



REPORT FOR THE THIRD QUARTER 2007

15 November 2007

RomReal Ltd

Highlights: 3Q 2007

- Sales process started at end Q3. The Company is very satisfied with the high number of initial reservations for its first three developments. The first binding contracts have been secured and the process of securing further contracts is ongoing
- Commercial Director commenced work in the period and installed a sales and marketing team to bolster the sales drive
- RomReal is working on securing best quality construction firms at the same time as optimising size, design and layout of its first three developments. The Oasis project has been increased by 37% (c100 apartments) in the quarter
- Like-for like increase in the value of the Company's land portfolio of 28% from Q2 to Q3. Three independent valuations in the period – average increase in FY 2007 of 41%
- Statutory Net Asset Value (according to IFRS) was EUR 2.44 (NOK 18.76¹) per share as at September 2007, up EUR 0.41 (NOK 3.15) (21%) from Q2 2007
- Pre-tax profit in Q3 of EUR 18.7 m. Total assets were EUR 131.7 m

Petter Salomonsen, RomReal's CEO said:

"This has been another outstanding quarter for RomReal. Most significantly, the 21% growth in NAV in the quarter is exceptional and truly underpins RomReal's acquisition strategy over the past 18 months.

I am pleased with the progress of the developments and we remain on track to deliver projects that will be unique in the local community – clearly differentiated from our competitors by build quality and interior finish.

I am pleased to report that the sales process has started very well. We are working hard to convert the long list of interested parties into confirmed reservations and I am very satisfied that we have already been able to secure a number of binding reservations. The strong demand for our properties confirms our strategy of targeting the emerging middle class in Romania – a market which will see significant growth over the coming years.

I look forward to a quarter of continued growth and I am confident we will continue to deliver good progress and sales information to our investors over the coming period "

Key Numbers

EUR thousand	Q3 2007	Q3 2006	Q2 2007	Q1 2007	As per 31 December 2006
Total operating income	23,624	3,275	2,770	2,545	20,569
Total operating expenses	(1,579)	(308)	(1,153)	(3,305)	(7,641)
Operating profit/(loss) (EBIT)	22,045	2,967	1,617	(759)	12,928
Profit/(Loss) before tax (EBT)	18,720	2,661	4,723	(887)	13,545
Total assets	131,735	33,533	107,488	91,940	89,835
Total liabilities	11,396	13,083	7,629	27,551	24,630
Total equity	120,338	20,451	99,859	64,389	65,205
Equity %	91.3%	61.0%	92.9%	70.0%	72.6%
NAV (EUR per share)	2.44	1.02	2.03	1.74	1.76
Net cashflow from operating activities	(6,555)	(5,892)	(5,732)	(2,096)	(1,454)
Cash position	20,581	6,591	27,136	26,998	12,094
Number of plots	19	14	19	18	17
Land Bank (Thousand square metres)	907	562	812	772	572
Number of employees	24	7	22	19	16

¹ Using NOK:EUR rate as at end Q3 of NOK 7.69: 1 EUR

OPERATIONAL OVERVIEW

Introduction

RomReal is active in residential real estate development in Romania – with particular focus on the Constanta region. Throughout the quarter the Company has begun to gear up its sales process at the same time as progressing with the construction and pre-construction process of its first three projects:

Development Projects

OASIS

The Oasis development in Constanta North is an exceptional development of residential apartments both for holiday use and for local residents. During the quarter the Company has progressed well with this development and is well on target to deliver a unique project on the shores of Lake Siutghiol overlooking the popular seaside resort of Mamaia.

A significant development during the period was that the Company was able to buy the land out of concession for a nominal payment in accordance with the concession agreements which RomReal acquired in 2006. This has enabled the Company to own the entire plot of land freehold, and as such have 100% control over the direction of the development. Consequently, the Company is now able to expand the Oasis development by 37% to 409 apartments, achieved through changing the 'villa' concept into an additional 100 apartments.

The Company completed the tender process for Phase 1 of this development in October with the designated contractor starting construction on site in November 2007.

The first stage of a nationwide media advertising campaign was started in late September 2007, with advertisements in leading national newspapers. A full sales and marketing campaign will be implemented along with the sales agents in early 2008 – incorporating magazines, websites, billboards and radio & TV.

DACIA “Central Apartments” and MAMAIA “Corallia Holiday Apartments”

The Company has re-branded the Dacia development as “Central Apartments” and the Mamaia development as “Corallia Holiday Apartments”. This re-branding strategy is part of an integrated sales and marketing strategy that was implemented during the quarter.

The Company is pleased to report that all planning consents have now been received for both of these projects and application for the final building permits were filed in early November 2007, with this administrative process expected to be complete by early January 2008.

During the quarter the Company has continued to improve the design and particularly the quality of the interior finish on these projects to differentiate the developments from their competitors in the local marketplace and ultimately to improve the investment yields through higher sales prices. As a consequence the Company was not comfortable that the initial contractors identified could deliver the revised development on budget and on time.

Consequently in order to attract larger and more able construction firms, the Company has decided to combine the Corallia and Central developments into one tender document. The Company will commence the revised tender process in November 2007 with an expected construction start date on both projects of February 2008.

Sales and Marketing

Overview

The sales process and strategy of the Company can be summarised as follows:

- The Company has one dedicated in-house sales consultant for each project
- The Company will appoint external sales agents on Oasis and Central Apartments. Corallia will be managed by in-house sales consultants
- Each project has a defined sales strategy which consists of sales data base, direct mailing, media campaign and show room
- The Company is currently in the final stages of completing all necessary legal sales documents for each project

Status

The sales activities of the Company can be summarised as follows:

- The Company has received a promising level of interest on all three projects and currently has a favourable initial reservation list. A number of secured contracts have been received with the Company driving forward with this process in Q4
- RomReal has appointed Colliers CRE as sole sales agent on the Oasis development. A sales and marketing suite will be established on site in early 2008
- RomReal has appointed Euroest as sole agents on the Central Apartments development and they are due to commence on site in December 2007
- The Company has received a very satisfactory level of interest on the Corallia Holiday Apartments project from both residents in the Constanta area and from Romanian nationals in Bucharest and overseas interested in securing an apartment in this popular seaside resort location. Given the high level of pre-sale interest the Company is confident that its in-house sales team will be able to sell this development and thus the Company has not appointed a real estate agent.

Progress with the Land Bank

During the quarter the land bank increased from 812,378 sqm in Q2 to 906,549 sqm in Q3.

Significant movements in the Company's Land Bank since Q2 can be summarised as follows:

- The Company acquired a 3,000 sqm plot during Q3 directly adjacent to the Centrepoint plot – taking the total plot area to 115,678 sqm. Additionally, during Q3 the Company signed pre-sale agreements for a further 6,552 sqm directly adjacent to the existing plots, which were ultimately acquired on 29 October 2007. The total area of this land plot at present is 122,330 sqm.

The Centrepoint plot is at the centre of a junction between the main roads from Constanta to Bucharest and to Tulcea, including the main route to the airport. This additional plot greatly enhances the prospective development opportunities in that the project will now benefit from direct access to both major roads, whilst only representing a small percentage of the overall cost of the land plot. The enlarged plot is also well positioned to benefit from the forthcoming ring road in Constanta which should bring a significant growth in traffic volumes in the area.

- On 3 October 2007 the Company successfully acquired a 26,200 sqm plot directly adjacent to its existing plot of 30,000 sqm in the popular beach resort of Mamaia in Constanta. The combined Mamaia North plot of 56,200 sqm now provides one of the largest beach front development opportunities along the Black Sea coast in Romania.

- The Company acquired an additional 91,171 sqm of un-zoned land during Q3, taking the total area owned to 509,903 sqm. Additionally during Q3 a further 298,727 sqm of un-zoned land was secured via pre sale agreements, which will be acquired subject to due diligence in late December/early 2008. This is part of an ongoing strategy of the Company to acquire a large pocket of attractively priced un-zoned land in the vicinity of Constanta and close to the proposed ring road for future development opportunities.

During the quarter the Company was able to negotiate with the local authorities to transfer 27,212 sqm of concession land in Constanta North out of concession. Consequently the Company now owns 100% of the freehold of this land plot, which is where the Oasis development is situated. The Company now owns no other land through concession and owns 100% of the freehold of its entire land bank.

Development in Net Asset Value

Net Asset Value as calculated according to the quarterly IFRS financial statements (NAV) has grown by 21% or EUR 0.41 (NOK 3.15) per share since Q2 and by 39% or EUR 0.68 (NOK 5.23) per share in the current financial year, to EUR 2.44 (NOK 18.76) per share.

On a like-for-like basis with Q2 the value of the Company's land bank increased 27.6% in Q3. As previously reported the Company's Board has always considered the independent valuation of the Company's land bank at December 2006 to be conservative, and as such the Company is not surprised at such an uplift in asset value in the quarter.

The predominant driver of this increase in asset value has been:

- A very active quarter in the Romanian domestic market, with a number of comparable transactions which have enabled the Company to revalue certain plots
- An independent valuation report by accredited valuers on the Dacia, Mamaia and Mamaia North land plots

The Company would not expect this level of growth each quarter; however it does reflect the relatively conservative asset valuations by management in Q1 and Q2 2007. In accordance with the Company's revaluation policy, there will be an independent valuation on all assets at December 2007 which will form part of the year end financial statement process.

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting principles

The third quarter report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The quarterly result has been prepared in accordance with the current IFRS standards and interpretations. The accounting policies applied in the preparation of the quarterly result are consistent with the principles applied in the financial statements for the year ended 31 December 2006 and Quarter 1 and Quarter 2 2007.

Comparison for the 3 month interim period ended 30 September 2007 and 2006

The discussions below refer to the three month period ended 30 September 2007 for RomReal Ltd (RomReal) on a consolidated basis compared to the same period in 2006.

Operating revenues

Operating revenues in the 3 months to September 2007 were EUR 146,000 compared to EUR 58,000 in the same period 2006. This income relates to rent received on land bank assets awaiting development.

Other income in the 3 months ended 30 September 2007 of EUR 24,372,000 related to the increase in the fair value of investments property in the period, compared to EUR 6,713,000 in other income for the same period in 2006.

Three assets have been independently valued during the period – namely Central Apartments, Corallia Holiday Apartments and Mamaia North.

The increase in fair value of other land plots held by the Company in the period reflects management's estimations of the amount by which the property would change hands for in the current market, with the increase during the period reflecting the very active Romanian real estate market and known comparable transactions in the market place. The Company attempts whenever possible to base estimations on actual transaction values on adjacent plots. In accordance with the Company's valuation policy, these valuations will be reviewed annually by Colliers in Bucharest for IFRS purposes.

Operating expenses

The group continues to incur a number of start up costs on its projects which cannot be capitalised; as such total operating expenses increased to EUR 1,579,000 in the 3 months to September 2007 from EUR 452,000 in the same period in 2006. The most significant items which have impacted on these operating costs are the increase in headcount during the period due to the new sales and marketing team and the increased pre-development activity on Oasis, Corallia and Central. The RomReal organisation is very close to its optimal level and such management expects this level of operating expense to level off from Q3 onwards.

Operating profit

RomReal generated an operating profit of EUR 22,045,000 in the 3 months to September 2007 compared to a profit of EUR 6,313,000 for the comparative period in 2006. The significant item in relation to this profit is the increase in the fair value of investment properties, as noted above.

Profit before tax

The profit before tax for the three months ended 30 September 2007 was EUR 18,720,000 compared to a profit of EUR 6,217,000 in the same period in 2006. The Company has suffered an unrealised exchange rate loss in the period of EUR 2,980,000 compared to an unrealised exchange rate profit of EUR 4,351,000 in Q2 2007.

Unrealised exchange rate variances arise from the inter-Company loans between the parent Company, whose functional currency is EURO, and the operating subsidiary whose functional currency is RON. The loss in the period has been due to the strengthening of the RON against the EURO, in the period.

The Company's policy is to retain as much cash in Euros as possible and to denominate all financial obligations in Euros. All contracts are negotiated in Euros and all apartments are sold in Euros. As such RomReal attempts to proactively manage and mitigate where possible its exposure to movements in foreign currencies.

Cash and cash equivalents

Cash and cash equivalents at 30 September 2007 was EUR 20,581,000 compared to EUR 6,591,000 as at 30 September 2006.

Consolidated debt

As at 30 September 2007 the group consolidated net interest-bearing debt amounted to EUR 1,247,000, compared to EUR 12,017,000 for the same period in 2006. Net interest bearing debt as at 30 September 2007 includes EUR 34,000 of assets classified as owned under finance leases. During the period, a land plot which was owned via a concession agreement and which was accounted for in accordance with IAS 17, was converted into a freehold asset and has been reclassified.

Overview of the Company's debt

The table below shows the total debt for RomReal Ltd as at 30 September 2007 and its maturities:

EUR thousand	End 1Q 2007	2007	2008	2009	2010	2011	After 2011
Alpha Bank	1,213	(33)	(130)	(130)	(130)	(130)	(660)
	1,213	(33)	(130)	(130)	(130)	(130)	(660)

Total equity

The Company's total equity as at 30 September 2007 was EUR 120.3 million, representing 91.3% of total assets at the end of the period, compared to EUR 33.3 million (61.0%) at the end of the same period 2006.

Reclassification of assets

During the quarter Investment property with a deemed cost of EUR 8.8 million was transferred from Investment property into inventories in relation to land plots relating to the Oasis, Corallia and Central developments. This is in accordance with the Company's established accounting policies, required under IFRS, as during Q3 the Company made firm commitments towards each development and such initiated a change of use for the purpose of its financial statements. Factors which indicated a change of use include, but are not limited to, items such as board approvals of each development, initiating the sales process, initiating the contract tender process and applying for/receiving building permits.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

EUR thousand	Year to 30 September 2007	Year to 30 September 2006	Q3 2007	Q3 2006	Full year 2006
Revenue	383	163	146	58	248
Total revenue	383	163	146	58	248
Cost of sales	-	-	-	-	-
Gross profit	383	163	146	58	248
Depreciation	(80)	(9)	(30)	(3)	(15)
Management fees	(2,753)	(303)	(25)	(152)	(6,608)
General and administrative expenses	(2,576)	(375)	(1,421)	(183)	(660)
Payroll expenses	(627)	(239)	(102)	(114)	(343)
Loss before other operating items	(5,654)	(763)	(1,433)	(394)	(7,377)
Other operating income	29,503	12,482	24,372	6,713	20,321
Other operating costs	(946)	(20)	(894)	(6)	(16)
Operating Profit / (Loss)	22,902	11,699	22,045	6,313	12,928
Financial income	1,558	450	(2,980)	293	1,926
Financial costs	(1,905)	(647)	(345)	(389)	(1,310)
Result before tax	22,555	11,502	18,720	6,217	13,545
Tax on the profit of the year	(5,620)	(2,001)	(4,800)	(1,070)	(3,502)
Retained Profit / (Loss) for the year	16,935	9,501	13,920	5,147	10,043
Earnings per share from continuing operations	0.34	0.37			0.35
Earnings per share continuing - diluted	0.34	0.37			0.35

CONDENSED AND CONSOLIDATED BALANCE SHEET (UNAUDITED)

EUR thousand	Q3 2007	Q2 2007	Q3 2006	As per 31 December 2006
ASSETS				
Non-current assets				
Intangible fixed assets	29	30	8	19
Investment properties	94,880	73,445	37,847	53,761
Property, plant and equipment	1,780	5,169	49	4,794
Deferred tax asset	68	70	-	21
Total non current assets	96,758	78,713	37,903	58,595
Current assets				
Other short term receivables	3,968	402	1,913	594
Prepayments	258	29	92	95
Inventories	10,170	1,208	305	443
Cash and cash equivalents	20,581	27,136	6,591	30,108
Total current assets	34,977	28,774	8,900	31,240
TOTAL ASSETS	131,735	107,488	46,803	89,835
EQUITIES AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	85,991	85,841	26,476	50,810
Other reserves	6,170	2,205	20	2,134
Retained earnings	13,824	10,914	1,678	1,345
Result of current period	13,920	3,015	5,136	10,104
FX reserve	433	(2,116)	(13)	811
Total equity	120,338	99,859	33,298	65,205
Non current liabilities				
Non current liabilities	1,083	1,116	-	-
Long term portion of leasing	15	170	17	159
Deferred income tax	9,501	5,719	1,200	4,504
Total non current liabilities	10,599	7,005	1,218	4,663
Current Liabilities				
Bank debt	130	130	-	-
Other debt	19	18	12,000	18,013
Other payables	602	454	283	1,818
Accruals	42	18	2	19
Tax payable	4	4	3	117
Total current liabilities	797	624	12,288	19,967
TOTAL LIABILITIES	131,735	107,488	46,803	89,835

Cash flow statement (UNAUDITED)

EUR thousand	Year to 30 September 2007	Year to 30 September 2006	Full year 2006
Profit before tax	22,555	11,502	13,545
Net cash flow from operating activities	(33,092)	(13,505)	(1,454)
Net cash flow used in investing activities	(15,619)	(16,197)	(26,926)
Net cash flows from financing activities	16,629	11,483	45,180
Net cash change during period	(9,526)	(6,717)	16,800
Cash at beginning of period	30,108	13,307	13,307
Cash and cash equivalents at end of the period	20,581	6,591	30,108

Actual historic combined and consolidated changes in equity statements for RomReal Ltd (UNAUDITED)

EUR thousand	As per 30 September 2007	As per 30 September 2006	As per 31 December 2006
Equity as of beginning of period	65,205	20,174	20,174
Result	16,935	9,501	10,043
Other changes	38,199	3,623	34,988
Equity at end of period	120,338	33,298	65,205

There has been no change in the share capital of the Company during Q3. The total issued number of shares as at 30 September 2007 is 49,247,366.