RomReal Limited Annual 2016 Report

11 April 2017




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RomReal is a Company focused on the Romanian real estate market. Established in 2005 it owns a premium portfolio of properties in Constanta and Bucharest

2016 Highlights

Net Asset Value (NAV)

• Net Asset value was EUR 0.47 (NOK 4.26) per share, 11.7% up compared to the end of Q3 2016. The increase in NAV is mainly explained by the new year end valuation by Knight Frank Romania. The new valuation gave a 15.5% increase in the property value on a comparable plot basis compared to the end of 2015.

• Net Asset Value was EUR 0.5 (NOK 4.59) if the values from all Q1 2017 sales transactions are applied to the sold properties.

Operational highlights

• In the end of Q1 2017, the Company finalized two conditional sales transactions representing 51% of its investment portfolio. The transactions include the Mamaia North plots and the Morii Lake plot in Bucharest. The transactions amounted to EUR 17.75 million, excluding VAT. The selling price for Mamaia North is set to increase by another EUR 0.4 million, if a RomReal subsidiary is to win an on-going legal dispute with the local municipality regarding 1,453 sqm part of the plot.

• Following this sale, RomReal's total external debt EUR 11.6 million in Alpha Bank was fully repaid.

• In addition, EUR 1.75 million (VAT excluded) in cash is to be received and RomReal has provided the buyer with a secured vendor financing totaling EUR 1.75 million. This has to be paid monthly with equal installments plus interest within a year.

Financial Results

• Net Result for the year was EUR 1.22 million compared to an EUR 2.17 million loss in 2015. Operating cash flow for the year was a minus EUR 0.52 million compared to minus EUR 0.36 million in 2015.

Key Financials

EUR '000	YTD 2016	YTD 2015
Operating Revenue	500	1,488
Operating Expenses	(515)	(775)
Other operating income/ (expense), net	3,936	(1,986)
Net financial income/(cost)	(632)	(932)
Pre-tax result	3,290	(2,181)
Result for the period	1,215	(2,169)
Total assets	33,832	29,920
Total liabilities	14,463	11,876
Total equity	19,369	18,044
Equity %	57.2%	60.3%
NAV per share (EUR)	0.47	0.44
Cash position	707	541

Property Portfolio

Total size of the Company's Property Portfolio ("Land Bank") totalled 1,243,812 sqm at the end of 2016. Following the two sales transactions at end of March 2017, the Company's Land Bank is currently at 1,176,978 sqm. The Company owns prime location plots in Bucharest, and Constanta:

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	61,029
2 Badulescu plot	Constanta North/Ovidiu	50,000
3 Ovidiu Town	Constanta North/Ovidiu	4,641
4 Ovidiu (Oasis)	Constanta North/Ovidiu	24,651
5 Centrepoint	Constanta North/Ovidiu	121,672
6 Gunaydin plot	Constanta North/Ovidiu	15,000
7 Balada Market	Central Constanta	7,188
8 Carrefour plot	Constanta	15,000
~~**9 Morii Lake**~~	~~Bucharest Sector 6~~	SOLD
10 Hospital plot	Bucharest Sector 5	13,263
11 Un-zoned land	Constanta	864,534
~~**12 Mamaia North plot**~~	~~Navodari/Mamaia~~	SOLD
Total		**1,176,978**

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

Romanian Macro development

Romania's economic development has remained strong and on an upward trend. Overall GDP growth is strong, and the trend is set to continue; growth end of 2016 came in at 4.8%, and economic analysts foresee strong growth also in 2017.

For the whole of 2016, the National Bank interest rate was kept at a low 1.75%, positively affecting an undeveloped real estate market, overall industrial activity and private consumption. The real estate market has a stable upwards trend illustrated by higher transaction volume and higher prices. Unemployment which has oscillated around 7% in the period 2010 – 2016, has fallen from 6.5% at the beginning of 2016 to 5.5% in December.

Private consumption continues to rise, driven by 1) low inflation – below zero as a result of a cut in the VAT, 2) increasing consumer credit – a 50% increase since December 2014, and low interest rate. Especially durable goods consumption grow rapidly, illustrated by car registrations. Car registrations in third quarter 2016 have grown over 50% since third quarter 2014. Industrial production slowed considerably in 2014 and 2015, but is now clearly rising. The last three months up to November have all seen annual growth rates between 4 and 5%.

Shareholder Overview

Please see below the list of the top 20 shareholders in RomReal as of 01 April 2017
4,288,179

Name	Holding	Percentage
SIX SIS AG 25PCT ACCOUNT	10,336,254	24.99
THORKILDSEN DØDSBO KAY TØNNES	5,415,756	13.09
GRØNSKAG KJETIL	4,038,449	9.76
SAGA EIENDOM AS	2,692,093	6.51
AUSTBØ EDVIN	2,108,500	5.10
E. LARRE HOLDING AS	1,614,444	3.90
Danske Bank A/S 3887 OPERATIONS SEC.	1,361,816	3.29
ORAKEL AS	1,101,000	2.66
SPAR KAPITAL INVESTO	940,236	2.27
ENERGI INVEST A/S	891,879	2.16
THORKILDSEN INVEST A	829,478	2.01
PERSSON ARILD	718,000	1.74
HOEN ANDERS MYSSEN	689,557	1.67
Skandinaviska Enskil	628,832	1.52
SILJAN INDUSTRIER AS	611,100	1.48
JONAS BJERG PENSION NTS TRUSTEES LTD	558,306	1.35
Nordea Bank AB NORDEA BA. SWE. AB (	504,784	1.22
CLEARSTREAM BANKING	438,383	1.06
BNP Paribas Securiti S/A SPEARPOINT LTD	406,856	0.98
FRENICO AS	396,000	0.96
TOTAL TOP 20	**36,281,723**	**88**

(1) This is the Top 20 Shareholder list as per 01 April 2017.

(2) The total issued number of shares issued at 01 April 2017 was 41,367,783.

(3) Chairman Kjetil Grønskag owns directly and indirectly 4,288,179 shares corresponding to 10.4%.

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

(5) RomReal Director Arne Reinemo controls directly or indirectly SILJAN INDUSTRIER AS.

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

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RomReal Ethical Policy

Introduction
RomReal is presently not involved in any construction or development projects but maintains its principles with regards to Ethical Policy since its listing to the Oslo Stock Exchange. These can be found below:

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

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

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

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

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

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

Education
RomReal seeks to deliver sustainable development through its ethical policy and working practices. The terms of reference include requirements for economic and social progress at a local level. The Company has supported educational initiatives, both those that spread best practice in sustainable development, and those that enhance the local educational infrastructure in general. The Company aims to evolve as an enduring partner for the region, and wants to create lasting improvements that raise standards of living and employment for the next generation.

Board of Directors


Kjetil Grønskag - Chairman of the Board and CEO

Mr. Grønskag holds a master of General Business (siviløkonom) 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 within international banking and Real Estate. Mr Grønskag has significant Directorship experience from both listed and private companies. He is a Norwegian citizen and resides in London, UK.


Arve Nilsson - Board member

Arve Nilsson is an independent investor with extensive international experience in equity capital markets currently service as CIO of Danish Family Office Følsgaard Invest. Arve has over 30 years' experience in equity sales, fund Management and real estate investment. Previous employers include Carnegie both in Copenhagen and in London and Danske Bank in Copenhagen. Arve holds a master of General Business and Administration from Copenhagen Business School. He is a Norwegian citizen and resident in Copenhagen, Denmark.


Lacramioara Isarescu - Board member

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

Arne Reinemo - Board member

Arne Reinemo is the CEO of Siljan Industrier, an investment firm. He has previously been Partner of Creo Advisors, an advisory firm focusing on corporate finance services and strategic consulting, Chairman and CEO of Top Temp Holding, a temporary staffing Company, Interim CEO of Trio AB, a public Swedish software firm, Investment Director at Kistefos AS, Engagement Manager at McKinsey & Co, where he focused on Financial Institutions and Corporate Finance, and he has also worked at SBC Warburg, Vital Insurance and Elcon Securities. Arne Reinemo has served as a Board member in several organizations. Arne holds a MBA with Honors from the University of Chicago, Booth School of Business with concentration in Theoretical Finance and Statistics and an MSc (siviløkonom) from the Norwegian School of Economics and Business Administration.

Bendt Thorkildsen – Board Member

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

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors Report and the RomReal Ltd consolidated and annual financial statements as of 31 December 2016. To the best of our knowledge, we confirm that RomReal Ltd and RomReal Group's consolidated annual financial statements for 2016 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union (EU), IFRSs as issued by the International Accounting Standards Board (IASB).

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

DIRECTORS REPORT 2016

RomReal Directors

The Directors are shown below together with their interest in the number of shares in the Company per 31 December 2016 and per 31 December 2015:

		31 December 2015	31 December 2016
Kjetil Grønskag	Appointed November 2006	3,850,307	**4,138,179**
Arne Reinemo	Appointed April 2014	1,600,000	**611,100**
Bendt Thorkildsen	Appointed April 2016	Nil	**6,245,234**
Arve Nilsson	Appointed September 2008	836,052	**836,052**
Lacramioara Isarescu	Appointed April 2014	Nil	**Nil**
TOTAL		**7,344,665**	**11,830,565**

Operations Update

During 2016 RomReal has been very active with its portfolio of prime location plots in two of the largest Romanian cities: Constanta, and Bucharest. The plots, which are suited mostly for residential, industrial and commercial developments have been marketed in a more structured and efficient way. RomReal is presently not involved in any construction or development projects, however the Company is investing in improving the marketability of its plots. A special attention has been drawn to the precise planning of most of the plots in accordance with the needs of the local community and the commercial interests of the Company.

In March 2017, the Company managed to close two significant conditional transactions involving nearly half of the Company's property portfolio as measured by value. These transactions were announced on January 2, 2017. The Company sold its Mamaia North plots – the most valuable plot in the portfolio – and the Morii Lake plot in Bucharest. In line with the prior sales concluded, these transactions were sold at a 20% premium to the 2015 IFRS book value.

The closing processes for both transactions are progressing according to plan. All binding documents for Mamaia North and Lake Morii was signed on 29 March and 31 March 2017 respectively.

The Company continues to develop the remaining plots to increase the attractiveness of the portfolio. As examples, the Company has decided to split the Oasis and Lakeside plots into smaller units enabling both sale of the total plot and units of the plot to smaller entrepreneurs. The new planning permission for Lakeside is expected within the first half of 2017 and Oasis somewhat later this year.

The following developments are ongoing with regards to each specific property:

Mamaia North: Around year end 2016 RomReal entered a conditional sale agreement for the sale of Mamaia North plot. An amount of EUR 13.35m (VAT excluded) from the proceeds (which will be sufficient to repay the Alpha Bank loan) have been collected by the 7th of April and the remaining EUR 1.75m in cash is to be received within a year. RomReal has provided a secured vendor financing to be serviced monthly with equal installments plus interest.

Morii Lake: The price agreed for the property was EUR 2.65m (VAT excluded), which was concluded on 31 March 2017.

Alexandriei plot: The Company recently obtained the urbanization certificate from the City Hall. The Company is presently promoting the plot to prospective local and international buyers. It is expected the plot will be sold during 2017.

Lakeside plot: This involves a transaction of 1,250 sqm from the whole plot where a pre-contract was signed with a Romanian company for the total amount of EUR 190,000 (VAT excluded). A pre-payment of EUR 15,000 (VAT excluded) was received by the Company. The most recent estimate is that the transaction will be finalized by 1st half 2017 taking in consideration the expectations that the planning permission will be obtained during the 1st half of 2017.

Assuming final regulation approval, this plot is set to offer the Constanta/Ovidiu region one of the most attractive residential development projects with an estimated sellable area of about 60,000 sqm.

Ovidiu Oasis plot – The total plot will be split in smaller plots suitable for house building and small residential blocks following the new planning permit that the Company has applied for. Road access has been provided by the municipality. The Company is planning to improve the plot, refurbish the existing villas and put them up for sale. Final regulation approval is expected during second half 2017.

Balada Market plot – Currently an income contributor to the Company due to the marketplace rented out to retailers. Due to the highly attractive location, two architect companies are currently preparing new development volume studies for residential building. This will be the basis for a potential regulation process.

Industrial Area - The total plot of 122,000 sqm will be split in 20 plots, suitable for industrial buildings and warehouses. The planning permission is estimated to be finalized until the end of 2017 year.

Commercial Park- The total plot of 50,000 sqm, which is close to the residential area in Ovidiu, will be split in around 10 small plots suitable for commercial activities and markets. The planning permission is estimated to be finalized during the 1st half of 2018.

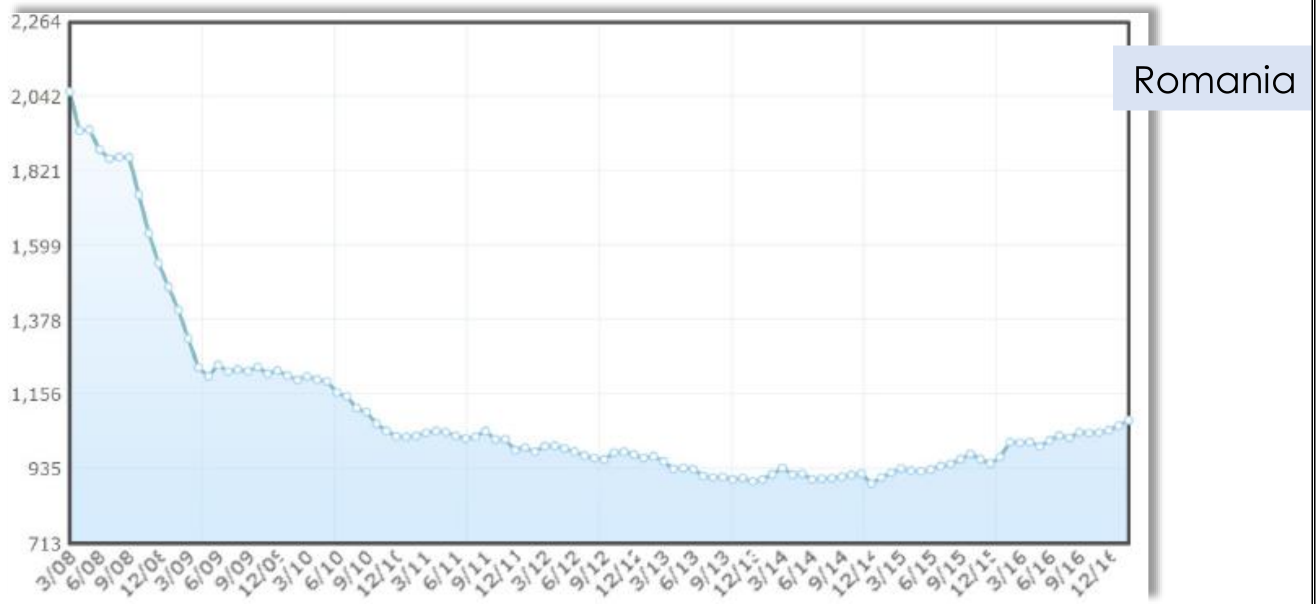
Un-zoned agricultural land - Currently a modest income contributor to the Company as the plots are rented to farmers. The price of local farmland has more than tripled since 2007 and continuous to rise on average 10% per year.

Other plots - The new fiscal code applied in 2016 added taxes for unclean plots. To comply some more expenses will occur ahead.

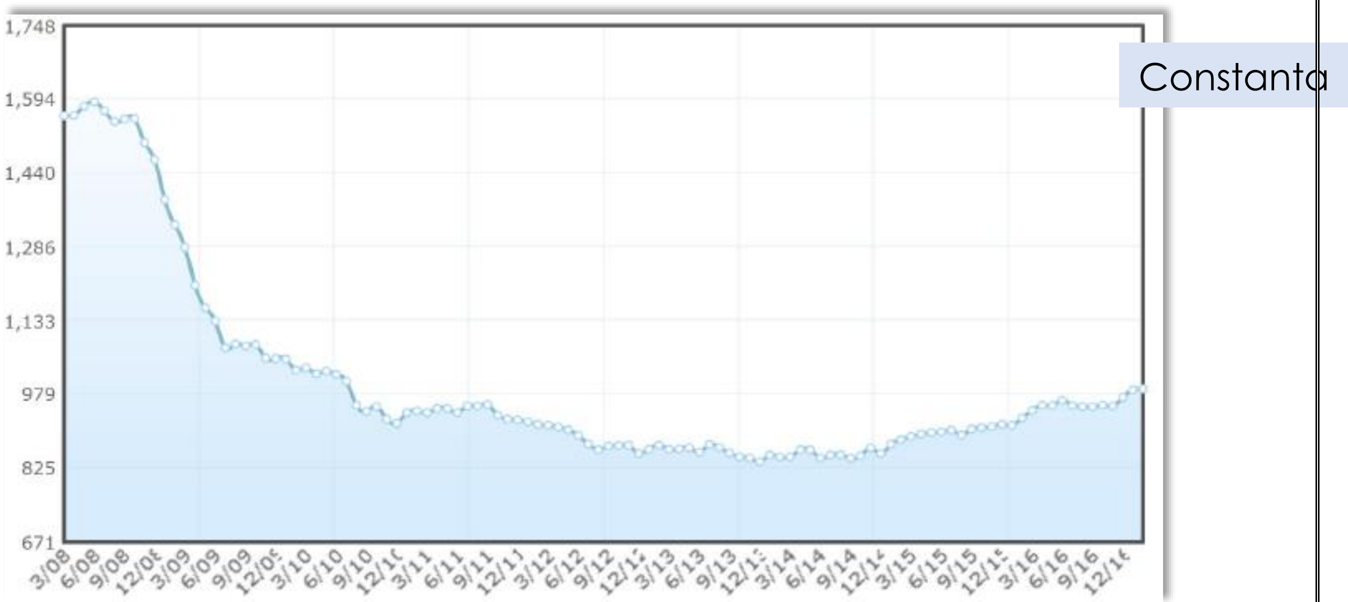
RomReal has on-going sales processes for several of the properties. The real estate market continues to see improved transaction volumes and higher prices. Several of the larger builders are buying new properties to their inventories. In addition, the overall economy grows in a healthy and stable fashion, despite political turmoil from time to time. Therefore, RomReal is confident that it can achieve additional sales during 2017 at prices at or above the increased year end valuation. Recently RomReal has commenced a review of the possibility to start construction and development business together with well-regarded industrial partners on some of the sites which are presently under planning approvals, mainly Lakeside, Oasis and possibly on Industrial Area. This will only be decided if such an approach is deemed clearly more attractive for the Company than an outright disposal of the project.

Key features of the real estate market

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



According to the largest online broker in Romania imobiliare.ro, apartment prices in Romania have seen an increase of 9.9% to EUR 1,080 per m2 compared with the same period last year. Since the bottom in Dec. 2014, the average price has increased 20.1%



Apartment prices in Constanta have seen an increase of 8.2% to EUR 991 per m2, compared with the same period of 2015. Since the bottom in Dec. 2013, the average price has increased 18.0%

Residential prices followed an upward evolution with growing rates of 3-10% across the main markets during Q1 2017. Asking prices increased by an average of 10% in 2016, further to the 6.6% growth of 2015, according to imobiliare.ro index, the largest real-estate listings portal in Romania.

A further positive evolution is expected for 2017, especially as salaries are increasing and legislation adds new incentives. Government has decided in the beginning of the year to eliminate taxes for residential sales at prices below 100,000 Euro. In addition, there is a project to eliminate VAT for the sale of new apartments worth less than 100,000 Euro.

Accounts and financial position

RomReal has prepared the financial statements as of 31 December 2016, on the basis of going concern. While the industry has faced significant challenges in Romania, RomReal actively seeks to improve liquidity, capitalize on its strong assets base, and take advantage of the future developments of the country's economy.

Operating revenues

RomReal had consolidated operating revenues of EUR 0.35 million in 2016 compared to EUR 0.34 million in 2015. The main revenue stream was rental income from the Balada Market.

Operating expenses

Total consolidated operating expenses were EUR 0.55 million in 2016 compared to EUR 0.89 million in 2015. RomReal (parent Company) operating gains were EUR 0.03 million in 2016 compared to expenses of EUR 3.48 million in 2015.

Profit/Loss

Consolidated profit after tax in 2016 was EUR 1.21 million compared to a loss after tax of EUR 2.21 million in 2015. RomReal (parent Company) profit after tax was EUR 1.32 million in 2016 compared to a loss of EUR 1.87 million in 2015.

The end of year 2016 independent land bank portfolio valuation has shown an average increase of 15.5% on a like for like basis compared to the end of year 2015 valuation representing an increase in value of EUR 4.1 million. The limited number of comparable transactions in the market still makes it difficult to make precise estimates of market values. This is reflected in the end of year 2016 financial statements.

Dividends

The Directors are not proposing any dividends for the period.

Balance sheet

RomReal had on a consolidated basis a total balance of EUR 33.83 million at 31 December 2016. RomReal (parent Company) had a total balance of EUR 19.86 million. Total consolidated equity at 31 December 2016 amounted to EUR 19.37 million (parent Company EUR 19.37 million) compared with EUR 18.04 million in 2015 (parent Company EUR 18.04 million). The Company has total current liabilities of EUR 14.46 million at 31 December 2016 (parent Company EUR 0.49 million).

Net cash flow from consolidated operations was a negative EUR 0.52 million at December 31 2016 compared to a negative EUR 0.36 million in 2015 (parent Company negative EUR 0.22 compared to negative EUR 0.32 million in 2015). Consolidated liquid assets were EUR 3.44 million at 31 December 2016 compared to EUR 3.38 million at 31 December 2015 (parent Company EUR 0.13 million in 2016 compared to EUR 0.37 million in 2015).

Financial risk

The Group's consolidated interest-bearing debt amounted to EUR 11.6 million representing principal amount of EUR 11.6 million. This is an assets finance facility taken by the Company in December 2007 with Alpha Bank Romania. The loan had an initial term of 3 years which was prolonged for another 2 years during 2010. During the first quarter of 2013, the Company finalized the documentation for the extension of the Alpha Bank loan. As part of the extension, the security was extended to include new real estate mortgage of EUR 6 million plus a corporate guarantee from RomReal Ltd and its subsidiary Westhouse Group SRL. The outstanding of the loan represents 57 % of the value of the security, according to the independent valuation.

On April 7, 2017, the Group has prepaid entirely the outstanding loan from Alpha Bank thus emerging as virtually a debt free company and changing completely the risk profile of the Company to a completely unleveraged one.

Organization

RomReal Ltd operates in Romania through its fully owned subsidiary S.C. Westhouse Group SRL (WHG). WHG holds an office in Constanta, Romania, and a small team of five employees, head by Westhouse Group CEO Adrian Cristea. The employees mainly deal with managing the assets, accounting compliance and reporting, and sales/ marketing.

Working Conditions, Equal Opportunities, Health and Environmental issues

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

Corporate Governance

RomReal Ltd (RomReal) is with modest 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.

The Norwegian code of practice for corporate governance (the code) has been issued by the Norwegian Corporate Governance Board (NCGB). It builds on the principle of "comply or explain", whereby companies must either comply with the code or explain why they may have chosen an alternative approach. It also requires the Company's report on its corporate governance to address all 15 sections of the code. The Oslo Stock Exchange stipulates that listed companies must provide an overall presentation of their corporate governance principles in accordance with the applicable code, and that this must be included in their annual report. RomReal's principles for corporate governance are based on the recommendation of 30 October 2014, which can be found at www.nues.no. The Norwegian Corporate Governance Board has decided not to amend the Norwegian Code of Practice for Corporate Governance in 2016.

1. Implementation and reporting on corporate governance

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

The Board of RomReal is responsible for implementing sound corporate governance principles in the Group. RomReal's corporate governance does not deviate from the requirements of the code in any significant way which requires more detailed

explanation. Relations between owners and the Group will be characterized by respect for the owners, good and timely information, and equal treatment of shareholders. The ethical guidelines observed by RomReal reflect its values base; please see separate Ethical Policy Section.

2. Business

RomReal owns a large portfolio of prime location plots in two of the major Romanian cities: Constanta, and Bucharest. The plots are well suited for residential and commercial developments. RomReal is not involved in any construction or development projects for the time being.

3. Equity and dividends

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

Dividend

When considering its proposal for a dividend, the Executive Management and the Board will take into account meeting the Alpha Bank loan covenants as well as to consider other ways of returning liquidity to its shareholder.

Following all debt repayments, the Company has no covenants regarding how to optimize is capital structure.

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

4. Equal treatment of shareholders and transactions with close associates

Share Issues

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

Different Classes of Shares

RomReal has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach. Efforts will be made to conduct possible transactions by the Company in its own shares through the stock exchange or in others ways at prevailing stock exchange prices.

Transactions with close associates

RomReal's routines specify that, in general, no transactions should be conducted between the Group and its shareholders, Directors, senior executives or their close associates. Should any of these have an interest in a transaction involving the Group,

the Board must be informed and take up the matter for consideration if necessary. Unless the transaction is insignificant, the Board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved. The related parties, including shareholders and close associates, are reported to the stock exchange via www.newspoint.no. During 2016, there were six insider transactions.

5. Freely negotiable shares

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

6. General Meetings

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

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

(a) Appointing a proxy

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

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

The reason for not allowing separate voting for the 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 calling.

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

For 2017, the Annual General Meeting of the Company will take place on the 21st April at 13:00 (local time), at the Company's registered office in Bermuda.

7. Nomination Committee

RomReal has chosen not to comply with the directive 7 for appointing a Nomination Committee due to the fact that most of the Board members have waived their rights to a Director's fee. 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.

8. Corporate assembly and Board of Directors: composition and independence

RomReal's Board of Directors consisted at 31 December 2016 of five Directors:

Kjetil Grønskag

Bendt Thorkildsen

Arne Reinemo

Lacramioara Isarescu

Arve Nilsson

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

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

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

9. The work of the Board of Directors

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

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

The duties and responsibilities of the Board are dictated by applicable legislation, the parent Company's articles of association, and mandates and instructions adopted by the general meeting.

The Board will exercise supervision to ensure that the Group meets its business goals and manages risk in a wise and satisfactory manner. The Board is responsible for appointing the chief executive. On 26 May, 2016, Mr. Kjetil Gronskag replaced Mr. Adrian Cristea as CEO of RomReal Group. Mr. Cristea is now Board member of RomReal's Romanian subsidiaries and operational core.

The Chairman is responsible for ensuring that the work of the Board is conducted in an efficient and proper manner and in compliance with applicable legislation. During 2016 seven (7) Board meetings were conducted. In addition to the Chairman, the Board has two independent chairs to lead the discussion on issues where the chair has a conflict of interest or is unable to attend.

The Board carries out an annual assessment of its work. Periodic reports which comment on the Group's financial status are received by the Board.

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

10. Risk Management and internal control

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

Economic conditions and Emerging markets risk

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

Financial reporting

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

Counterparty risk

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

Financial risk

RomReal holds a finance facility with Alpha Bank Romania. The loan has been extended for a period of one year with the interest paid in advance and currently expires on the 29 November 2016, and has the right to extend the loan for 1 more year, provided the interest of 1 year is paid in advance. The Company has exercised its option to extend the maturity until April 28, 2017. Further extension until 29 November 2017 is permitted subject to prepayment of interest for the extension period, which is already paid into an escrow account in Alpha Bank.

On April 7, 2017, the Group has prepaid entirely the outstanding loan from Alpha Bank thus emerging as virtually a debt free company and changing completely the risk profile of the Company to a completely unleveraged one.

Foreign Exchange risk

The Company's main reporting currency is the EUR, which is used to facilitate loans to its subsidiaries. At the subsidiary level in Romania, the operational currency is RON. Due to its operational exposure in Romania, the financial reporting currency used to value the Company's assets is the RON. Due to the difference between reporting and operational currency the Company is exposed to foreign exchange risk. To manage this, the Company holds most of its deposits in EUR. The average exchange rate during 2016 was 1.00 EUR to 4.4908 RON

Tax risk

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

The Company is required to calculate its current income tax at a flat rate of 16%. Starting 2013, the companies in the Group with turnover below a EUR 65,000 threshold are subject to a 3% tax calculated on total revenue. This is the case for 7 of the Group companies while 3 of them are subject to 16% on taxable profits.

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

Director's Liability risk

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

11. Remuneration of the Board of Directors

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

During 2016, the Directors received the following remuneration:

Arne Reinemo	EUR 4,500
Lacramioara Isarescu	EUR 4,500
Arve Nilsson	EUR 4,500
Bendt Thorkildsen	EUR 4,500

Chairman Kjetil Grønskag abstained from receiving any remuneration as a Board Member during the year. There are no outstanding share options.

North Bridge Group is a Company associated with Chairman Kjetil Grønskag, 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 members not related to North Bridge.

12. Remuneration of the Executive Management

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

The Executive Management of RomReal comprises three executives with good knowledge within their job functions and with senior Management experience from across the industry.

The Executive Management of RomReal currently includes the following persons with the yearly outlined remuneration:

Name	Position	Yearly fees	Benefits/Bonuses
Kjetil Gronskag	CEO RomReal	€35,000	
Adrian Cristea	Board member of Rom subsidiaries and legal advisor	€36,000	2% on asset sales *
Claudia Oprisan	Chief Accountant	€23,000	N/A

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

13. Information and communication

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

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

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

The Group holds quarterly presentations. These provide an overview of operational and financial developments in the previous quarter as well as an overview of market prospects and the outlook for the business. Interim reports, web-casts and presentation materials are made available on the Group's website.

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

2017 Financial Calendar includes the following dates:

Q4 2016 Reporting and Investor Presentation	17	FEB	2017
2017 Annual General Meeting	21	APR	2017
Q1 2017 Reporting and Investor Presentation	26	MAY	2017
Q2 2017 Reporting and Investor Presentation	25	AUG	2017
Q3 2017 Reporting and Investor Presentation	24	NOV	2017

14. Takeovers

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

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

15. Auditors and advisors

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

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

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

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

Prospects

RomReal expects the continued positive macroeconomic development to foster further growth and interest for the real estate market in 2017.

Following the concluded disposals within end March and Mamaia North payments during first half 2017. RomReal is emerging as a debt-free company with free liquidity and several attractively located development projects with significant potential.

Recently RomReal has commenced a review of the possibility to start construction and development business together with well-regarded industrial partners on some of the sites which are presently under planning approvals, mainly Lakeside, Oasis and possibly on Industrial Area. This will only be decided if such an approach is deemed clearly more attractive for the Company than an outright disposal of the project.

The Company expects to continue to enhance shareholder value during 2017 in an expected improving and strengthening marketplace.

Bermuda, 11.04.2017

The Board of Directors of RomReal

....

Kjetil Grønskag (Chairman & CEO)

....

Bendt Thorkildsen (Director)

....

Arne Reinemo (Director)

....

Lacramioara Isarescu (Director)

....

Arve Nilsson (Director)

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016

Income Statement

Figures in EUR		Consolidated		Parent company	
	Notes	2016	2015	2016	2015
Rent revenue	**13**	**278,389**	**271,789**	**-**	**-**
Sales of investment property		221,248	1,216,042		
Cost of sales- investment property	4	(146,485)	(1,147,448)	-	-
Profit / (loss) on sales of investment property		**74,764**	**68,594**	**-**	**-**
Total income		**353,153**	**340,383**	**-**	**-**
Payroll and related expenses	14	(168,774)	(239,387)	(27,500)	(85,497)
Depreciation and amortisation expense	3	(1,945)	(663)	-	-
Other operating (losses)/gains	16	(35,003)	(113,622)	776,140	(3,160,098)
Inventory (write off)/ reversal	5	260,185	26,981		
General and administrative expenses	15	(604,159)	(561,555)	(234,271)	(234,488)
Operating expenses		**(549,696)**	**(888,246)**	**514,369**	**(3,480,083)**
Profit/(loss) before other operating items		(196,543)	(547,863)	514,369	(3,480,083)
Net gain/(loss) from revaluation of investment properties	4	4,117,919	(769,161)	-	-
Profit/(loss) from operations		**3,921,376**	**(1,317,024)**	**514,369**	**(3,480,083)**
Interest income	17	187	22,451	810,716	1,617,590
Interest expense	17	(392,217)	(338,547)	(1,109)	(8,327)
Foreign exchange, net	17	(239,731)	(592,812)	-	-
Profit/(loss) before taxes		**3,289,615**	**(2,225,959)**	**1,323,976**	**(1,870,820)**
Tax expense	18	(2,074,365)	12,168	-	-
Result of the period		**1,215,250**	**(2,213,791)**	**1,323,976**	**(1,870,820)**
Attributable to:					
-Equity holders of the parent		1,215,250	(2,213,791)	1,323,976	(1,870,820)
Basic earnings/(losses) per share from continuing operations	**24**	**0.03**	**(0.05)**	**0.03**	**(0.05)**
Basic earnings/(losses) per share from continuing - diluted	**24**	**0.03**	**(0.05)**	**0.03**	**(0.05)**

Statement of Comprehensive Income

Figures in EUR	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Profit for the year	**1,215,250**	**(2,213,791)**	**1,323,976**	**(1,870,820)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations	108,727	343,140	-	-
Other comprehensive income for the year, net of tax	**108,727**	**343,140**	**-**	**-**
Total comprehensive income for the year, net of tax	**1,323,977**	**(1,870,651)**	**1,323,976**	**(1,870,820)**
Attributable to equity holders of the parent:	1,323,977	(1,870,651)	1,323,976	(1,870,820)

Statement of Financial Position

Figures in EUR		Consolidated		Parent company	
ASSETS	**Notes**	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
Noncurrent assets					
Property, plant & equipment	3	16,841	13,384	-	-
Investment properties	4	16,685,822	26,406,570	-	-
Deferred tax asset	18	124,401	124,858	-	-
Investments in subsidiaries	1	-	-	19,721,777	17,725,211
Total non current assets		**16,827,594**	**26,544,812**	**19,721,777**	**17,725,211**
Current assets					
Inventories	5	2,535,783	2,285,915	-	-
Trade receivables and other receivables	6	196,302	549,296	6,160	7,000
Cash and cash equivalents	9	707,145	541,160	128,219	360,832
Total current assets		**3,439,231**	**3,376,371**	**134,379**	**367,832**
Assets held for sale	11	13,565,878	-	-	-
Total assets		**33,832,703**	**29,921,183**	**19,856,156**	**18,093,042**

Figures in EUR					
LIABILITIES AND EQUITY	**Notes**	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
Equity					
Issued share capital	7	103,419	103,419	103,419	103,419
Contributed surplus	7	87,117,249	87,117,249	87,117,249	87,117,249
Retained earnings	8	(70,393,130)	(70,393,130)	(67,851,773)	(69,175,749)
Other Reserves		424,808	424,808	-	-
Translation reserve		901,298	791,788	-	-
Total equity		**19,368,895**	**18,044,919**	**19,368,895**	**18,044,919**
Non current liabilities					
Deferred tax liability	18	2,103,537	58,581	-	-
Total non current liabilities		**2,103,537**	**58,581**	**-**	**-**
Current liabilities					
Trade and other payables	10	148,785	147,501	87,261	48,124
Current debt liabilities	12	11,600,000	11,600,000	-	-
Shareholder loans	12,20	400,000	-	400,000	-
Income tax payable	18	-	49	-	-
Deferred income	19	211,487	70,324	-	-
Total current liabilities		**12,360,271**	**11,817,784**	**487,261**	**48,124**
Total liabilities and equity		**33,832,703**	**29,921,374**	**19,856,156**	**18,093,043**

Signed on behalf of the Board of Directors

....
Kjetil Grønskag (Director)

....
Bendt Thorkildsen (Director)

....
Arne Reinemo (Director)

……………………………….
Lacramioara Isarescu (Director)

....
Arve Nilsson (Director)

Date: 11/04/2017

Consolidated Statement of Changes in Equity

Figures in EUR	Attributable to equity holders of the parent					
	Share Capital (Note 7)	Contributed Surplus (Note 7)	Retained Earnings (Note 8)	Translation Reserve	Other Reserves	Total
Balance as of 31 December 2014	**103,419**	**87,117,249**	**(68,179,168)**	**438,702**	**424,808**	**19,915,740**
Profit for the period	-	-	(2,213,791)	-	-	(2,213,791)
Other comprehensive income	-	-	-	343,140	-	343,140
Total comprehensive income and expense for the year	**-**	**-**	**(2,213,791)**	**343,140**	**-**	**(1,870,652)**
Balance as of 31 December 2015	**103,419**	**87,117,249**	**(70,393,129)**	**792,572**	**424,808**	**18,044,918**
Profit for the period	-	-	1,215,250	-	-	1,215,250
Other comprehensive income	-	-	-	108,727	-	108,727
Total comprehensive income and expense for the year	**-**	**-**	**1,215,250**	**108,727**	**-**	**1,323,977**
Balance as of 31 December 2016	**103,419**	**87,117,249**	**(69,177,879)**	**901,298**	**424,808**	**19,368,895**

Parent Company's Statement of Changes in Equity

Figures in EUR

	Share Capital (Note 7)	Contributed Surplus (Note 7)	Retained Earnings (Note 8)	Total
Balance as of 31 December 2014	**103,419**	**87,117,249**	**(67,304,928)**	**19,915,740**
Profit for the period	-	-	(1,870,820)	(1,870,820)
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the year	**-**	**-**	**(1,870,820)**	**(1,870,820)**
Balance as of 31 December 2015	**103,419**	**87,117,249**	**(69,175,749)**	**18,044,919**
Profit for the period	-	-	1,323,976	1,323,976
Other comprehensive income	-	-	-	-
Total comprehensive income and expense for the year	**-**	**-**	**1,323,976**	**1,323,976**
Balance as of 31 December 2016	**103,419**	**87,117,249**	**(67,851,773)**	**19,368,895**

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Statement of Cash Flows

Figures in EUR		Consolidated		Parent company	
	Notes	2016	2015	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:					
Net profit/(loss)		**1,215,250**	**(2,213,791)**	**1,323,976**	**(1,870,820)**
Adjustments for:					
- Income tax expense/(profit)	18	1,981,568	(12,168)	-	-
-Net (gain)/loss from revaluation of investment properties	4	(4,117,919)	769,161	-	-
-Expenses/(gain) on disposal of investment property	4	39,761	45,028	-	-
- Depreciation and amortization	3	1,945	633	-	-
- Interest Income	17	(187)	(22,451)	-	(21,913)
- Interest expense	17	392,217	338,574	1,109	8,327
-Unrealised foreign exchange (gain) / loss	17	239,730	592,812	-	-
-Other operating expenses	16	-	-	(1,585,870)	1,542,613
Decrease/(increase) in trade and other receivables		28,589	52,773	840	-
(Decrease)/increase in current payables		(54,279)	(8,650)	41,332	25,826
Decrease/(increase) in inventories		(250,588)	102,069	-	-
Cash generated from operations		(510,639)	(450,597)	(222,613)	(315,967)
Income tax paid		(6,337)	(4,987)	-	-
Net cash flow from operating activities		**(516,976)**	**(360,968)**	**(222,613)**	**(315,967)**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sales of financial assets		-	726,077	-	-
Purchases of property plant and equipment		(5,401)	(2,413)		
Sales of investment property		361,671	1,176,804	-	-
Capital expenditure on investment property		(3,316)	(92,823)	-	-
Inter-company loans granted		-	-	(410,000)	-
Net cash flow used in investing activities		**352,954**	**1,807,645**	**(410,000)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		400,000	-	400,000	-
Payment of issue costs		-	-	-	-
Repayment of borrowings		-	(927,450)	-	-
Interest paid	17	(66,989)	(391,300)	-	21,913
Interest received		308	685	-	-
Net cash from financing activities		**333,319**	**(1,318,065)**	**400,000**	**21,913**
Other non-cash expenses/(revenues)		(3,313)	(94,616)	-	-
Net change in cash and equivalents		**165,985**	**33,996**	**(232,613)**	**(294,054)**
Cash and cash equivalents, beginning of period		541,160	507,164	360,832	654,866
Cash and equivalents, end of period		**707,145**	**541,160**	**128,219**	**360,832**

Notes to The Financial Statements

Note 1 ORGANIZATION AND OPERATIONS

The consolidated financial statements of RomReal Limited and its subsidiaries (collectively the "Group" or the "Company") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on the 11 April 2017.

These financial statements cover RomReal Ltd. and its subsidiaries. RomReal Ltd. is incorporated in Bermuda whereas the subsidiaries Westhouse Group SRL, Concorde Group SRL, Investate SRL, Rofrench Connection SRL, Magic Sail SRL, Westhouse Invest SRL, Westhouse One SRL, West Feriae SRL, Terra del Sol SRL, Hars SRL are incorporated in Romania. RomReal Ltd and its subsidiaries (the Group) are principally engaged in property investments and development in Romania. The table below lists all subsidiaries.

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

Both consolidated financial statements and those of the parent have been prepared on a going concern basis given the improved liquidity situation of the company as a result of the signing of some of its land plots in the first quarter of 2017 (see notes 4 and 21 for further details).

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 Sail SRL	Romania	100%	20
Westhouse Invest SRL	Romania	100%	68,000
Westhouse One SRL	Romania	100%	3,200
West Feriae SRL	Romania	100%	100
Terra del Sol SRL	Romania	100%	15,020
Hars SRL	Romania	100%	20

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

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

The consolidated financial statements of the RomReal Group and those of the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), adopted by the EU. All IFRS standards adopted have effective date 1 January 2016 or earlier. The consolidated financial statements and those of the parent company are presented in euros.

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

2.2 Consolidation

The consolidated financial statements comprise the financial statements of RomReal Ltd. and its subsidiaries as of 31 December 2016 and 31 December 2015; the Group was established in the autumn 2005. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.3 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Classification of property

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

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

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

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

Estimates and assumptions

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

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

Taking into account the characteristics of the Group's properties, as well as the features of the local market, the market comparison approach was considered in these circumstances as the most suitable in estimating the market value of the properties. However, there are limitations to this approach as there was a limited number of transactions in 2016 and 2015. In these circumstances, there is a great degree of uncertainty than would exist in a more active market in estimating the market values of investment property.

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

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

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

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

2.4 Property, plant and equipment

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

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

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

2.5 Investment properties

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

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

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

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

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

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

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

2.6 Cash and cash equivalents

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

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

2.7 Financial assets

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

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

2.8 Inventories

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

2.9 Trade and other receivables

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

2.10 Non-current assets held for sale

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

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

2.11 Provisions

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

2.12 Equity

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

2.13 Operating lease contracts – the Group as a lessor

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

2.14 Revenue recognition

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

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

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

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

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

2.15 Foreign currency translation

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

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

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

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

	December 31, 2016	December 31, 2015
Closing	4.5411	4.5245

2.16 Taxes

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

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

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

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

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

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

2.17 Loans and Borrowings

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

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

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

2.18 Operating segments

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

2.19 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for amendments to standards which became effective 1 January 2016, but of which none had any impact on the group. These standards include: IFRS 14, Amendments to IFRS 11, Amendments to IAS 16 and IAS 38, Amendments to IAS 16 and IAS 41, Amendments to IAS 27, Amendments to IAS

1, Amendments to IFRS 10, IFRS 12 and IAS 28.

2.20 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

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

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group plans to adopt the new standard on the required effective date.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017. Application of the amendments will result in additional disclosures provided by the Group.

Note 3 PROPERTY, PLANT AND EQUIPMENT

Figures in EUR - Consolidated

	IT equipment	Other fixtures and fittings	Total
Gross book value as at December 31, 2015	**54,332**	**232,101**	**326,083**
Additions in period	-	5,401	5,401
Disposals in period	-	-	-
Translation difference	(199)	(801)	(1,000)
Gross book value as at December 31, 2016	**54,133**	**236,701**	**330,484**
Accumulated Depreciation as at December 31, 2015	**(51,720)**	**(221,328)**	**(312,699)**
Charge for the period	(665)	(1,280)	(1,945)
Disposals in the period	-	-	-
Translation difference	195	805	1,000
Accumulated Depreciation as at December 31, 2016	**(52,190)**	**(221,803)**	**(313,643)**
Net book Value as at December 31, 2015	**2,612**	**10,773**	**13,384**
Net book Value as at December 31, 2016	**1,943**	**14,898**	**16,841**
Depreciation method	Linear	Linear	
Depreciation period (Years)	2-4	3-9	

There were no impairment charges in 2016 and 2015. Motor vehicles with a gross book value of EUR 39,650 at 31 December 2016 are still in use, however they are completely amortised.

Note 4 INVESTMENTS PROPERTIES

Figures in EUR - Consolidated

	2016	2015
Opening balance as at January 1	26,406,570	28,439,367
Additions in period	3,316	92,823
Sales	(146,485)	(1,147,448)
Transfers to Assets Held for Sale (note 11)	(13,565,878)	-
Fair value adjustment during the period	4,117,919	(769,161)
Translation differences	(129,621)	(209,012)
Carrying amount as at December 31	**16,685,822**	**26,406,570**

Investment properties consist of land and buildings at various locations in Romania. The fair value of investment property as at 31 December 2016 is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification in Romania and who has recent experience in the location and categories of the investment property being valued.

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

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

Taking into account the characteristics of the Group's properties, as well as the features of the local market, the market comparison approach was considered in these circumstances as the most suitable in estimating the market value of the properties. However, there are limitations to this approach as there was a limited number of transactions in 2016 and 2015. For each property three comparable were selected and the following elements of comparison were considered: price, real property rights transferred, financing terms, conditions of sale, expenditures made immediately after the purchase, location, area, visibility and frontage, utilities, access, public transportation, existing buildings, existing potential building permitting and best use. Land price varies depending on the size of the plot. In case of development sites, the larger the plot, the lower the price per square meter. In terms of size, based on market evidence, land plots were grouped in several intervals, as follows: smaller than 1,000 sq m, between 1,000 and 5,000 sq m, between 5,000 and 10,000 sq m, between 10,000 and 50,000 sq m and larger than 50,000 sq m. If comparison was made with sites that are in different size intervals, a 5% adjustment was applied.

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

On 31 March 2017, the Company signed the sale of Morii Lake plot for a consideration of EUR 2.65 million, with the amount being cashed the same day. On 29 March 2017, the company also signed a sale agreement for part of its Mamaia North plot for an amount of EUR 8 million.

Therefore, the respective values have also been used for the purpose of fair value at 31 December 2016.

Within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement the above described valuation of investment properties is categorized as Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. In arriving at their estimates of market values the valuators used their market knowledge and professional judgement and did not rely solely on historical transactional comparable. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property. Furthermore, given the rapid change on the market, significant alterations of value can be encountered within short periods of time. Unforeseen macroeconomic or political crises can have a sudden and dramatic effect on markets. This could manifest itself by either panic buying or selling, or simply disinclination to trade until it is clear how prices in the market will be affected in the longer term. There have been no transfers between Levels in the hierarchy as compared to the previous reporting period.
Disposals to investment properties during 2016 relate to the sale of smaller plots of land in Tatar Peninsula, all with a total carrying value of EUR 146,485. These sales have been made at a selling price slightly higher than the carrying amount resulting in a profit of EUR 74,764.

Note 5 INVENTORIES

Figures in EUR - Consolidated

	2016	2015
Opening balance	**2,285,915**	**2,387,984**
Additions	21,360	4,550
Sales	(20,611)	(112,776)
Change in provisions	260,186	26,981
F/X reserve	(11,066)	(20,824)
Balance as at December 31	**2,535,783**	**2,285,915**

Inventories consist of the development projects of the Group. These are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs to make the sale. At year-end 2016, inventories relate mainly to the Oasis project (EUR 2.52 million). The net realisable value test resulted in a value increase for the Oasis project.

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

Note 6 TRADE RECEIVABLES AND OTHER RECEIVABLES

Figures in EUR	Consolidated		Parent company	
	2016	2015	2016	2015
Trade receivables	79,255	116,787	-	-
VAT receivable	55,419	38,506	-	-
Other prepayments	56,300	381,833	6,160	7,000
Other short-term receivables	5,328	12,079		
Total	**196,302**	**549,296**	**6,160**	**7,000**

Trade receivables include mainly receivables related to the sales of plots for which an instalments payment schedule has been agreed by the Group and other receivables resulting in the ordinary course of business in respect of the lease agreements for some of the rent yielding investment properties and the rest in sundry debtors. The prepayments include mainly the amount of interest paid in advance (EUR 34,027) to Alpha bank in order to extend the maturity of the loan. As of 31 December, the analysis of trade receivables that are past due is set out below:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
2016	196,302	151,503	15,434	29,365	-	-	-
2015	549,296	531,422	17,874	-	-	-	-

Note 7 SHARE CAPITAL AND PAID-IN CAPITAL

Figures in EUR	Number of shares	Share capital	Contributed Surplus	Paid in share capital
Total share capital January 1, 2015	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**
New issues in the period	-	-	-	-
Reduction in par value of shares	-	-	-	-
Total share capital December 31, 2015	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**
New issues in the period	-	-	-	-
Reduction in par value of shares	-	-	-	-
Total share capital December 31, 2015	**41,367,783**	**103,419**	**87,117,249**	**87,220,668**

There were no changes to the share capital or the number of shares during 2016 and 2015.

Shareholders rights

There are no restrictions on voting rights or the transferability of shares in RomReal Ltd. The below summarised the largest shareholder with shareholdings in excess of 1% as of 01 April 2017.

Name	Holding	Percentage
SIX SIS AG 25PCT ACCOUNT	10,336,254	24.99
THORKILDSEN DØDSBO KAY TØNNES	5,415,756	13.09
GRØNSKAG KJETIL	4,038,449	9.76
SAGA EIENDOM AS	2,692,093	6.51
AUSTBØ EDVIN	2,108,500	5.10
E. LARRE HOLDING AS	1,614,444	3.90
Danske Bank A/S 3887 OPERATIONS SEC.	1,361,816	3.29
ORAKEL AS	1,101,000	2.66
SPAR KAPITAL INVESTO	940,236	2.27
ENERGI INVEST A/S	891,879	2.16
THORKILDSEN INVEST A	829,478	2.01
PERSSON ARILD	718,000	1.74
HOEN ANDERS MYSSEN	689,557	1.67
Skandinaviska Enskil	628,832	1.52
SILJAN INDUSTRIER AS	611,100	1.48
JONAS BJERG PENSION NTS TRUSTEES LTD	558,306	1.35
Nordea Bank AB NORDEA BA. SWE. AB (	504,784	1.22
CLEARSTREAM BANKING	438,383	1.06
BNP Paribas Securiti S/A SPEARPOINT LTD	406,856	0.98
FRENICO AS	396,000	0.96
TOTAL TOP 20	**36,281,723**	**88**

(1) This is the Top 20 Shareholder list as per 01 April 2017.

(2) The total issued number of shares issued at 01 April 2017 was 41,367,783.

(3) Chairman Kjetil Grønskag owns directly and indirectly 4,288,179 shares corresponding to 10.4%.

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

Note 8 RETAINED EARNINGS

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

Figures in EUR	Consolidated	Parent Company
Retained earnings as of December 31, 2015	**(70,393,130)**	**(69,175,749)**
Net profit in the period	1,215,250	1,323,976
Retained earnings as of December 31, 2016	**(69,177,879)**	**(67,851,773)**

No dividends will be distributed by the Group in respect of 2016.

Note 9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to EUR 707,145 at 31 December 2016 (EUR 541,160 at 31 December 2015).

At parent company level, cash and cash equivalents amount to EUR 128,219 at 31 December 2016 (EUR 360,832 at 31 December 2015). EUR 534,805 was restricted with a Group's account at

Alpha Bank with a view to secure a potential interest pre-payment in case of a further extension of maturity post 28 April 2017. However, on April 7th 2017 the loan was entirely prepaid therefore no further restrictions on the remaining cash balance.

Note 10 TRADE AND OTHER PAYABLES

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

Figures in EUR	Consolidated		Parent Company	
	2016	2015	2016	2015
Trade payables	50,655	83,464	-	-
Employee taxes	4,074	3,531	-	-
Other payables	94,056	60,506	87,261	48,124
Trade payables	**148,785**	**147,501**	**87,261**	**48,124**

At 31 December 2016, the balance of EUR 94,056 Other payables for the group as well as the balance of Other payables of EUR 87,261 for the parent company, include EUR 44,488 accrued expenses related to the 2016 audit fees.

Note 11 ASSETS HELD FOR SALE

On 23rd December 2016, the Group entered into two conditional sales transactions related to its Mamaia North plot (the plot is owned under two different legal entities; hence two agreements were concluded). The fair value of the plots as of end 2016 was EUR 13,565,878. The Group considers the completion of the transaction highly probable while the asset is available for immediate sale in its present condition.

Note 12 INTEREST-BEARING LOAN

As at 31 December 2016 the Group consolidated net interest-bearing debt amounted to EUR 12,000,000, of which EUR 11,600,000 debt towards Alpha Bank and EUR 400,000 a shareholder loan. This is principal amount only as according to the agreement with Alpha Bank interest has been paid in advance.

The loan from Alpha Bank is an assets finance facility taken by the Group in December 2007. The loan matured on 29 Nov 2016. The Group has negotiated an extension until 28 April 2017 in expectation that by that time, it would have prepaid the loan out of the proceeds from the sale of the Mamaia North plot. The extension of the loan bears interest at a rate of EURIBOR+3% and is paid monthly in advance. Further extension until 29 November 2017 is permitted subject to prepayment of interest for the extension period, which is already paid into a restricted account with Alpha Bank. The book value of the security EUR 18.1 million which implies a loan to value ratio of 56%, below the covenanted maximum of 65%.

As of 31 December 2016, the above-mentioned loan, with a total balance including accrued interest of EUR 11,600,000, was classified as short term due to the fact that the contractual maturity of the loan is less than one year after the balance sheet date. In order to exercise a new extension option, the key conditions were related to the prepayment of interest for the new extension period and a loan to value ratio of maximum 65% based on an external valuation at the time of extension. Nevertheless, as a result of the sales of some of its land plots in the first quarter of 2017, the Group has used part of the proceeds to entirely repay the Alpha Bank loan on 7th April 2017, before the current maturity of 28th April 2017.

The shareholder loan, represents an up to EUR 540,000 facility signed by the Group with one of its main shareholders (the Thorkildsen family) on 5 August 2016. The facility carries an interest rate of 4% and has a maturity of 1 year with interest payable at maturity.

Note 13 OPERATING INCOME

Figures in EUR - Consolidated

		2016	2015
Rent revenue		278,389	271,789
Sales of investment property		221,248	1,216,043
Cost of sales- investment property	4	(146,485)	(1,147,448)
Total operating income		**353,153**	**340,383**

The Group owned during the period two rent generating investment properties. These were Balada market which is the main rent generating property and the Mamaia plot which hosts small accommodation units mostly occupied during summer periods. Total rent amount generated by the two properties amounted to EUR 278,389 (2015: 271,789). Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Figures in EUR - Consolidated

	2016	2015
Within 1 year	278,389	271,789
After 1 year	-	-
Total operating income	**278,389**	**271,789**

The Sales of investment property during 2016 relate to the sale of the small plots of land the Group owned in north Constanta.

Note 14 PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

The key management (which includes the executive officer of the Group and its directors) received remuneration in amount of EUR 27,500 (2015: EUR 85,497). Mr Kjetil Grønskag's remuneration as CEO of the Group has been assimilated to the Management Support Agreement (see note 20).

The Directors are shown below together with their interest in the shares of the Company per 31 December 2016 and per 31 December 2015:

		31 December 2016	31 December 2015
Kjetil Grønskag	Appointed November 2006	4,138,179	3,850,307
Arne Reinemo	Appointed April 2014	611,100	1,600,000
Bendt Thorkildsen	Appointed April 2016	6,245,234	Nil
Arve Nilsson	Appointed September 2008	836,052	836,052
Lacramioara Isarescu	Appointed April 2014	Nil	Nil
Adrian Cristea	CEO - Appointed October 201	Nil	Nil
TOTAL		**11,830,565**	**7,344,665**

The average number of employees in Westhouse Group during 2016 was 5. Payroll expenses related to these employees amounted to EUR 168,774 during 2016 (2015: 153,890). All compensations offered by the Group are short term benefits. The Group does not offer a pension plan or other long term employee benefits to its employees as of December 31, nor are there any post-employment benefits.

Note 15 GENERAL AND ADMINISTRATIVE EXPENSES

Figures in EUR	Consolidated		Parent company	
	2016	**2015**	**2016**	**2015**
Management fee	(85,000)	(64,000)	(85,000)	(64,000)
Legal expenses	(36,954)	(23,764)	-	-
Rent expenses	(17,240)	(18,098)	-	-
Travel expenses	(1,925)	(10,527)	(1,922)	-
Professional services	(137,059)	(163,868)	(137,059)	(132,618)
Land and other taxes	(67,053)	(56,339)	-	-
Other expenses	(258,928)	(224,959)	(10,290)	(37,868)
Total	**(604,159)**	**(561,555)**	**(234,271)**	**(234,488)**

Professional services expenses for 2016 include audit fees accrual amounting to EUR 46,124. The audit fees are all charged at RomReal Ltd level.

Note 16 OTHER OPERATING (LOSS) / GAINS

For RomReal (the parent company) "Other operating (loss)/gains" of EUR 0.78 million in 2016 (2015: EUR 3.1 million losses) relates mainly to change ion the fair value of the investment in subsidiaries).

Note 17 FINANCIAL INCOME AND EXPENSE

Figures in EUR	Consolidated		Parent company	
	2016	2015	2016	2015
Interest income from subsidiaries	-	-	810,716	1,595,677
Interest income from banks	187	22,451	-	21,913
Total financial income	**187**	**22,451**	**810,716**	**1,617,590**
Interest expense and other bank fees	(392,217)	(338,574)	(1,109)	(603)
Foreign exchange gain	4,878,162	5,863,202		
Foreign exchange loss	(5,117,893)	(6,456,014)	-	(7,724)
Total Financial expense	**(871,679)**	**(908,935)**	**(1,109)**	**(8,327)**

During 2016, the RON has fluctuated against the EUR and at year end was 0.4% weaker against the EUR. All intercompany loans taken by the Romanian subsidiaries from RomReal Ltd as well as the loan from Alpha Bank were revalued at the closing rate resulting in a net unrealised foreign exchange loss of EUR 239,731.

The interest expense in 2016 and 2015 relates to the interest costs in respect of the Alpha Bank loan (please see note 12).

Note 18 TAXATION

RomReal Ltd. is registered in Bermuda and is consequently not subject to taxation. The subsidiaries are subject to taxation in Romania. The applicable tax rate in Romania is 16 %. The applicable tax rate is the same whether any profits are paid out as dividends or retained in the company. There have not been any changes to the applicable tax rates in 2016.

Current income tax expense for 2016 was EUR 6,297 (2015: 3,610) and it is in respect of the taxable profits resulting from the renting of the Balada market and Investate. The major components of the income tax expense for the periods ended December 31, 2016 and December 31, 2015 are:

Figures in EUR - Consolidated	2016	2015
Current income tax charge	6,297	3,610
Deferred income tax movement in the period	2,068,078	(15,778)
Income tax expense/(income) in the consolidated income statement	**2,074,365**	**(12,168)**

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

Figures in EUR - Consolidated

	2016	2015
Losses carried forward resulting in deferred tax asset	124,401	124,858
Fair value adjustments of Investment property resulting in deferred tax liability	2,103,537	58,581

The increase in the deferred tax liability during the year is related to the conditional sales entered into by the Group for its Mamaia North plot which for various reasons has in the end been structured as an asset sale (rather than a sale of the legal vehicles) and therefore carries a tax impact.

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

	2016	2015
Westhouse SRL	124,401	124,858
TOTAL	**124,401**	**124,858**

The deferred tax asset relates to the following:

	2016	2015
Carried forward fiscal losses	124,858	124,858
TOTAL	**124,858**	**124,858**

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

	2016	2015
Concorde SRL	80,909	47,395
Hars SRL	1,252,675	-
Terra del Sol SRL	759,112	-
Investate SRL	10,841	11,185
TOTAL	**2,103,537**	**58,581**

The deferred tax liability relates to the following:

	2016	2015
Revaluation of investment properties to fair value	2,103,537	58,581
TOTAL	**2,103,537**	**58,581**

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

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

	2016	2015
Accounting taxable profits/(loss)	3,289,615	(2,225,959)
Tax at applicable rate of 16%	(526,338)	356,153
Tax effect of (expenses)/income that are not (deductible)/taxable in determining taxable profit	(1,548,026)	(343,986)
Tax (expense)/income	**(2,074,365)**	**12,168**

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

Note 19 DEFERRED INCOME

Deferred income at the end of 2016 included mainly the down payment the Group received as a result of the entering in a pre-sale agreement for the Mamaia North plot.

Note 20 TRANSACTIONS WITH RELATED PARTIES

Transactions with subsidiary

RomReal Ltd. has granted its subsidiary Westhouse Group SRL loans amounting to a total of EUR 52,095,997, interest to 31 December 2016 included. Intergroup loans bear an interest rate of 3% and are for a term of 11 months. The loan has been entirely provisioned in the stand alone financial statements of the parent. The subsidiary Westhouse Group SRL has further granted RomReal Ltd. a loan of EUR 116,262 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.

Transactions with other related parties

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 four shareholders of North Bridge, which include Mr. Kjetil Grønskag. 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 2016 (2014: EUR 64,000). 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 2010 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 Investors Relation responsible during 2016, Mr. Harris Palaondas, was seconded to the Group from North Bridge Group pursuant to a secondment letter dated 01 November 2008. Following the above, the group's board approved a fee payable to North Bridge of EUR 16,000 per year plus reasonable out-of-pocket expenses for travelling. During the period, North Bridge charged EUR 16,000 (2015: EUR 16,000). The outstanding balance due to North Bridge Capital Partners at 31 December 2016 was nil (2015: EUR 0).

The Group's Chairman Kjetil Gronskag, holds an executive position as Chief Executive of RomReal following Board approval on the 26 May 2016 for which he is entitled to a yearly fee of EUR 35,000.

On 5 August 2016, RomReal entered into a shareholder financing agreement with the Thorkildsen family for an amount of up to EUR 540,000. The loan is unsecured, carries an interest of 4% and has a maturity of one year. As of end 2016, EUR 400,000 has been drawn from the facility.

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

Note 21 FINANCIAL RISK

The Group's principal financial liabilities comprise of borrowings, trade and other payables, and financial guarantee contracts.

The loan from Alpha Bank is secured with mortgage over some of the group's assets plus a corporate guarantee from RomReal Ltd and its subsidiary Westhouse Group SRL. The ratio of loan to value of the security, according to the independent valuation, is about 57%, below the covenanted level of 65%.

Fair value

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

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

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, from its financial investments and from its deposits with banks.
The carrying amounts of the Group's cash and cash equivalents, other current assets and receivables represented the maximum exposure to credit risk in relation to financial assets. Cash is placed with reputable banks.

As of 31 December 2016, no trade and other receivables were impaired (see note 6).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates in respect of the EUR 11,600,000 loan from Alpha Bank. At the end of the year, the loan carried a margin of 3% on EURIBOR up until 28 April 2017. Each 10-basis point change in the interest rate results in a EUR 11,600 change in interest costs for the Group.

Liquidity risk

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

Year ended 31 December 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans	-	-	11,600,000	-	-	11,600,000
Shareholder loan	-	-	400,000	-	-	400,000
Other payables	-	148,785	-	-	-	148,785
Deferred income	-	-	211,487	-	-	211,487
Tax payable	-	-	-	-	-	-
Total	**-**	**148,785**	**12,211,487**	**-**	**-**	**12,360,271**

Year ended 31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest bearing loans	-	-	11,600,000	-	-	11,600,000
Other payables	-	147,501	-	-	-	147,501
Deferred income	-	-	70,133	-	-	70,133
Tax payable	-	49	-	-	-	49
Total	**-**	**147,550**	**11,670,133**	**-**	**-**	**11,817,683**

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is subject to foreign exchange risk as the Romanian subsidiaries have business activities denominated in RON, which is different from the currency of the parent company and the one in which loans are denominated, EUR. All investment properties are owned by the Romanian subsidiaries and thus denominated in RON. However, it is the market practice that investment properties are valued with reference to EUR denominated values, thus minimising the foreign exchange risk of the Group. From an operational point of view, the Group's policy is to mitigate these effects by retaining as much cash in EUR as possible and also by denominating receivables in EUR. The Group's interest bearing loans are also denominated in EUR. The Group perceives the risk as moderate on a Group-wide basis and has not entered into any foreign exchange forward contracts to hedge against foreign currency fluctuation. A 10% depreciation of the RON against EUR, with all other variables held constant, would result in a EUR 2 million negative impact in the profit before tax and a EUR 0.2 million decrease in equity. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities of the subsidiaries before they get translated into the functional currency of the Group. The impact on the Group's equity is due to the translation reserves.

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

The Group monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The Group's policy is to keep a low average loan to value ratio of the Group and in any event not higher than 70%. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group complies with its target loan to value ratio and no changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

As at year end 2016, the Group's equity represents 57% of the total assets, while financial debt taken from credit institutions represented 40% of the investment properties value.

	2016	2015
Interest bearing loans	12,000,000	11,600,000
External valuation of investment property	30,393,472	26,406,570
Loan to value ratio	39%	44%

During the period, the Group maintained the asset finance facility with Alpha Bank in Romania. The outstanding EUR 11.6 million has been prolonged until 28 April 2017 with an automatic extension possible until November 29, 2017. The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. As of 31 December 2016, the loan was classified as current liability.

Note 22 CONTINGENT LIABILITIES

As of December 31, 2016, the Group had no other significant contingent liabilities or commitments which are not reflected in the accounts, nor had it recorded any significant subsequent events.

Note 23 GUARANTEE OBLIGATIONS

The Group has not issued any guarantees on behalf of external parties. The Parent company has issued a corporate guarantee as part of the security package in connection with Alpha Bank loan described in Note 12.

Note 24 EARNINGS PER SHARE

Basis for calculation of earnings per share	Consolidated		Parent Company	
	2016	**2015**	**2016**	**2015**
The year's earnings from continuing operations	1,215,250	(2,213,791)	1,323,976	(1,870,820)
No. of shares at the balance sheet date	41,367,782	41,367,782	41,367,782	41,367,782
Average of no. of shares	41,367,782	41,367,782	41,367,782	41,367,782
Earnings per share	**0.03**	**(0.05)**	**0.03**	**(0.05)**
Adjusted Earnings per share	**0.03**	**(0.05)**	**0.03**	**(0.05)**

Note 25 SUBSEQUENT EVENTS

On 29 March 2017, the Group has signed the final sale agreement for part of its Mamaia North land plot for a total amount of EUR 8 million. The acquisition is partly financed with debt from the same lender as the Groups current lender therefore the closing is only conditional on the customary conditions precedent for the disbursement. Due to the current legal arrangements, a second agreement was entered into for the sale of the remaining of the Mamaia North plot. The financial closing took place on April 7, 2017 and at the same time with the above-mentioned amounts, the Group received an additional consideration of EUR 4.8 million, with a further difference to be collected in instalments.

On 31 March 2017, the Group signed the sale agreement for its Morii Lake plot, for a total consideration of EUR 2.65 million, with the amounts being cashed.

On April 7, 2017, the Group has prepaid entirely the outstanding loan from Alpha Bank thus emerging as virtually a debt free company and changing completely the risk profile of the Company to a completely unleveraged one.

Statement

pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the Group and the Company for 2016 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit t or loss of the Group and the
Company taken as a whole.

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

Bermuda, 11.04.2017
The Board of Directors of RomReal Ltd

....
Kjetil Grønskag (Chairman)

....
Bendt Thorkildsen

....
Arne Reinemo (Director)

....
Lacramioara Isarescu (Director)

....
Arve Nilsson (Director)

Company Addresses

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Auditors	Ernst & Young, Thormøhlens gate 53 D, PO Box 6163, Postterminalen, Bergen, N5892, Norway
Legal Advisors	Wakefield Quin Limited, Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda
Bank in Norway	Nordea Bank Norge ASA, Olav Tryggvasons gt. 39/4, 7005 Trondheim, Norway
Bank in Romania	Alpha Bank Constanta, 175 Mamaia Boulevard, 900540, Constanta, Romania

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For further information on RomReal, including presentation material relating to this interim report and financial information, please visit www.RomReal.com

DISCLAIMER

The information included in this Report contains certain forward-looking statements that address activities, events or developments that RomReal Limited ("the Company") expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets in which RomReal is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and RomReal disclaims any and all liability in this respect.