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# RomReal Limited

## Investor presentation

Third Quarter (Q3) 2019 results

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Webcast

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# Q3 2019 results – Highlights

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

- Net Asset value pre any tax was EUR 0.46 (NOK 4.55) per share, being 0.7% lower compared to the end of the second quarter 2019.
- No further changes were made to the value of the investment properties during the quarter, other than the capitalizing of certain capital expenditure totaling EUR 1,006,000 aimed at increasing the value of the certain properties.

## **Operational highlights**

- In November 2019, RomReal signed a sale agreement for 11 plots in Lakeside (No. 1 in the table) for a total price of EUR 550,000. A down-payment of EUR 110,000 is received and the rest spread out over 18 months.
- The agreed buyer of Balada Market for EUR 2.5m (No. 6 in the table) has utilized the option to delay payment/final signing until 17th December 2019.
- Since the 2Q 2019 report, various legal procedures have been implemented in both the on-going EUR 1.7m tax-bill claim and the expropriation claim of land on the Mamaia North plot by the Navodari City Hall.

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# Q3 2019 results – Highlights

## **Financial Results**

- Net Result for the quarter was EUR 238,000 loss compared to a EUR 18,000 loss in 3Q 2018. Operating cash flow for the quarter was a negative EUR 294,000 compared to minus EUR 284,000 in the same period last year.
- At the end of the quarter, the Company had a cash position of EUR 2.5 million plus a total of EUR 1,300,000 in conditional instalment/payments related to binding sales agreements, totaling at close to EUR 3.8 million or about EUR 0.09 per share.

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

- The economy grew 3.0% year-on-year in the third quarter, down from the second quarter's 4.4% expansion and marking the weakest acceleration since Q2 2014, according to a flash estimate released by the Statistical Institute.
- The country's consumer prices rose by 3.5% year-on-year in September, compared to an increase of 3.9% in the previous month, according to the national statistical office.
- The residential prices witnessed a slight increase during the third quarter and are 4.2% higher than the same period last year.
- On November 4, the parliament approved a new transitional Government led by National Liberty Party Leader Ludovic Orban, which is expected to be in office until the scheduled general election in November 2020. The first round President election took place 10 November and second round will be done 24 November 2019. The President Klaus Johannis is expected to be re-elected.

## NAV movement in Q3 2019

Asset base	Q3 2019			Q2 2019		
	EUR '000	EUR/ share	NOK/share	EUR '000	EUR/ share	NOK/share
Investment property	11,287	0.27	2.69	10,776	0.26	2.57
Assets held for sale	2,191	0.05	0.52	2,191	0.05	0.52
Inventories	2,492	0.06	0.59	2,492	0.06	0.59
Cash	2,490	0.06	0.59	3,191	0.08	0.76
Other assets/(liabilities)	658	0.02	0.16	594	0.01	0.14
Net asset value	19,117			19,245		
NAV/Share		0.46	4.55		0.47	4.58
Change in NAV	-0.7%			-0.3%		

The average number shares used in the NAV calculation above is 41,367,783 shares and unchanged from Q2 2019

## Financial highlights - IFRS

<b>EUR '000</b>	<b>Q3 2019</b>	<b>Q3 2018</b>
Operating Revenue	43	559
Operating Expenses	(152)	(238)
Other operating income/ (expense), net	46	(302)
Net financial income/(cost)	(171)	(23)
Pre-tax result	(235)	(4)
Result for the period	(238)	(18)
Total assets	19,572	20,800
Total liabilities	456	417
Total equity	19,117	20,397
Equity %	97.7%	98.1%
NAV per share (EUR)	0.46	0.49
Cash position	2,490	3,685

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## RomReal Properties Q3 2019

<b>Plot name</b>	<b>Location</b>	<b>Size (m2)</b>
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 Centrepoint	Constanta North/Ovidiu	121,672
5 Gunaydin plot	Constanta North/Ovidiu	15,000
6 Balada Market*	Central Constanta	7,188
<b>Total</b>		<b>278,290</b>

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

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# Operational highlights

Lake Side (No.1 on the table) – Works for implementing the roads and utilities commenced in November 2018 and are on-going. The Company has recently finalised negotiations with the gas Company for a satisfactory price. The negotiations with the electricity Company concerning the grid connection is still on-going. The Company has several specific processes for selling plots in the area and signed in November a conditional sale and purchase agreements for 11 plots totalling EUR 550,000. These additional specific cases are not expected to be converted into binding agreements before all regulation items are concluded, including electrical grid connection and a change of existing urbanistic regulations.

Oasis (No. 3 on the table) – The Company is still negotiating with the gas and electricity Company ENEL the costs and conditions for the grid connection of whole area including the blocks built on the site, to be implemented in stages. Meanwhile, the Company more broad marketing and sales activities when the pending regulation and utility issues are further advanced.

Industrial Park (No. 4 on the table) - RomReal agreed in September 2018 a conditional sale of 1.5 hectares to a foreign investor for a total amount of EUR 630,000 to be paid in stages. The Company is presently following the authorisation procedures of the road and utilities, in order to start building the roads and comply with the provisions of sale agreement, as well as attract other investors in the area.

Balada Market (No. 6 on the table) - The sale of whole plot and building have been agreed with a Bucharest investor for a total amount of EUR 2.5m and a down payment of EUR 150,000 is received. The prospective buyer has utilised an option to delay payment/final signing until 17<sup>th</sup> December 2019.

Badulescu plot (No. 2 on the table) – The New General urbanistic zone planning on this plot has been approved by Ovidiu City Hall in November 2019. The Company has already established sales negotiations with interested investors in the area.



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## Operational highlights 2

### **Restitution claim, plot of 1,453 sqm, Constanta Court case**

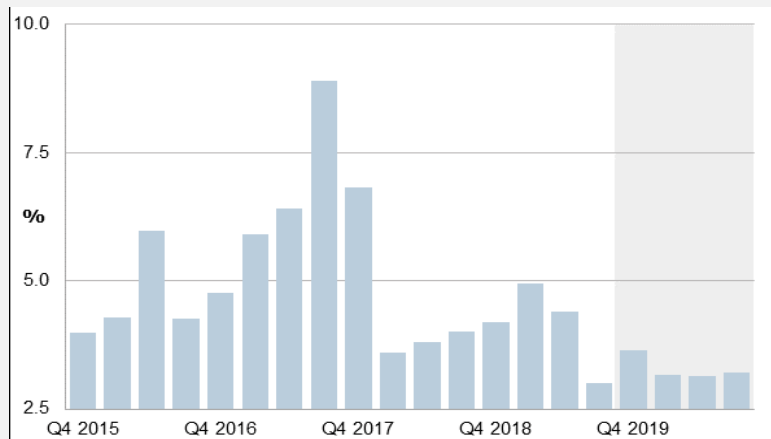
- Following the satisfactory application by the Company, the Romanian parliament changed the subject restitution laws.
- A new law in this respect has been published in August 2019, ordering local authorities to restore the lands having no plans for public buildings to be built on them.
- The Company has already served the necessary notifications to Navodari City Hall.
- Subject to a final solution with the municipality, and subject to solving litigation case, the piece of land is already agreed to be sold to the buyer of the Company's previous Mamaia North plot.

### **Contestation against the Tax Authority Decision**

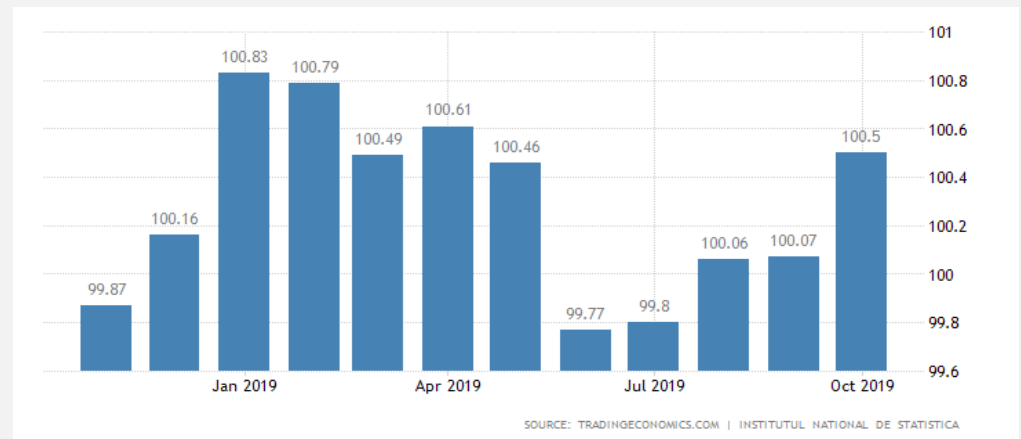
- During June 2019, the Company managed to obtain a second Court of Appeal decision confirming the fact that no attachments to the bank accounts and/or lands belonging to Westhouse Group, should take place until a final decision from the Romanian High Court of Justice is concluded in the future.
- On 5th of November 2019 High Court of Justice decided to admit the appeal of the Tax Authority against the suspension decision issued by Constanta Court of Appeal during 2018 Court proceedings. Fortunately, there is still in force the second order issued by Constanta Court of Appeal during 2019, and therefore no attachments to the bank accounts and/or lands belonging to Westhouse Group can take place.
- During the last hearing call by the Constanta Court of Appeal on 13th November the Court decided that a Bucharest judicial sworn specialised tax accountant should examine the whole grounds of the Tax Authority claim. The Bucharest specialised tax accountant will be chosen by the judge during next hearing on 11th December 2019. He/she is going to be accompanied in his work by a specialized Professor tax expert chosen by the Company.

# Romanian Macro development

- Romania's real GDP growth is projected to reach 4% in 2019 before slowing to 3.5% in 2020, the International Monetary Fund (IMF) said in the October edition of its World Economic Outlook report.
- Romania's consumer prices are expected to rise 4.2% year-on-year in 2019 and by 3.3% in 2020, according to the IMF.
- The economy grew 3.0% year-on-year in the third quarter, down from the second quarter's 4.4% expansion and marking the weakest acceleration since Q2 2014, according to a flash estimate released by the Statistical Institute. The print undershot analysts' expectations largely due to big GDP data revisions; nevertheless, it exceeded the EU average of 1.3%.
- The country's consumer prices rose by 3.5% year-on-year in September, compared to an increase of 3.9% in the previous month, according to the national statistical office. On October 3, the central bank maintained its monetary policy rate at 2.50%.



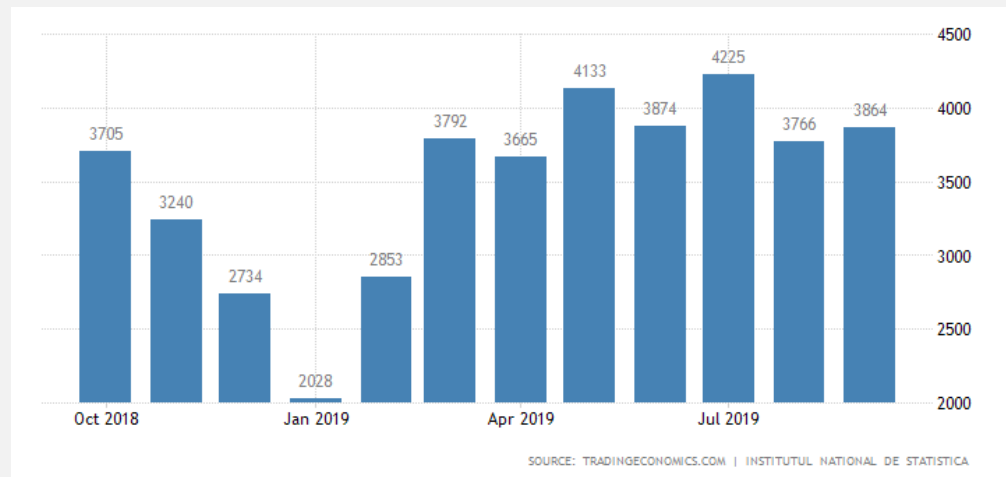
**Romania GDP yearly growth rate**



**Romania CPI 2019**

# Romania Real Estate Update

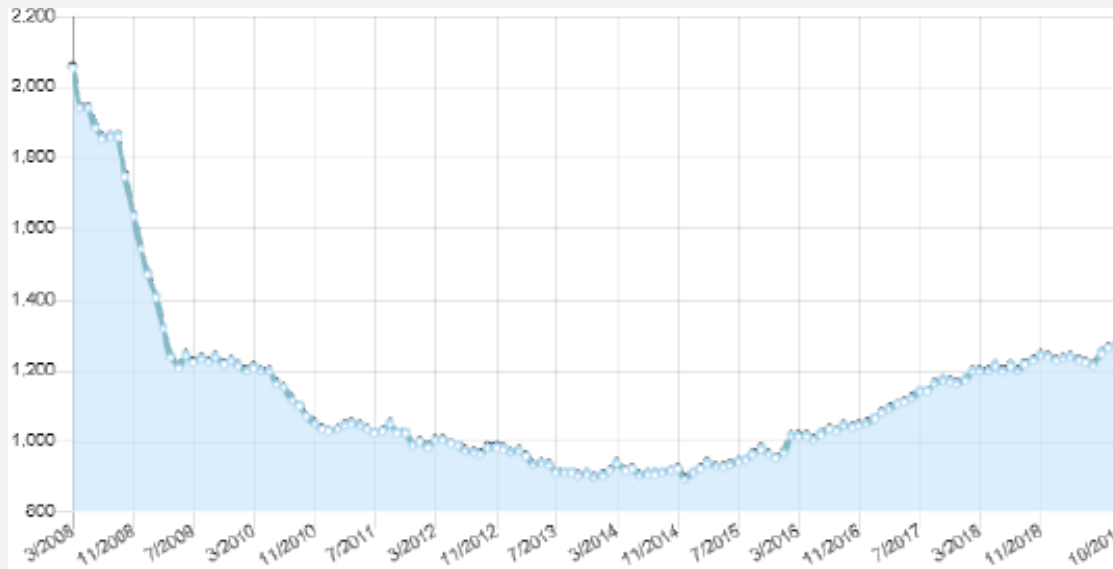
- The volume of commercial real estate transactions in Romania in the first nine months exceeded EUR 585 million, according to CBRE. The office market attracted more than half of the investments, Bucharest and Cluj-Napoca being the most dynamic cities, with almost 90% of the traded volume.
- According to the same study, of total investment, 60% were in Bucharest, 29% in Cluj-Napoca and 11% in other secondary cities. For the last quarter of the year, the volume of investments is estimated to increase by over 40 percent, thus potentially reaching the threshold of EUR 1 billion in total, if the transactions currently in progress will be concluded.
- Land Market: Investors mainly focused on land plots that have all or most of construction permits required.
- Residential Market: Office-to-residential ratio emerges as key indicator for real estate projects in Bucharest in particular. More and more apartments are being delivered in the immediate vicinity of office projects.



## Building Permits Romania 2019

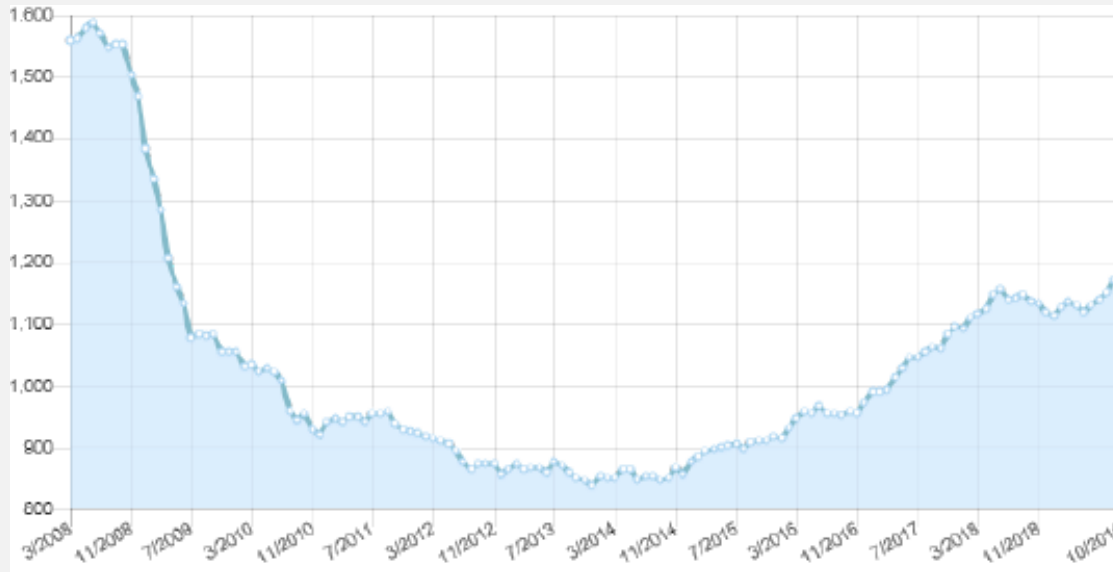
# Apartment Price Development (31 Oct 19)

## Romania



- Average apartment prices in Romania reached EUR 1,296/sqm resulting in a total increase of circa 5.5% compared to the same period of 2018

## Constanta



- Average apartment prices in Constanta reached EUR 1.175/sqm, with growth of 3.4% compared to the same period of 2018

## RomReal shareholders as at 15/11/2019

Rank	Name	Holding	Stake
1	SIX SIS AG	10,331,934	24.98%
2	GRØNSKAG, KJETIL	4,422,475	10.60%
3	SAGA EIENDOM AS	3,262,976	7.89%
4	THORKILDSEN DØDSBO, KAY TØNNES	3,071,656	7.43%
5	THORKILDSEN, WENCHE SYNNØVE	2,344,100	5.67%
6	AUSTBØ, EDVIN	2,108,500	5.10%
7	Danske Bank A/S	1,456,219	3.52%
8	ENERGI INVEST AS	1,236,948	2.99%
9	ORAKEL AS	1,101,000	2.66%
10	SPAR KAPITAL INVESTOR AS	940,236	2.27%
11	THORKILDSEN INVEST AS	829,478	2.01%
12	PERSSON, ARILD	718,000	1.74%
13	GRØNLAND, STEINAR	707,223	1.71%
14	HOEN, ANDERS MYSSSEN	689,557	1.67%
15	Skandinaviska Enskilda Banken S.A.	604,861	1.46%
16	JONAS BJERG PENSION PLAN, NTS TRUSTEES LTD	558,306	1.35%
17	SILJAN INDUSTRIER AS	481,480	1.16%
18	MAGDAHL, AKSEL	476,456	1.15%
19	CLEARSTREAM BANKING S.A.	441,703	1.07%
20	BNP Paribas Securities Services	406,856	0.98%
	<b>TOTAL TOP 20</b>	<b>36,189,964</b>	<b>87.19%</b>

(1) This is the Top 20 Shareholder list as per 15 Nov 2019.

(2) The total issued number of shares issued at end Q3 2019 was 41,367,783.

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

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

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

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## Main focus areas going forward

- RomReal is focusing on land value enhancing activities in order to improve the shareholder value and exit. This includes, among others, investments to improve the sale-ability of certain plots and to commence and to some extent conclude regulation processes.
- This strategy is deemed sensible and helps to attract and conclude sales agreement with investors.
- The Company's relatively strong balance sheet is also an edge in order to assist buyers with the financing.
- The Company is involved in several on-going conditional sales processes.

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# Thank you

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

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