



REPORT FOR THE THIRD QUARTER 2008

14 November 2008

RomReal Ltd

Highlights in connection with the Q3 2008 results

- Statutory Net Asset Value (NAV) was EUR 1.6 (NOK 12.8) per share as at 30 September 2008, following a decision by the management to write down the land bank/development projects with 31%
- Pre-tax loss in Q3 2008 of EUR 39.2 million. Total assets at end Q3 were EUR 104.8 million
- The Oasis development project is suspended due to slow progress of sales. The Central development project is terminated due to slow construction progress. A winding down process of both Oasis and Central has been initiated
- Project finance rejected for Central and Corallia
- Kay Thorkildsen appointed permanent CEO of RomReal
- Cost reduction programme is intensified and number of employees to be significantly reduced by year-end 2008

Kay Thorkildsen, RomReal's CEO said:

“During the Quarter RomReal's NAV has declined 31% to EUR 1.6 (NOK 12.8) per share as a consequence of a 31% write down in the Company's land bank/development projects. We have taken the decision to write down the land bank/ development portfolio by 31% on an asset by asset basis in Q3 due the continuing uncertainty surrounding short term economic prospects in Romania. Whilst this may be an overly prudent course of action we feel it is sensible given the current market conditions.

We need to continue to remain vigilant in these difficult trading conditions and reduce our costs substantially, combined with having a strong risk and cash management focus.”

Key Figures (EUR'000)	Q3		FY Dec
	2008	Q3 2007	07
Profit/(Loss) before tax	(39,247)	18,720	28,251
Net assets	78,577	120,338	121,739
NAV (EUR/share)	1.6	2.4	2.5
NAV (NOK/share)	12.8	18.8	19.5
Cash position	7,488	20,581	15,222
Number of plots	17	19	19
Land Bank ('000 sq/m)	1,209	907	1,233
Number of employees	18	22	23

OPERATIONAL OVERVIEW

Development Project Status

Central Apartments

(89 Primary use homes in central Constanta).

RomReal has decided to terminate the contract for the construction of the Central apartments project due to slow construction process. The Management is currently negotiating with the construction company how to wind down the activity. The termination will be handled according to the FIDIC standards. In addition, the project will be properly secured and made safe prior to demobilization.

Oasis Residences

(383 primary and secondary use homes in Constanta North).

RomReal decided to suspend the project following the completion of the construction of the 'structures' for the first three buildings in phase 1 (of the total 3 phased development). This effectively means that the project will be suspended as of the end of 2008 until further notice, while Romreal assess whether the market conditions have improved sufficiently to move forward again on sales. In addition, the project will be properly secured and made safe prior to demobilization.

Corallia Holiday Apartments

(36 secondary holiday homes in the Black Sea Resort of Mamaia).

This development has a good location on Mamaia Boulevard and the sales progress has been better than that of the other projects to date.

The Contractor SC Baumeister SRL has commenced works following the lifting of the Mamaia Resort summer building restrictions on 15th September 2008 and has made good progress to date on steel sheet piling works, excavations and water control measures. Baumeister is slightly behind schedule, but completion is still expected in summer 2009. The number of binding sales contracts have now reached break-even levels for the project based on the current cost and time assumptions.

Project financing

Subsequent to the reporting period, the banks with whom RomReal was in project financing discussion with declined to provide a loan for the projects Central and Corallia. This due to the tightening credit market situation. RomReal is now considering how the necessary financing for Corallia potentially can be put in place.

Progress with the Investment Portfolio

During the Quarter the size of the Company's Investment Portfolio ("Land Bank") was unchanged, amounting to 1,209,252 sqm.

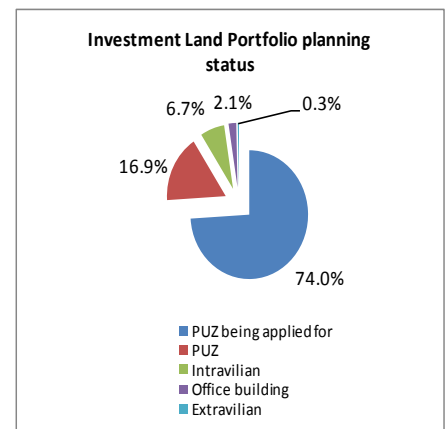
RomReal currently has no plans to acquire any further investment land in the short term. The Company's focus is on realising the value contained within the existing land bank through strategic partnerships, disposals and through value enhancing via extending planning consent.

RomReal has decided to focus on its core development assets in Constanta and as such it has initiated a disposal programme of its non core assets.

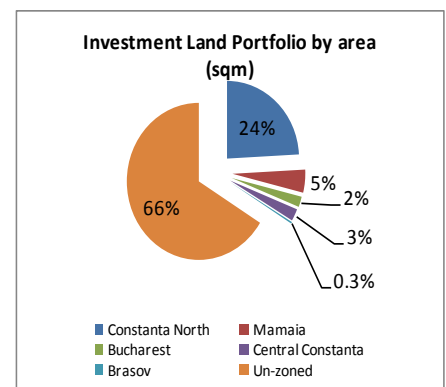
Development in Net Asset Value

Net Asset Value as calculated according to the Quarterly IFRS financial statements (NAV) is EUR 1.6 (NOK 12.8) per share at 30.09.2008, a decline of 31 % from Q2 2008. The overall state of the financial markets paired with a very tight credit market will have a negative economic growth impact, hereby reducing consumer spending and foreign direct investments. Therefore RomReal expects a downward pressure on the land prices in Romania. As a response to this the Company has written down the value of its land bank/development projects by 31%, which has resulted in a 31% NAV reduction.

The investment land portfolio was independently valued by Colliers CRE in Romania as at 31 December 2007 IFRS purposes. The land valuation at September 2008 is based on prudent Management estimations. The next independent valuation is scheduled to be undertaken as at 31 December 2008.



Note:
 PUZ – Outline Planning Permission
 Intravilian – within the urban area and suitable for development
 Extravilian – un-zoned land. Long term development potential



Asset base (EUR million)	Q2 2008			Q3 2008		
	EUR'million	EUR/share	NOK/share	EUR'million	EUR/share	NOK/share
Investment property	109,878	2.2	17.8	76,929	1.6	12.9
Inventories	13,394	0.3	2.2	15,570	0.3	2.6
Cash	9,818	0.2	1.6	7,488	0.2	1.3
Other Assets / (Liabilities)	(19,682)	-0.4	-3.2	(21,409)	-0.4	-3.6
IFRS Net Asset Value	113,408			78,577		
NAV per share		2.3	18.5		1.6	12.8
NAV Growth in Quarter		-7%			-31%	

Note: Number of shares at Q3 - 49,247,266
 * Calculated using closing quarter end exchange rates(Q3 EUR:NOK 8.23)
 Inventories include assets under construction (including land)

INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

Accounting principles

The September 2008 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 to 31 December 2008.

Operating Income

Operating income in the 3 months to September 2008 were EUR 0.19 million compared to EUR 0.15 million in the same period 2007. This operating income relates to rent received on land bank assets awaiting development and from the Bucharest office which is part sub-let.

Operating costs

Total operating costs amounting to EUR 1.2 million in the 3 months to September 2008 compared to EUR 1.6 million in the same period 2007. The Q3 trend of reducing operating cost is expected to continue. The significant cost items within general and administration expenses primarily relates to rent and the provision of third part services such as financial and real estate consultants, marketing, advertising and legal costs.

Other operating income and other operating costs

Other operating income and Other operating costs in the 3 months ended 30 September 2008 reflect a correction made in the period in respect of an eronous counting for the sale of the Cotroceni villa. As a result both the income and cost were reduced while on a net basis there was no impact in the profit and loss.

Other operating costs in the 3 months ended 30 September 2008 of EUR 31.6 million relates mainly to the decrease in the fair value of investments property in the Quarter, but also to a write down in the value of inventory.

The Company made provisions for impairment of inventories amounting to EUR 6.1 million, representing a write-off of 39% in the value of the Oasis and Central projects.

The decrease in fair value 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 management's assessment of the 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 at a minimum, annually by Colliers in Bucharest for IFRS purposes.

Operating profit

RomReal generated an operating loss of EUR 35.9 million in the 3 months to September 2008 compared to an operating profit of EUR 22.0 million in the same period 2007.

Profit before tax



The loss before tax for the three months ended 30 September 2008 was EUR 39.2 million compared to a profit before tax of EUR 18.7 million in the same period 2007. The loss in Q3 2008 was primarily due to the prudent estimation of the value of the company's land bank. Due to the fluctuations in the RON against the EUR in the period, the Company's unrealised foreign exchange losses were EUR 4.7 million (which arose on inter-company loan arrangements).

The Company's policy is to retain as much cash in EURs as possible and to denominate all financial obligations in EURs. All contracts are negotiated in EURs and all apartments are sold in EURs.

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 2008 was EUR 7.5 million compared to EUR 20.6 million as at 30 September 2007.

Taxation

The Company accounts for deferred tax on all increases in fair values of its investment properties at a flat rate of 16%. During Q3 a reverse of the deferred tax liability amounting to EUR 5.9 million was accounted for in relationship with the decrease of the fair value of the investment properties.

Consolidated debt

As at 30 September 2008 the Group consolidated net interest-bearing debt amounted to EUR 13.5 million.

In December 2007, the Company undertook an asset finance facility with Alpha Bank in Romania. The EUR 13.7 million loan has a term of 3 years and carries an interest of EURIBOR (1 Month) plus 2.5% margin. The loan has a pledge in the Mamaia North development site. RomReal and Westhouse Group have provided a standard corporate guarantee for the loan, but no pledges or material restrictions have been put on their other assets.

The Company made provisions for impairment of inventories amounting to EUR 6.1 million representing the write-off of Oasis and Central already capitalised amounts.

Overview of the Company's debt

The table below shows the total debt for RomReal Ltd as at 30 September 2008 and its maturities:

EUR thousand	End 3Q 2008	Q4 2008	2009	Dec 2010
Alpha Bank (*)	13,528	-	-	(13,528)

(*) Secured Alpha Bank loan repayable in December 2010.

Financial Income for Q3 2008 was EUR -1.1 million compared to EUR -3 million in the same period 2007. Financial cost in Q3 2008 was EUR 2.3 million compared to EUR 0.35 million in the same period 2007.

Total equity



The Company's total equity as at 30 September 2008 was EUR 78.6 million, representing 74.97% of total assets at the end of the period.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

EUR thousand	3 mths to 30 Sept 2008	3 mths to 30 Sept 2007	Year to 31 Dec 2007	Year to 30 Sept 2008	Year to 30 Sept 2007
Revenue	192	146	482	562	383
Total revenue	192	146	482	562	383
Gross profit	192	146	482	562	383
Depreciation	(58)	(30)	(109)	(214)	(80)
Management fees	(25)	(25)	(2,778)	(75)	(2,753)
General and administrative expenses	(665)	(1,421)	(3,335)	(2,399)	(2,576)
Payroll expenses	(439)	(102)	(1,292)	(1,031)	(627)
	-	-	-	-	-
Loss before other operating items	(995)	(1,433)	(7,033)	(3,157)	(5,654)
Other operating income	(3,344)	24,372	42,188	4,820	29,503
Other operating costs	(31,559)	(863)	(926)	(42,647)	(946)
	-	-	-	-	-
Operating Profit / (Loss)	(35,898)	22,045	34,229	(40,983)	22,902
Financial income	(1,090)	(2,980)	1,269	2,052	1,558
Financial costs	(2,259)	(345)	(7,247)	(5,702)	(1,905)
	-	-	-	-	-
Result before tax	(39,247)	18,720	28,251	(44,633)	22,555
Tax on the profit of the year	5,917	(4,800)	(6,953)	5,371	(5,620)
Retained Profit / (Loss) for the year	(33,721)	13,920	21,299	(39,262)	16,935

CONDENSED AND CONSOLIDATED BALANCE SHEET (UNAUDITED)

EUR thousand	Q3 08	As per 31 December 2007	Q3 07
ASSETS			
Non-current assets			
Intangible fixed assets	21	27	29
Investment properties	76,929	119,032	94,880
Property, plant and equipment	953	1,650	1,780
Deferred tax asset	18	20	68
Total non current assets	77,921	120,729	96,758
Current assets			
Other short term receivables	3,713	833	3,968
Prepayments	123	109	258
Inventories	15,570	10,834	10,170
Cash and cash equivalents	7,488	15,222	20,581
Total current assets	26,894	26,997	34,977
TOTAL ASSETS	104,817	147,726	131,735
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	86,002	85,746	85,991
Other reserves	224	563	6,170
Retained earnings	32,079	16,852	13,824
Result of current period	(33,721)	21,298	13,920
FX reserve	(6,006)	(2,720)	433
Total equity	78,577	121,739	120,338
Non current liabilities			
Non current liabilities	13,528	1,051	1,083
Long term portion of leasing	8	15	15
Deferred income tax	4,579	10,071	9,501
Total non current liabilities	18,115	11,137	10,599
Current Liabilities			
Bank debt	-	13,830	130
Other debt	7	14	19
Other payables	806	975	602
Accruals	1,230	27	42
Tax payable	3	4	4
Other provisions	6,078	-	-
Total current liabilities	8,123	14,850	797
TOTAL LIABILITIES	104,817	147,726	131,735

Cash flow statement (UNAUDITED)

EUR thousand	Year to 30 Sep 2008	Full year 2007	Year to 30 Sept 2007
Profit before tax	(44,633)	28,251	22,555
Net cash flow from operating activities	39,129	(8,693)	(33,092)
Net cash flow used in investing activities	3,474	(36,783)	(15,619)
Net cash flows from financing activities	(5,702)	29,590	16,629
Net cash change during period	(7,733)	(14,886)	(9,526)
Cash at beginning of period	15,222	30,108	30,108
Cash and cash equivalents at end of the period	7,488	15,222	20,581

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

EUR thousand	As per 30 Sep 2008	As per 31 December 2007	As per 30 Sept 2007
Equity as of beginning of period	121,739	65,205	99,859
Result	(39,262)	21,299	23,006
Other changes	(3,899)	35,236	(2,526)
Equity at end of period	78,577	121,739	120,338

There has been no change in the share capital of the Company during Q3. The total issued number of shares as at 30 September 2008 is 49,247,366.