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# RomReal Limited

## Investor presentation

Second Quarter (Q2) 2018 results

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Webcast

31 August 2018

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## Q2 2018 results – Highlights

### **Net Asset Value (NAV)**

- Net Asset value was EUR 0.49 (NOK 4.86) per share, 3.2 per cent higher compared to Q1 2018. There were no changes made to the value of the investment properties during the quarter.

### **Operational highlights**

- Hospital plot (No. 9 on the list): sale agreement signed 29 June 2018 for a total amount of EUR 1.85m of which EUR 0.5m received and the difference of EUR 1.2m to be paid over the next 12 months, plus 3% interest per year and the remaining EUR 0.15m to be paid no later than 30/07/2021.
- Un-zoned land, 864,534 m<sup>2</sup> (No. 10 on the list): 26 January 2018, Pre-sale agreement entered for a total price of EUR 625,060 (vs EUR 389,000 as per independent valuation). The transaction has been closed in tranches and the last instalment of EUR 495,000 was collected during July 2018.
- As announced to the market, on 19 July 2018, RomReal has received a tax claim in excess of EUR 1.7m. E&Y has been retained and the Company will pursue all legal means in order to dismiss the claim. On 18th July 2018, Constanta Court of Appeal ordered that no attachments to the bank accounts and/or lands belonging to Westhouse Group should take place pending the resolution of the case in front of the Court of Appeal.

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# Q2 2018 results – Highlights

## **Financial Results**

- Net Result for the quarter was EUR 605,000 profit compared to a EUR 801,000 loss in 2Q 2017. Operating cash flow for the quarter was a negative EUR 1,085,000 compared to minus EUR 2,182,000 in the same period last year.
- By the end of the quarter, the Company had a cash position of EUR 3.1 million plus a total of EUR 1,350,000 in outstanding payments related to binding sales agreements, totaling about EUR 4.4 million or about EUR 0.1 per share.

## **Macro and real estate market highlights**

- Romania's economic growth slowed to 4.1% year-on-year in the second quarter of 2018, compared to 6.1% annual growth in the like quarter of 2017, non-adjusted provisional data of the country's statistical board, INS.
- According to the online real estate platform imobiliare.ro, asking prices in Romania remained flat during the second quarter at 1,221 /sqm at the end of July 2018. Prices in Constanta have reached in July 2018 EUR 1,139 /sqm, a 9.1 percent increase compared with the same period last year.

## NAV movement in Q2 2018

Asset base	Q2 2018			Q1 2018		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	12,725	0.31	3.03	13,655	0.33	3.25
Assets held for sale	275	0.01	0.07	436	0.01	0.10
Inventories	2,690	0.07	0.64	2,690	0.07	0.64
Cash	3,099	0.07	0.74	3,789	0.09	0.90
Other assets/(liabilities)	1,609	0.04	0.38	(799)	(0.02)	(0.19)
Net asset value	20,399			19,770		
NAV/Share		0.49	4.86		0.48	4.71
Change in NAV	3.2%			-0.8%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q2 2018.

## Financial highlights - IFRS

EUR '000	Q2 2018	Q2 2017
Operating Revenue	1,894	(48)
Operating Expenses	(201)	(806)
Other operating income/ (expense), net	(1,128)	24
Net financial income/(cost)	7	(2)
Pre-tax result	565	(800)
Result for the period	605	(801)
Total assets	20,727	24,817
Total liabilities	329	6,443
Total equity	20,399	18,376
Equity %	98.4	74%
NAV per share (EUR)	0.49	0.46
Cash position	3,099	2,523

## RomReal Properties Q2 2018

Plot name	Location	Size (m2)
1 Ovidiu Lakeside	Constanta North/Ovidiu	59,779
2 Badulescu plot	Constanta North/Ovidiu	50,000
3 Ovidiu (Oasis)	Constanta North/Ovidiu	24,651
4 Centrepont	Constanta North/Ovidiu	121,672
5 Gunaydin plot	Constanta North/Ovidiu	15,000
6 Balada Market	Central Constanta	7,188
7 Un-zoned land	Constanta	864,534
Total		1,073,549

\*(1) Sale agreed, closing still to be completed

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## Operational highlights

Lake Side (No.1 on the table) – Works for implementing the roads and utilities is expected to commence in Q4 2018. In order to obtain the necessary authorisations for gas connection in the area it will be necessary at least 6 houses be built on the site. The infrastructure costs are estimated to EUR 1.5 -1.6m

Oasis (No. 4 on the table) –The plot will be divided in small plots suitable for house building and small blocks. It is expected that the new Planning Permission (PUZ) will be approved in Q3 2018.

Industrial Park (No. 5 on the table) - The Company has appointed architects and engineers to start projecting roads and utilities on the site in order to obtain the building authorisations for the roads and utilities. Several companies have shown specific interest to acquire parcels of the property.

Balada Market (No. 7 on the table) - The Company has upgraded the electrical installation and the firefighting equipment in order to comply with the requirements of the National Safety Inspectorate. For this plot there are on-going serious sale negotiations.

Badulescu plot (No. 2 on the table) - New urbanistic zone planning on this plot has been commenced by the Company in order to regulate the area as a commercial one in Ovidiu town. It is estimated that the new urbanistic plan would be finalised in Q1 2019



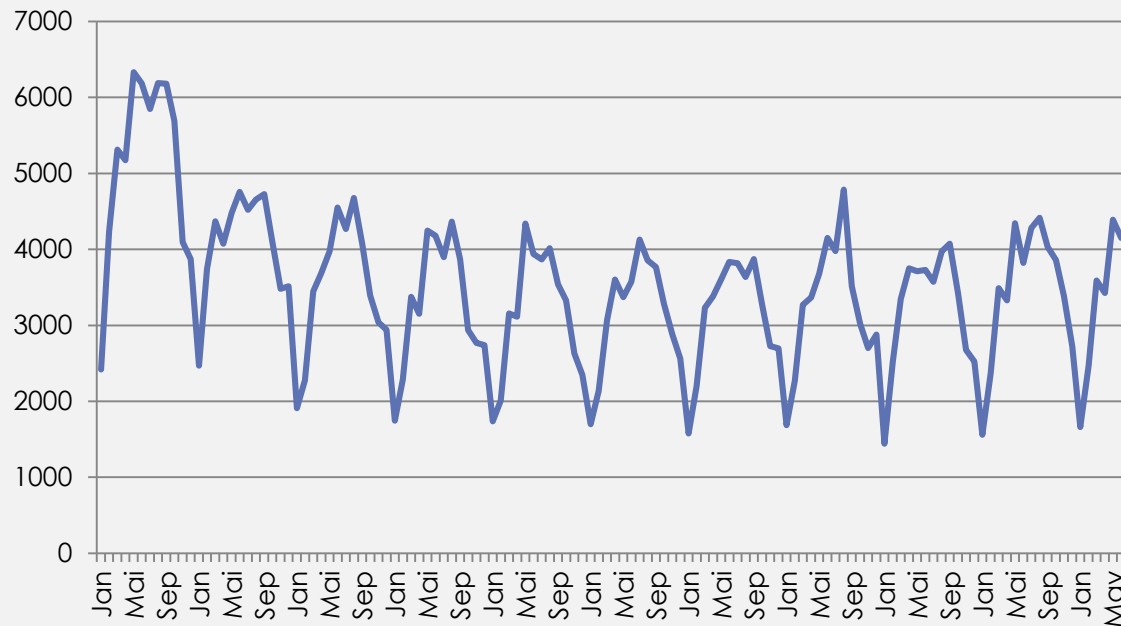
# Romanian Macro development

- Preliminary data from the statistical office showed that the Romanian economy grew by 4.1%, more-than-expected in the second quarter, after almost a stagnation in the previous three months.
- A recent report of the European Bank for Reconstruction and Development estimates GDP growth will slow over the next two years as it returns to more sustainable levels, with growth of 4.6 per cent expected in 2018 and 4.2 percent in 2019.



# Romania Real Estate Update

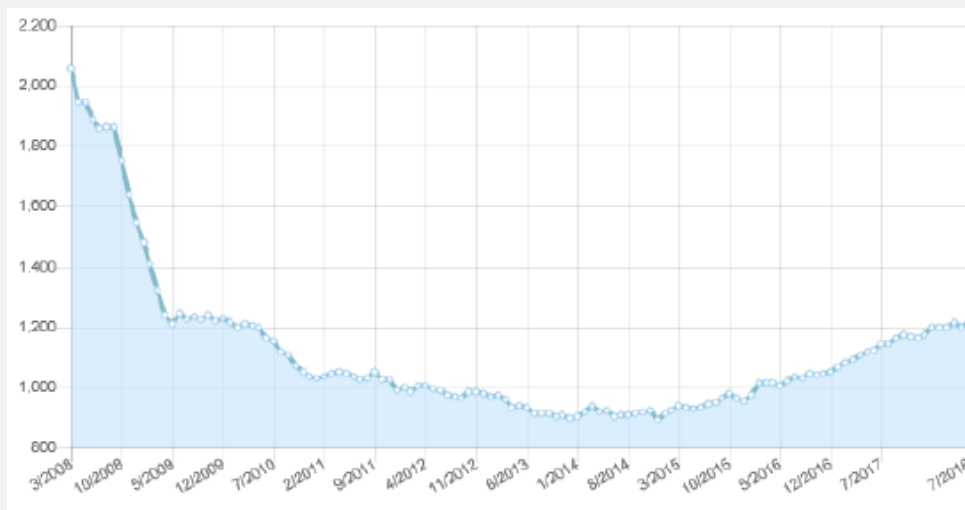
- According to Colliers International, the first half of the year closed with overall investment volumes of EUR 404m, an increase of close to 18 percent compared to the first semester of 2017.
- In the first semester of 2018, the mortgage loans volume soared by 5.5 percent, sustained by the Prima Casa (First Home) program, according to a periodical analysis by Banca Transilvania.



\*Housing permits issued 2009-2018 according to the Romania National Statistics office

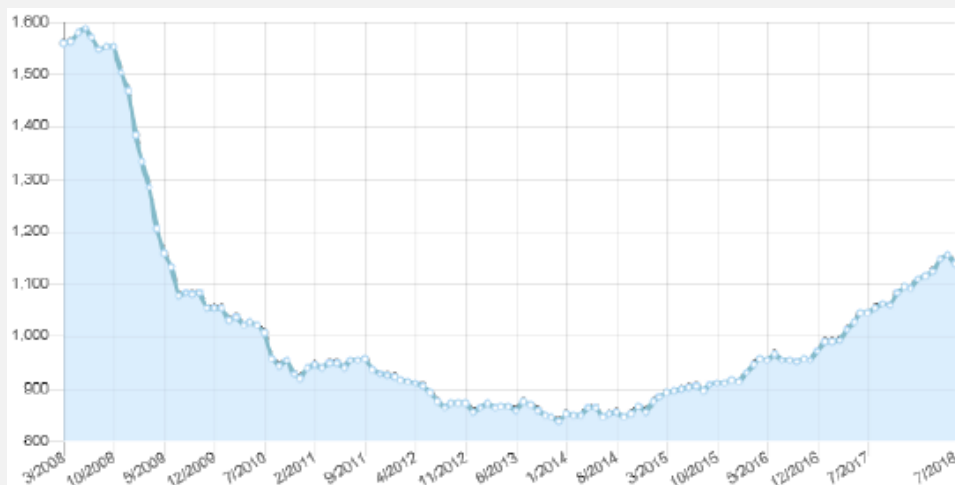
# Apartment Price Development (Jul '18)

## Romania



- Average apartment prices in Romania at EUR 1,212 /sqm at the end of Jul 2018, an increase of 6.2% yoy.

## Constanta



- Average apartment prices in Constanta have reached in Jul 2018 EUR 1,139 /sqm, a 9.1% increase year on year.

## RomReal shareholders as at 20/08/2018

Shareholder	Holding	Percentage
SIX SIS AG 25PCT ACCOUNT	10,336,054	24.99
GRØNSKAG KJETIL	4,038,449	9.76
SAGA EIENDOM AS	3,162,383	7.64
THORKILDSSEN DØDSBO KAY TØNNES	3,071,656	7.43
THORKILDSSEN WENCHE SYNNOVE	2,344,100	5.67
AUSTBØ EDVIN	2,108,500	5.10
Danske Bank A/S 3887 OPERATIONS SEC.	1,452,995	3.51
ORAKEL AS	1,101,000	2.66
ENERGI INVEST A/S	1,055,993	2.55
SPAR KAPITAL INVESTO	940,236	2.27
THORKILDSSEN INVEST A	829,478	2.01
PERSSON ARILD	718,000	1.74
HOEN ANDERS MYSSSEN	689,557	1.67
Skandinaviska Enskil	628,832	1.52
JONAS BJERG PENSION NTS TRUSTEES LTD	558,306	1.35
GRØNLAND STEINAR	533,726	1.29
SILJAN INDUSTRIER AS	481,480	1.16
MAGDAHL AKSEL	465,000	1.12
CLEARSTREAM BANKING	438,583	1.06
BNP Paribas Securities S/A SPEARPOINT LTD	406,856	0.98
TOTAL TOP20	35,361,184	85

(1) This is the Top 20 Shareholder list as per 20 Aug 2018.

(2) The total issued number of shares issued at end Q2 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 Thorkildsen family.

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

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## Main focus areas going forward

- RomReal is focusing on land value enhancing activities in order to improve the shareholder value. This includes, among others, increased sales & marketing efforts, if required some infra-structure investments and engaging more resources into regulation processes.
- The ongoing tax dispute adds uncertainty and reduces the financial flexibility, however the Company has allocated significant resources in dealing with the issue.
- The Company is involved in several on-going sales processes and expects reportable conclusions before the end of 2018.

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# Thank you

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