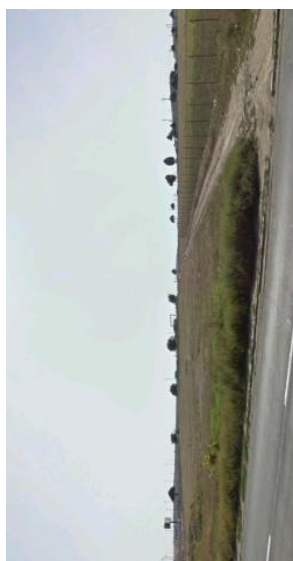
According to the information received, the proposed development on the site should have approximately 197,500 built sq m, in conformity to the current approved zoning. A new zoning might be also issued, if so required.

Due to the present market conditions the development process has been postponed.

**Photos**  
Please find below a few pictures taken during our inspection of the analyzed property:



Subject property



Subject property



Subject property

## OVIDIU-AGRICULTURAL LAND

**Address** Parcels no A316/21/1, A316/6, A325/1, A325/3, A325/10, A325/11, A325/12, A325/13, A325/14, A325/15, A325/16, A325/30, A325/53, A325/65, A325/62, A325/9, A325/1, A332/2, A332/14, A332/17, A332/25, A332/26, A332/3, A332/6, A325/64, A345/37, A414/31, A325/24, A345/7, A345/23, A345/17/3, A345/17/1, A345/25/1, A360/64, A362/36, A362/48, A386/15, A386/16, A386/18/2, A414/13, A414/20, A414/21, 414/30, A414/36, Ovidiu, Constanta County, Romania.



**Location** Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued property is represented by agricultural plots situated in the western part of Ovidiu.

**Documents** We have been provided with the following information from the client:

- Information regarding the sites
- Location Map.

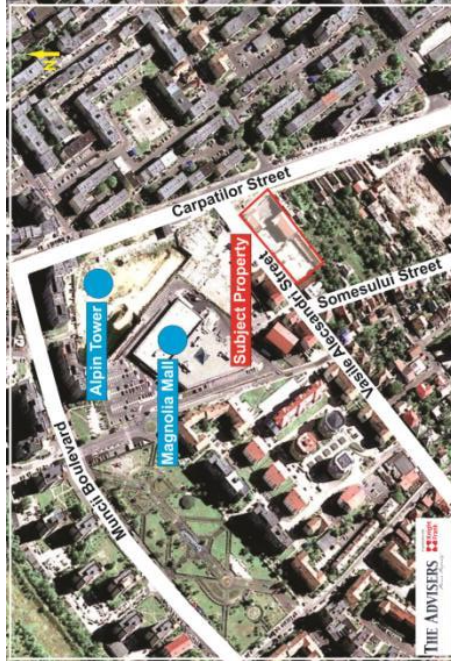


**Property Description** The valued property is an agricultural land with a total area of 865,062 sq m. The site had initially 891,756 sqm but Westhouse has sold three years ago a part of the site representing 26,694 sqm.

**Development Potential** The property is suitable for agricultural activities.

## BRASOV - ALECSANDRI SITE

**Address** 1, Vasile Alecsandri Street, Brasov, Brasov County, Romania



**Location** The analyzed property is located in the south-western part of Brasov in Racadau neighborhood.

The analyzed area is flanked by the Tampa Mountain and Melcior Hill to the west and from the point of view of the buildings' destination is a mixture between old communist type blocks of flats, industrial facilities and a couple of new developments.

The residential neighborhood is the newest in Brasov being built after 1970s, mainly in the late 1980s and features small and high rise apartment blocks with a height regime of GF+4F or GF+10F. Due to the beautiful views to Melcior Hill and Tampa Mountain and the quiet environment (there is no transit road in the area) the neighborhood was the preferred destination for the high-income segment of the population.

Racadau is the second neighborhood of the city in terms of population's density after Astra.

In the area there are remains of flagship factories that were very well positioned on their activity fields during the communist regime. It is the case of:

- **Roman Brasov** was the biggest truck manufacturer in Romania for decades. It has produced trucks under the license MAN. The production facility is situated on Carpatilor Street very close to the analyzed property;
- **Prefa Brasov** was one of the biggest construction material manufacturers in Romania. It was located also on Carpatilor Street to the north of Roman factory;
- **Metrom** is situated on Carpatilor Street and at present it acts as an industrial park offering spaces for lease.

The developers saw the area's potential and gradually they started their projects. **Magnolia Center** is situated at the crossroad between Crisulul and Somesului Streets. It is anchored by Carrefour and Domo and has been delivered on the market in 2006.

Alpin Towers was started on Carpatilor Street but the residential project has been postponed due to the conditions on the market.

The analyzed property is located at the junction between Vasile Alecsandri Street and Carpatilor Streets.

#### Documents

We have been provided with the following information from the client:

- Land Book Excerpt no 18491 issued on May 12, 2006;
- Land Book Excerpt no 86321 issued on November 25, 2007;
- Cadastral documentation;
- Certificate of Urbanism extended on April 8, 2008;
- Soil Survey – completed by Proiect Geo Hidro Margarit;
- Project Perspectives;
- Sale-Purchase Agreement.

#### Property Description

The analyzed property consists of a 4,127 square meters site with additional old depreciated buildings.

The plot has a rectangular shape and is connected to all the public utilities networks: water, sewerage, gas and electricity.

The plot is made out of three adjacent parcels which have the following cadastral registration numbers:

- 6767/2/1	- 2,106.03 sq m
- 6767/2/2	- 1,069.65 sq m
- 6767/2/3	- 951.32 sq m

Three buildings are located on the analyzed site. Together they have a total built area of 1,910 sq m and are in different stages of depreciation. The buildings are built on concrete structure and have the following height regime: administrative space (UG+GF+1F+Atito), the second building is not completed (GF+2F) and an old depreciated warehouse (GF).

The height regime of the buildings is low and the type of structure allows a mechanical demolition.

The remaining land is covered by a concrete platform of an approximate size of 3,000 sq m.

The buildings are not bringing additional value to the property and need to be demolished.

The analyzed site benefits of good visibility and exposure as it is located at the junction of two arteries.

**Development Potential** Before the start of the crisis, the owner of the site intended to develop a residential project. The client has obtained the Certificate of Urbanism and the detailed zoning approval (PUD) with the following development coefficients: POT of 40% (land coverage ratio), CUT of 4 (land using ratio) thus resulting into a total built area of the project of 16,500 sq m. the building was supposed to have GF+14F.

The worsening of the market conditions meant that the client had to postpone the project.

**Photos** Please find below a few pictures taken during our inspection of the analyzed property:



Subject property

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

THE ADVISERS  
by KIGHT FRANK  
Real Estate



Subject property



Subject property

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

THE ADVISERS  
by KIGHT FRANK  
Real Estate



Subject property



Subject property



Subject property

## BUCHAREST - MORII LAKE SITE

**Address** 5-11, Lacul Morii Alley, District 6, Bucharest, Romania



### Location

The analyzed property is located in District 6, in the western part of Bucharest. The property lies at the meeting point of Militari, Crangasi and Grozavesti areas.

Militari is one of the most densely populated neighborhoods of the city. Its blocks of flats have been erected in order to accommodate the workers of the factories situated in the western part of the city.

Crangasi neighborhood is located between Lacul Morii and Grant Bridge consisting also in old communist type blocks of flats.

Grozavesti area is well known for its former industrial flagship factory Semnatoare which is under reconversion and for its student accommodation facilities. Besides the students dorms there is also Politehnica campus.



**Office developments** in the area: Riverside (developed by Iliotomi Group), Riverplace (developed by Sema Parc and acquired by Europolis), Global Business Center (acquired by Immoeast), Farmexpert offices.

**Retail units** in the area: Carrefour Onideea, Cora Lujerului, Plaza Romania, AFI Cotroceni Park, Crangasi market, Ford showroom.

**Residential projects** in the area: West Park, Quadra Place, Orhideea Gardens, Saphir Stein.

Other points of interest in the area: Moni Lake, Crangasi public pool, Crangasi park, etc.

Dambovita River crosses the city from West to East and there are few bridges over it thus the access from South to North is very crowded. Consequently, the traffic is very crowded and the authorities have tried lately to take some measures.

The largest infrastructure project in the city, Basarab Passage, has been delivered in 2011 in the analyzed area.



The passage is a vital route linking the crowded western neighborhoods, Drumul Taberei and Militari, to the North of the city. Many employees working in the established office locations in the North are living in these two neighborhoods, consequently the traffic is heavy in the morning from West to North while in the evening the other way around.

Nonetheless, the passage has improved significantly the traffic in the area, as if before its delivery there used to be traffic jams which could last hours, now the traffic is pretty much fluent. The works at this infrastructure project have been done by a joint venture formed of Astaldi (Italy) and FCC Construction (Spain).

Please find below some details regarding the arteries in the area:

#### 1. West to Center Direction

- **Splaiul Independentei** connects Grozavesti area to Unirii Square. The road lies on the two shores of the river. It has two to three lanes per direction.
- **Calea Giulesti / Calea Plevnei** connects Crangasi neighborhood to the center of the city. It has three lanes per direction, but one of them is always occupied by parked cars.
- **Iuliu Maniu Boulevard** – links Militari neighborhood to the center. It has three lanes per direction.
- **Basarab overpass** – links Drumul Taberei and Militari to the center of the city

#### 2. South to North Direction

- **Virtutii Road** – connects Militari neighborhood to the North of the city. It is one of the most crowded roads in the residence city. It has two traffic lanes per direction and the fast tram in the middle.
- **Vasile Milea / Orhideelor Road** – connects Drumul Taberei neighborhood to the North Railway Station. It has two traffic lanes per direction and tram lines in the middle.

Another important passage under construction is Virtutii Road which will intersect the subject property to the South. The new passage will provide direct access from Grozavesti area to the A1 highway.

The analyzed property is located on the shore of Moni Lake in the second row from Virtutii Road. The property will be highly visible from the new Virtutii passage.

**Documents** We have been provided with the following information from the client:

- Sale – Purchase Agreement – August 25, 2006
- Location map
- Certificate of Urbanism no 1947/412 – issued on August 15, 2006
- Cadastral documentation
- Soil Survey – completed by Mazi SRL

#### Property Description

The analyzed property consists of an 11,716 square meters vacant site. The plot has an irregular shape and is connected to all the public utilities networks: electricity, water, gas, sewerage.

The property neighbors with:

- North - Lacul Mori Alley (85.39 m)
- East - Service Road – De 1025 (145.74 m)
- West - Private property (120.17 m)
- South - Private property (90.4 m)

The land is identified with the cadastral registration number 384.1. The plot is flat and benefits of a very nice view to the lake.

The new Virtual Passage will pass in the proximity of the subject site.

**Development Potential**  
According to the zoning in place the land has the following coefficients: CUT (land using ratio) of 4.5, POT (land coverage ratio) of 30% and maximum height regime of 65m.

The worsening of the market conditions meant that the client had to postpone the project.

**Photos** Please find below a few pictures taken during our inspection of the analyzed property:



Subject property



Vicinities



Subject property



Subject property



Subject property

## NAVODARI - MAMAIA NORTH SITE

**Address** Z40, Mamaia North lot, Navodari, Constanta County, Romania



### Location

Although it has the legal address in Navodari, the analyzed property is located at the Northern border of Mamaia resort

Mamaia is the largest Romanian resort located at the seaside of the Black Sea, being situated North from Constanta City, separating the Siutghiol lake from the Black Sea.

The resort features a beach approximately 8 km long and 100 m wide. Mamaia has undergone significant modernization in order to be able to provide the most attractive holiday packages to the tourists.

Over 20,000 tourists can be simultaneously accommodated and provided a large range of services, Mamaia resort holding a great number of hotels, villas and camping-sites ranging from one to four-star category. Mamaia comprises also many leisure possibilities such as tennis courses, a mini-golf facility, football grounds, aqua parks, outdoor theatre, etc.

### Documents

We have been provided with the following information from the client:

- Land Book Excerpt no 76545 issued on November 07 , 2007;
- Cadastral documentation;
- Certificate of Urbanism extended on May 29, 2007;
- Various documentation regarding the acquisition of Hars SRL and Terra del Sol
- General construction Agreement
- Conveyance Contract

**Property**  
The analyzed property consists of a 56,167 square meters

**Description**  
The plot has a rectangular shape (320X190 meters) and is connected to all the public utilities networks: water, sewerage, gas and electricity.

The plot is made out of two parcels of land:

- 26,205 square meters acquired from Terra del Sol
- 29,962 square meters acquired from Hars SRL

The location of the site is very convenient, between the lake and the sea, with a 190 meters opening to the road.

The former owners intended to build a hotel on a part of the site but the present owner, Westhouse Group, intend to develop one of the most ambitious projects in the area.

**Development Potential**

Before the start of the crisis, the owner of the site intended to develop a mixed project, residential and touristic, according to the area's zoning regulation. The project will consist in blocks of flats and accommodation units with a height regime of GF+8F.

Due to the difficult market environment the project has been put on hold on indefinite term.

**Photos** Please find below a few pictures taken during our inspection of the analyzed property:



Mamaia Boulevard



Subject property and Mamaia Boulevard





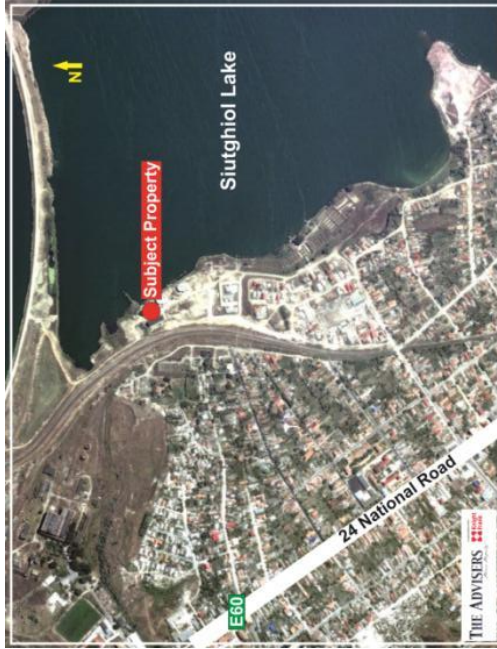
Subject property



Subject property

## OVIDIU - OASIS RESIDENCES

**Address** 6 Lacului Street, Ovidiu, Constanta County, Romania



### Location

Ovidiu city is located in the North of Constanta across Siutghiol Lake from Mamaia resort and it lies at approximately 11 kilometers from Constanta. We expect to be incorporated as a neighborhood in the future, considering the constant development in the area.

The location on the shore of Siutghiol Lake increases the interest for the area, being under constant transformation and at the short distance to both Constanta and Mamaia.

The valued property is located in the northern part of Ovidiu, on the shore of Siutghiol Lake.

The area has a residential character, the houses located in the immediate vicinity being old and in poor condition.

### Documents

- We have been provided with the following information from the client:
- Concession Agreement no. 5630 – May 13, 2005;
  - Additional agreement to the concession contract;
  - Geo-technical Study;

- Excerpt no. 53365 from Land Book no. 10539 – August 23, 2007;
- Excerpt no. 28866 from Land Book no. 12866 – April 25, 2008;
- Sale-purchase agreement – 1541 – August 13th, 2007;
- Building Permits and project status;
- Cadastral Documentation.

**Property Description**  
The valued site originally had 27,212 sq m, being formed by the unification of 2 adjacent plots of 22,212 sq m and respectively 5,000 sq m.

At the client's request we did not include in our calculation 1,685 sq m from the total land area. According to the information received, the property right for this part of the site has been transferred to the construction company as means of payment for the construction works carried out. Thus the total area of the analyzed site is 25,527 sq m.

The site is located right on the shore of Stutghiol lake in its eastern part, whereas in its western part it has a railway. The northern vicinity is a water disposal channel, while at South the property borders Lacului Street.

The opening to Stutghiol Lake implies a 5 meter construction withdrawal from the water line.

**Development Potential**  
A residential project was under development on the subject site. The project was designed to have 409 apartments and it was scheduled to be delivered in two phases. Considering the harsh market situation, the project's completion has been postponed.

The scheme was set to contain facilities as children playground, outdoor pool, multi-functional sport field, shelter for small boats, several retail spaces for the complex, etc.

The planned apartments were displayed in 10 buildings, ranging from studios (approximately 33 sq m) to spacious 2 bedroom apartments (up to 120 sq m). The project will also offer 415 above ground and underground car parking spaces.

During our inspection, we could see the construction status, respectively the structure of 3 blocks of flats being finalized.

At the client's request we did not include in our calculation the structure of block B. According to the information received, the property right for this part of the construction has been transferred together with the 1,685 sq m site to the construction company as means of payment for the construction works carried out until now.

At the inspection we could also see on the site several villas which were in use.

**Photos**  
Please find below a few pictures taken during our inspection of the analyzed property:



Access road



Subject property

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
KIGHT  
FRANK



Subject property



Subject property

Page 66 of 66

OPINION LETTER | WESTHOUSE REAL ESTATE PORTFOLIO | PPAD REF 207  
PREPARED FOR WESTHOUSE GROP | DECEMBER 2012

**THE ADVISERS**  
Real Estate  
KIGHT  
FRANK



Subject property



Subject property

Page 65 of 66

## Appendix 4: Subscription Form for the Rights Issue

# RomReal Ltd

## Rights Issue Subscription Form

### INTRODUCTION

Terms and conditions of this Rights Issue of new Shares in RomReal (the "Company") pursuant to a Board authorization given by the Company's ordinary general meeting 19 April 2013 and a Board resolution of 10 June 2013, are stated in the prospectus dated 12 June 2013 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this subscription form. The notice and the minutes from the general meetings (with attachments) and the Company's Memorandum of Association and Bye-Laws as well as the annual reports and accounts for the last three years are available in the Company's headquarters in Bermuda.

The Subscription period will take place from and including **17 June 2013 to and including 28 June 2013. The Subscription Rights will not be tradable.**

Existing Shareholders will be granted non tradable Subscription Rights giving a preferential right to subscribe for, and to be allocated new Shares in the Rights Issue. Each Existing Shareholder will be granted 20 Subscription Rights for each Share registered as held by such Existing Shareholder in the VPS as of the end of 10 June 2013 (as appearing in the VPS as of 13 June 2013). The Subscription Form must be properly executed and delivered by mail or fax to the Manager at the latest on 28 June 2013 at 16:30 hours (CET) in order to be valid and binding. Subscribers who are Norwegian citizens may subscribe for New Shares by following the link on [www.swedbank.no](http://www.swedbank.no), which redirect the Subscribers to the VPS online subscription system (or other access the Subscriber may have to the VPS online subscription system). In order to use this system, the Subscriber must have, or obtain, a VPS account number. All online subscribers must verify that they are Norwegian citizen by entering their VPS account and post number. The Subscriber bears the risk of any delay in the postal communication, busy facsimiles or data problems preventing Subscription Form from being received by the Managers. The Board reserves the right to accept or reject Subscription Forms which are received after due, incorrectly executed or incomplete.

Full information regarding the Rights Issue is presented in the Prospectus dated 12 June 2013.

The Manager is:

**Swedbank First Securities**  
Filipstad Brygge, P.O. Box 1441 Vika, 0115 Oslo, Norway  
Fax: +47 23 23 80 11  
[www.swedbank.no](http://www.swedbank.no)

### SUBSCRIPTION PROCEDURES

The Company has issued 20 Subscription Rights per Share in the Company registered as held by such Existing Shareholder as of 10 June 2013, each with a right to subscribe for and to be allocated one new Share in the Company. Subscription Price is NOK 0.125 per Share. Subscription Rights in this Rights Issue are not transferable. Oversubscription is allowed. A subscription is irrevocable and may not be withdrawn, cancelled or modified once it has been received by the Manager. Multiple subscriptions are allowed.

If not all Subscription Rights are validly exercised in the Subscription Period, Subscribers having exercised their Subscription Rights and who have over-subscribed will have the right to be allocated remaining new Shares on a pro rata basis based on the number of Subscription Rights exercised by the subscriber. The criteria in the event of over-subscription are described in Section 6.10 in the Prospectus.

The Investors must comply with any applicable identification verification requirements pursuant to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulation No. 302 of 13 March 2009 (the "Money Laundering Legislation"). Subscribers who are not registered as existing clients of the Manager must verify their identity in accordance with the requirements set forth in the Money Laundering Legislation, unless an exception applies. Subscribers who have specified an existing Norwegian bank account and an existing securities account in the subscription form are exempted from the requirement, unless the Manager requires the identity to be confirmed.

The Offering may not be revoked or suspended. A Subscription is irrevocable and may not be withdrawn, cancelled or modified unless otherwise stated in applicable law.


The Subscription Rights must be used to subscribe for new Shares before the end of the Subscription Period. Subscription Rights which are not exercised before the end of the Subscription Period will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for new Shares must be made in accordance with the procedures set out in the Prospectus.

A Subscriber will not under any circumstances be entitled to sell or transfer its new Shares allocated in the Offering until these New Shares have been paid in full by such Subscriber and the new share capital has been registered in the Norwegian Register of Business Enterprises.

Allocation letters are expected to be mailed on or about 2 July 2013. Payment in respect of the new Shares allocated to Subscribers in the Offering shall be made on and no later than 5 July 2013 by direct debit as described in the Prospectus, Section 6.12. There must be sufficient funds in the stated bank account from and including 1 July 2013.



**Specification of the Subscription for new Shares in RomReal Ltd**

Investor's VPS-account no.	No. of Subscription Rights	Total no. of new Shares subscribed for: (incl. over-subscription).	
For the Manager:		 Price per New Share NOK 0.125 =	Total amount to be paid *) NOK

\*) The calculated "Total amount to be paid" is solely information for the Subscriber. Allocation will be based on Total number of New Shares subscribed for, not the quoted total amount.

**In accordance with the Prospectus and this Subscription Form, I/ we hereby subscribe for number of New Shares as stated above.**

**Authority to debit my bank account (MUST BE COMPLETED):**

I hereby give Swedbank First Securities an authority to debit my Norwegian bank account \_\_\_\_\_  
 for allocated amount (no. of allocated shares x NOK 0.125) **Norwegian bank account no. - 11 digits**

Payment in respect of the new Shares allocated to Subscribers in the Offering shall be made on and no later than 5 July 2013 by direct debit as described above. **It is of high importance that Subscribers will meet this deadline, in order for this Rights Issue to be completed.** See also section 6.12 in the Prospectus.

In accordance with the EU Markets in Financial Instruments' Directive ("MiFID"), Norwegian law set forth certain requirements related to financial investments. In this regard, the Manager classifies all new customers in one of three categories: eligible counterparties, professional investors and retail clients. All Subscribers in the Rights Issue who are not existing customers of the Manager will be categorized as retail clients. Subscribers may, by written application to the Manager, request to be categorized as professional clients if they meet the requirements set forth in the Norwegian Securities Trading Act. Subscribers may contact the Manager for further information regarding classification. **The Subscriber confirms to be able to evaluate the benefits and risks entailed in a decision to invest in the Company by subscribing for new Shares, and that the Subscriber is able to bear the economic risk, and withstand a complete loss of, an investment in the new shares.** The Manager will treat the Subscription Form as an execution-only instruction. The Manager is not required to determine whether an investment in the new Shares is appropriate or not for the Subscriber. Hence, the Subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Securities Trading Act.

**Subscription place and date.**  
 Must be dated within the Subscription Period

**Binding signature.** The Investor must be of age. When signing per power of attorney or procuration, documentation in form of copy of power of attorney or company certificate must be enclosed.

**DETAILS OF SUBSCRIBER- MUST BE COMPLETED**

Investor's VPS account no.	<b>IF ANY CHANGES IN PARTICULARS THE MANAGER MUST BE CONTACTED:</b>
Investor's first name	
Investor's surname/company, etc. (Nominee shareholder)	
Street address etc. (private Investors: state home)	
Postal code, city/state/country	
Date of birth /national ID number or company registration number <b>Must be completed</b>	
Dividend to be paid credit bank account no (11 digits)	
Nationality	
Telephone	

**This Subscription Form shall be distributed solely together with the Prospectus dated 12 June 2013.**



**RomReal Ltd**

Victoria Place  
31 Victoria Street  
Hamilton, HM10  
Bermuda

Tel: +1 441 400 6000

[www.romreal.com](http://www.romreal.com)



**Swedbank First Securities**

Filipstad Brygge 1  
P.O. Box 1441 Vika  
N - 0115 Oslo  
Norway

[www.swedbank.no](http://www.swedbank.no)