Ronson Europe N.V.

Interim Financial Report
for the nine months
ended
30 September 2015

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Directors' Report

General

Introduction

Ronson Europe N.V. ('the Company') is a Dutch public company with its statutory seat in Rotterdam, the Netherlands, and was incorporated on 18 June 2007.

The Company (together with its Polish subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. For information about companies in the Group whose financial data are included in the Condensed Consolidated Financial Statements see Note 7 of the Condensed Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2015, 39.78% of the outstanding shares are controlled by I.T.R. 2012 B.V., which is an indirect subsidiary of Global City Holdings N.V. ('ITR 2012') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and U. Dori Group) and 39.78% of the outstanding shares are controlled by U. Dori Group Ltd. ('U Dori Group') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. (of which it holds 50% of the shares) and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and U. Dori Group). The remaining 20.44% of the outstanding shares are held by other investors including Metlife Otwarty Fundusz Emerytalny holding between 3% and 5% and Nationale Nederlanden Otwarty Fundusz Emerytalny holding between 5% and 10% of the outstanding shares as of the date of this report. For major shareholders of the Company reference is made to page 22. On 3 November 2015, the market price was PLN 1.33 per share giving the Company a market capitalization of PLN 362.2 million.

Company overview

The Company is an experienced, fast-growing and dynamic residential real estate developer expanding its geographic reach to major metropolitan areas across Poland. Leveraging upon its large portfolio of secured sites, the Company believes it is well positioned to maintain its position as a leading residential development company throughout Poland.

The Company aims to maximize value for its shareholders by a selective geographical expansion in Poland as well as by creation of a portfolio of real estate development properties. Management believes the Company has positioned itself strongly to navigate the volatile economic environment the Company has found itself in over the past several years. On the one hand, the Polish economy appears to remain stable, which potentially bodes well for the Company's prospects. On the other hand, the weak European recovery, exacerbated in the last year by the instability in the Ukraine and this year by the Greek Euro crisis, may continue to have a negative impact on the Polish economy and the Company's overall prospects. As a result, the Company continues to adhere to a development strategy that allows it to adjust quickly to these uncertain conditions by spreading risks through (i) closely monitoring its projects, (ii) potentially modifying the number of projects and their quality and sizes and (iii) maintaining its conservative financial policy compared to other regional residential developers.

As at 30 September 2015, the Group has 803 units available for sale in twelve locations, of which 652 units are available for sale in seven projects that are ongoing as at 30 September 2015 and the remaining 151 units are in completed projects. The seven ongoing projects comprise a total of 1,404 units, with a total area of 79,300 m^2. The construction of 215 units with a total area of 12,200 m^2 is expected to be completed during the remainder of 2015, while 1,189 units, with a total area of 67,100 m^2 are expected to be completed during 2016 and 2017. Moreover the Group has one project under construction for which the sales process did not commence as at 30 September 2015 (the sales process commenced in October 2015) and which comprises 178 units with a total area of 7,900 m^2.

In addition, the Group has a pipeline of 18 projects in different stages of preparation, representing approximately 4,000 residential units with a total area of approximately 285,500 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin. During the remainder of 2015, the Group is considering commencement of the first phases of two new projects comprising 234 units with a total area of 10,900 m^2.

During the nine months ended 30 September 2015, the Company realized sales of 658 units with the total value PLN 246.6 million, which compares to sales of 565 units with a total value of PLN 219.8 million during the nine months ended 30 September 2014.

Market overview

The Polish economy has proven to be relatively strong even in the recent turbulent times throughout Europe, which in combination with the general paucity of dwellings in Poland (in comparison to all other European countries) creates, what management believes to be, solid long term prospects for further development of the residential real estate market in spite of the volatility that has characterized the market for the past eight years. Management believes the Company is well positioned to adapt to changing market conditions. The Company's sales results during the past six years seem to confirm that the Company has consistently adapted positively to the volatile market environment.

The trend observed in 2010 and in 2011, when increasing activities of developers resulted in an increased offer of apartments available for sale on the market, slowed down in 2012, as many developers faced difficulties in finding customers for their products. In 2012, the construction of 142 thousand new apartments was commenced in Poland (a decrease of 12% compared to 2011) and during 2013 this number decreased by a further 10%. Even as construction continued to decrease through 2013, the overall market appeared to turn around during that year. Notably, demand in 2013 increased in comparison to 2012. As a result, the number of new construction sites increased during 2014 by 16% and by a further 12% during first three quarters of 2015 (on a year over year basis). It is important to note that the number of new projects built by developers increased during 2014 by 36% and by a further 24% during the first three quarters of 2015 (on a year over year basis), while the activity of individual investors increased by 2% and 3% respectively. The market data suggest that leading residential developers (such as the Company) were able to overcome many factors that otherwise tempered rapid growth in the market since 2013, with the main impediment to growth related to new regulations and banking restrictions that came into effect in 2012 that limited the developers' ability to secure financing for new investments.

Meanwhile, a number of external factors have contributed to recent market growth. First, a governmental program that subsidized young couples purchasing their first apartments, called "Rodzina na Swoim" ("Family on its own") that expired at the end of 2012 was replaced with a new governmental program called "Mieszkanie dla Młodych" ("Apartment for young") that came into effect in the beginning of 2014 and supports the residential market in those cities where the maximum price of apartment qualifying to subsidies is close to the market price. For instance in Gdańsk, Łódź and Poznań nearly 30% of the buyers acquiring their first apartments in 2014 were supported by this program, which was also important to the Company, which is active with 3 projects in Poznań. Second, in the last few years, the National Bank of Poland has kept interest rates at record low levels (2.5% from July 2013 through September 2014 and 2.0% from October 2014 until March 2015, when the rate was further decreased to 1.5%). These historically low interest rates since 2013 positively impacted the residential market for two reasons. First, mortgage loans became more affordable to potential residential purchasers and second, more customers are purchasing apartments for cash, as they consider real estate investment as an attractive alternative to the very low interest earned on banking deposits.

Taking into consideration all these factors, the increase in demand for residential units noted in 2013, 2014 and 2015 has caught up with supply. The improving market environment has encouraged developers to expand their residential development activities. During 2014, developers introduced more new apartments in major Polish metropolitan areas to their offer than they were able to sell in this period (47,500 new apartments in six major Polish metropolitan areas, including Warsaw, were added on offer by developers during 2014 which compares to total sales of 43,000 apartments during 2014). This trend continued during first three quarters of 2015, when the number of units added on offer amounted to 40,500 compared to 37,400 units sold. The total number of new apartments sold in Warsaw during first three quarters of 2015 amounted to 13,800 which was 12% higher than during the corresponding period of 2014. Also, the number of new apartments sold in the five major Polish metropolitan areas (other than Warsaw) increased in the same period by 21% (from 19,500 to 23,600).

The first nine months of 2015 confirms a continuation of the trends observed during 2014, and that is in spite of more stringent borrowing requirements imposed by the banks offering mortgage loans to private individuals whereby the obligatory equity input by mortgage applicants has been raised to 10% of purchased flat value. It is interesting however that despite record low interest rates, the number and value of mortgage loans stabilized, which suggests that the most recent growth of the residential market is driven mainly by buyers not using mortgage loans.

Market overview (cont'd)

The market environment is favorable to market leaders expanding their activities and increasing their market share. The continuing positive market trends in 2014 and in 2015 translated into ongoing improved sales results and an overall increase in market share for the most established Polish residential developers. Specifically, the overall sales results during first three quarters of 2015 reported by the nine largest residential developers listed on the Warsaw Stock Exchange were 30% higher than during corresponding period of 2014. Simultaneously, according to REAS (real estate agency analyzing the Polish residential market), the total number of units offered for sale in the six largest Polish cities increased during the first nine months of 2015 to 51,600 from 47,000 at the end of December 2014, which suggests that the number of offered units increased by 10%. This would appear to confirm that developers are adjusting their activities to market dynamics and are expanding their supply on a reasonable basis.

Management believes that all of the above factors, particularly taking into account the significantly improving sales results reported during the last few quarters both for the Company and for the Polish market as a whole, suggest that there is ongoing strength in the Polish residential market for at least the following several quarters.

Business highlights during the nine months ended 30 September 2015

A. *Projects completed*

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during nine months ended 30 September 2015:

Project name	Location	Number of units	Net saleable area (m^2)
Verdis III (*)	Warsaw	146	7,700
Sakura III (*)	Warsaw	145	7,300
Sakura IV (*)	Warsaw	114	6,600
Impressio II (*)	Wrocław	136	8,400
Tamka (*)	Warsaw	65	5,500
Total		**606**	**35,500**

(*) For additional information see section 'B. Results breakdown by project' below.

B. *Results breakdown by project*

Revenue from the sale of residential units is recognized upon the transfer to the buyer of significant risks and rewards of the ownership of the residential unit, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit. Total revenue of the Group recognized during the nine months ended 30 September 2015 amounted to PLN 162.6 million, whereas cost of sales amounted to PLN 138.6 million, which resulted in a gross profit amounting to PLN 24.0 million with a gross margin of 14.8%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2015 on a project by project basis:

	Information on the delivered units		Revenue (*)		Cost of sales (**)		Gross profit	Gross margin
Project name	**Number of units**	**Area of units (m^2)**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**
Sakura I & II	4	386	3,552	2.2%	3,266	2.4%	286	8.1%
Sakura III	124	6,036	42,399	26.1%	37,460	27.2%	4,939	11.6%
Sakura IV	59	3,192	23,179	14.3%	20,230	14.6%	2,949	12.7%
Verdis I & II	2	121	1,001	0.6%	849	0.6%	152	15.2%
Verdis III	138	7,284	49,094	30.2%	35,808	25.9%	13,286	27.1%
Tamka	1	67	890	0.5%	585	0.4%	305	34.3%
Impressio II	69	3,983	23,816	14.6%	23,871	17.3%	(55)	-0.2%
Chilli I, II & III	27	1,695	6,842	4.2%	6,554	4.7%	288	4.2%
Naturalis I, II & III	17	981	5,059	3.1%	4,617	3.3%	442	8.7%
Młody Grunwald I	7	548	2,895	1.8%	2,783	2.0%	112	3.9%
Espresso I	1	115	956	0.6%	746	0.5%	210	22.0%
Gemini II	2	281	1,965	1.2%	1,302	0.9%	663	33.7%
Other	N.A	N.A	949	0.6%	267	0.2%	682	71.9%
Total / Average	**451**	**24,689**	**162,597**	**100.0%**	**138,338**	**100.0%**	**24,259**	**14.9%**
Write-down adjustment	N.A	N.A	N.A	N.A	226	N.A	(226)	N.A
Results after write-down adjustment	**451**	**24,689**	**162,597**	**100.0%**	**138,564**	**100.0%**	**24,033**	**14.8%**

(*) Revenue is recognized upon the transfer of significant risks and rewards of the ownership of the residential unit to the buyer, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer.

(**) Cost of sales allocated to the delivered units proportionally to the expected total value of the project.

Business highlights during the nine months ended 30 September 2015 (cont'd)

B. Results breakdown by project (cont'd)

Sakura I, II, III & IV

The construction of the Sakura I, II, III and IV projects was completed in May 2012, May 2013, January 2015 and July 2015, respectively. The Sakura I, II, III and IV projects were developed on a land strip of 21,000 m^2 located in Warsaw at Kłobucka Street. The Sakura I project comprises an eleven-storey, multi-family residential building with a total of 99 apartments and 21 commercial units and an aggregate floor space of 8,100 m^2. The Sakura II project comprises a seven and eleven-storey, multi-family residential building with a total of 136 apartments and an aggregate floor space of 8,300 m^2. The Sakura III project comprises a six-and-seven-storey, multi-family residential building with a total of 145 apartments and an aggregate floor space of 7,300 m^2. The Sakura IV project comprises a seven-storey, multi-family residential building with a total of 108 apartments and 6 commercial units and an aggregate floor space of 6,600 m^2.

Verdis I, II & III

The construction of the Verdis I, II and III projects was completed in December 2012, December 2013 March 2015, respectively. The Verdis I, II and III projects were developed on a land strip of 13,200 m^2 located in the Wola district in Warsaw at Sowińskiego Street. The Verdis I project comprises 3 seven, eight and ten-storey, multi-family residential buildings with a total of 128 apartments and 11 commercial units and an aggregate floor space of 9,400 m^2. The Verdis II project comprises 2 seven-storey, multi-family residential buildings with a total of 72 apartments and 6 commercial units and an aggregate floor space of 4,900 m^2. The Verdis III project comprises 2 seven-and-eleven-storey, multi-family residential buildings with a total of 140 apartments and 6 commercial units and an aggregate floor space of 7,700 m^2.

Tamka

The construction of the Tamka project was completed in September 2015. The Tamka project was developed on a land strip of 2,500 m^2 located in the Śródmieście district in Warsaw at Tamka Street (Warsaw city center). The Tamka project comprises 1 eight-storey, multi-family residential building with a total of 60 apartments and 5 commercial units with an aggregate floor space of 5,500 m^2.

Impressio II

The construction of the Impressio II project was completed in July 2015. The Impressio II project was developed on a land strip of 7,800 m^2 located in the Grabiszyn district in Wrocław at Rymarska Street, and is a continuation of Impressio I, which was completed during 2012. The Impressio II project comprises 5 four-storey, multi-family residential buildings with a total of 136 units with an aggregate floor space of 8,400 m^2.

Chilli I, II & III

The construction of the Chilli I, II and III projects was completed in July 2012, in July 2013 and in November 2014, respectively. The Chilli I, II and III projects were developed on a land strip of 12,400 m^2 located in Tulce near Poznań. The Chilli I, II and III projects comprise 30 units with an aggregate floor space of 2,100 m^2, 20 units with an aggregate floor space of 1,600 m^2 and 38 units with an aggregate floor space of 2,300 m^2, respectively.

Naturalis I, II & III

The construction of the Naturalis I, II and III projects was completed in December 2012, August 2012 and August 2013, respectively. The Naturalis I, II and III projects were developed on a land strip of 11,800 m^2 located in Łomianki near Warsaw. The Naturalis I, II and III projects comprise 1 four-storey, multi-family residential building with a total of 52 apartments and an aggregate floor space of 2,900 m^2 and 2 four-storey, multi-family residential buildings, each with a total of 60 apartments and an aggregate floor space of 3,400 m^2.

Business highlights during the nine months ended 30 September 2015 (cont'd)

B. Results breakdown by project (cont'd)

Młody Grunwald I

The construction of the Młody Grunwald I project was completed in May 2014. The Młody Grunwald I project was developed on a land strip of 5,600 m^2 located in Grunwald district in Poznań at Jeleniogórska Street. The Młody Grunwald I project comprises 3 six-storey, multi-family residential buildings with a total of 136 apartments and 12 commercial units and an aggregate floor space of 8,500 m^2.

Espresso I

The construction of the Espresso I project was completed in February 2014. The Espresso I project was developed on a land strip of 4,200 m^2 located in Wola district in Warsaw at Jana Kazimierza Street. The Espresso I project comprises 2 seven-eight-nine-and-ten-storey, multi-family residential buildings with a total of 202 apartments and 8 commercial units and an aggregate floor space of 9,500 m^2.

Other

Other revenues are mainly associated with rental revenues and fee income for management services provided to joint ventures, as well as sales of the parking places and storages in other projects that were completed in previous years.

Write-down adjustment

During the nine months ended 30 September 2015, as a result of the Net Realizable Value (NRV) analysis and review, a write-down adjustment for some of the Company's projects was made in the amount of PLN 226 thousand.

Business highlights during the nine months ended 30 September 2015 (cont'd)

C. Units sold during the period

The table below presents information on the total units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), during the nine months ended 30 September 2015:

Project name	Location	Units sold until 31 December 2014	Units sold during the nine months ended 30 September 2015	Units for sale as at 30 September 2015	Total
Verdis I & II (*)	Warsaw	209	1	7	217
Verdis III (*)	Warsaw	135	5	6	146
Verdis IV (**)	Warsaw	41	36	1	78
Sakura I & II (*)	Warsaw	245	3	8	256
Sakura III (*)	Warsaw	101	29	15	145
Sakura IV (*)	Warsaw	46	52	16	114
Naturalis I, II & III (*)	Warsaw	129	19	24	172
Impressio II (*)	Wrocław	38	61	37	136
Chilli I, II & III (*)	Poznań	74	13	1	88
Panoramika II (**)	Szczecin	15	26	66	107
Espresso I (*)	Warsaw	207	1	2	210
Espresso II (**)	Warsaw	74	43	35	152
Espresso III (**)	Warsaw	-	26	129	155
Młody Grunwald I (*)	Poznań	125	6	17	148
Młody Grunwald II (**)	Poznań	35	32	70	137
Tamka (*)	Warsaw	37	12	16	65
Moko I (**)	Warsaw	89	32	57	178
Moko II (**)	Warsaw	-	80	87	167
Kamienica Jeżyce I (**)	Poznań	45	69	30	144
Kamienica Jeżyce II (**)	Poznań	-	42	109	151
City Link I (**)/(***)	Warsaw	-	67	68	135
Gemini II (*)	Warsaw	180	2	-	182
Old projects		-	1	2	3
Total		**1,825**	**658**	**803**	**3,286**

(*) For information on the completed projects see "Business highlights during the nine months ended 30 September 2015 – B. Results breakdown by project" (pages 4-6).

(**) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2015 – B. Current projects under construction and/or on sale" (pages 17-20).

(***) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

Business highlights during the nine months ended 30 September 2015 (cont'd)

C. Units sold during the period (cont'd)

The table below presents further information on the units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m^2) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company, during the nine months ended 30 September 2015:

		Sold during the nine months ended 30 September 2015		
Project name	**Location**	**Number of units**	**Net saleable area (m^2)**	**Value of the preliminary sales agreements in PLN thousands**
Verdis I & II (*)	Warsaw	1	58	657
Verdis III (*)	Warsaw	5	228	2,548
Verdis IV (**)	Warsaw	36	1,880	13,387
Sakura I & II (*)	Warsaw	3	295	2,463
Sakura III (*)	Warsaw	29	1,682	11,663
Sakura IV (*)	Warsaw	52	3,071	22,404
Naturalis I, II & III (*)	Warsaw	19	1,151	5,722
Impressio II (*)	Wrocław	61	3,445	20,645
Chilli I, II & III (*)	Poznań	13	841	3,295
Panoramika II (**)	Szczecin	26	1,190	5,332
Espresso I (*)	Warsaw	1	71	588
Espresso II (**)	Warsaw	43	2,279	16,023
Espresso III (**)	Warsaw	26	1,477	10,583
Młody Grunwald I (*)	Poznań	6	502	2,602
Młody Grunwald II (**)	Poznań	32	1,743	9,901
Tamka (*)	Warsaw	12	959	12,687
Moko I (**)	Warsaw	32	1,793	14,670
Moko II (**)	Warsaw	80	3,890	31,535
Kamienica Jeżyce I (**)	Poznań	69	3,703	21,509
Kamienica Jeżyce II (**)	Poznań	42	1,567	9,335
City Link I (**)/(***)	Warsaw	67	2,920	25,796
Gemini II (*)	Warsaw	2	281	1,849
Old projects		1	260	1,393
Total		**658**	**35,286**	**246,587**

(*) For information on the completed projects see "Business highlights during the nine months ended 30 September 2015 – B. Results breakdown by project" (pages 4-6).

(**) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2015 – B. Current projects under construction and/or on sale" (pages 17-20).

(***) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

Business highlights during the nine months ended 30 September 2015 (cont'd)

D. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the nine months ended 30 September 2015:

Project name	Location	Number of units	Net saleable area (m^2)
Espresso III (*)	Warsaw	155	8,500
Moko II (*)	Warsaw	167	12,500
Kamienica Jeżyce II (*)	Poznań	151	7,400
City Link I (*)/(**)	Warsaw	135	6,200
City Link II (*)/(**)/(***)	Warsaw	178	7,900
Total		**786**	**42,500**

(*) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2015 – B. Current projects under construction and/or on sale" (pages 17-20).

(**) The project presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

(***) As at 30 September 2015 the sales process of City Link II was not commenced, the Company commenced the sales during October 2015.

E. Land purchase

In June 2015, the Group entered into a sale-purchase agreement in respect of plot of land located at Wolska Street in Warsaw with the total area of 7.2 thousand m^2. According to the valid zoning conditions, the plot is designated for development of residential multifamily project. The purchase price was agreed at PLN 21.3 million.

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 24 through 49 have been prepared in accordance with IAS 34 "Interim financial reporting".

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014 which have been prepared in accordance with IFRS. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the full IFRSs and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). For additional information, see Note 3 of the Interim Condensed Consolidated Financial Statements.

Business highlights during the nine months ended 30 September 2015 (cont'd)

Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2015 was PLN 2,065 thousand and can be summarized as follows:

	For the nine months ended 30 September	
	2015	**2014**
	PLN (thousands, except per share data)	
Revenue	162,597	142,494
Cost of sales	(138,564)	(119,493)
Gross profit	**24,033**	**23,001**
Selling and marketing expenses	(5,024)	(5,317)
Administrative expenses	(13,307)	(13,581)
Share of profit/(loss) of associates	(327)	(278)*
Other expense	(1,343)	(2,400)
Other income	2,384	362
Result from operating activities	**6,416**	**1,787**
Finance income	1,281	1,494*
Finance expense	(5,501)	(3,429)
Net finance expense	**(4,220)**	**(1,935)**
Profit/(loss) before taxation	**2,196**	**(148)**
Income tax benefit/(expense)	(386)	827
Net profit for the period before non-controlling interests	**1,810**	**679**
Non-controlling interests	255	(337)
Net profit for the period attributable to the equity holders of the parent	**2,065**	**342**
Earnings per share attributable to the equity holders of the parent (basic and diluted)	**0.008**	**0.001**

* *Reclassified (PLN 419 thousand) offsetting net results of the joint venture with intercompany interest during the period.*

Business highlights during the nine months ended 30 September 2015 (cont'd)

Overview of results (cont'd)

Revenue

Total revenue increased by PLN 20.1 million (14.1%) from PLN 142.5 million during the nine months ended 30 September 2014 to PLN 162.6 million during the nine months ended 30 September 2015, which is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2), as well as a slight increase in the average selling price per m^2.

Cost of sales

Cost of sales increased by PLN 19.1 million (16.0%) from PLN 119.5 million during the nine months ended 30 September 2014 to PLN 138.6 million during the nine months ended 30 September 2015, which is primarily explained by a increase in apartments delivered to the customers in terms of area size (in m^2), as well as a slight increase in the average cost of sale per m^2.

Gross margin

The gross margin during the nine months ended 30 September 2015 was 14.8% which compares to a gross margin during the nine months ended 30 September 2014 of 16.1%. Change in gross margin relates to different mix of projects characterized by different profitability delivered to the customers during 2015 and during 2014. Apartments delivered to the customers during 2015 included also apartments in project Impressio II in Wrocław, which was developed at margin equal to nil, which translated in lower average gross margin of the Company.

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 0.3 million (5.5%) from PLN 5.3 million for the nine months ended 30 September 2014 to PLN 5.0 million for the nine months ended 30 September 2015.

Administrative expenses

Administrative expenses decreased by PLN 0.3 million (2.0%) from PLN 13.6 million for the nine months ended 30 September 2014 to PLN 13.3 million for the nine months ended 30 September 2015.

Other income

Other income increased by PLN 2.0 million from PLN 0.4 million during the nine months ended 30 September 2014 to PLN 2.4 million during the nine months ended 30 September 2015, which is primarily explained by reversing costs expensed in previous periods with respect to reparation of defects in one of the Company's completed projects. Based on recent settlements with the contractors, the management of the Company believes that all reparation costs will be covered by the Company's contractors (jointly with their insurers) responsible for the identified defects.

Result from operating activities

As a result of the factors described above, the Company's operating result increased by PLN 4.6 million, from an operating profit of PLN 1.8 million for nine months ended 30 September 2014 to an operating profit of PLN 6.4 million for nine months ended 30 September 2015.

Business highlights during the nine months ended 30 September 2015 (cont'd)

Overview of results (cont'd)

Net finance income/(expense)

Finance income/(expense) is accrued and capitalized as part of the cost price of inventory to the extent this is directly attributable to the construction of residential units. Unallocated finance income/(expense) not capitalized is recognized in the statement of comprehensive income.

The table below shows the finance income/(expense) before capitalization into inventory and the total finance income/(expenses) capitalized into inventory:

	For the nine months ended 30 September 2015		
	PLN (thousands)		
	Total amount	Amount capitalized	Recognized as profit or loss
Finance income	1,281	-	1,281
Finance expense	(12,851)	7,350	(5,501)
Net finance income/(expense)	**(11,570)**	**7,350**	**(4,220)**

	For the nine months ended 30 September 2014		
	PLN (thousands)		
	Total amount	Amount capitalized	Recognized as profit or loss
Finance income	1,503	(9)	1,494
Finance expense	(11,272)	7,843	(3,429)
Net finance income/(expense)	**(9,769)**	**7,834**	**(1,935)**

Net finance expenses before capitalization increased by PLN 1.8 million (18.4%) from PLN 9.8 million during the nine months ended 30 September 2014 to PLN 11.6 million during the nine months ended 30 September 2015, which was a result of increase in the average net debt position during the period from PLN 124.4 million during the nine months ended 30 September 2014 to PLN 183.4 million during the nine months ended 30 September 2015, which was related to increased construction activity of the Company (and increased balances of construction loans) as well as to the issuance of new bonds in a total nominal amount of PLN 30.0 million. The increase is offset in part by a decrease in reference rates (WIBOR).

Income tax benefit/(expenses)

During the nine months ended 30 September 2015, the income tax expense amounted to PLN 386 thousand, in comparison to a tax benefit of PLN 827 thousand for the nine months ended 30 September 2014. The low effective tax rate and the tax benefit are explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Non-controlling interests

Non-controlling interests comprise the share of minority shareholders in profit and losses from subsidiary that is not 100% owned by the Company. During the nine months ended 30 September 2015, the minority shareholders share in the loss amounted to PLN 255 thousand (positively impacting equity attributable to the holders of the parent), as compared to share in profit amounting to PLN 337 thousand (negative impact) during the nine months ended 30 September 2014. The change in the non-controlling interest is explained by the decrease in the profit recognized from the Espresso project which is due to a decrease in apartments delivered to customers.

Overview of selected details from the Interim Condensed Consolidated Statement of Financial Position

The following table presents selected details from the Interim Condensed Consolidated Statement of Financial Position in which material changes had occurred.

	As at 30 September 2015	As at 31 December 2014
	PLN (thousands)	
Inventory	757,567	706,501
Advances received	137,476	99,013
Loans and borrowings	265,082	236,190

Inventory

The balance of inventory is PLN 757.6 million as of 30 September 2015 compared to PLN 706.5 million as of 31 December 2014. The increase in inventory is primarily explained by the Group's expenditures in connection with direct construction costs for a total amount of PLN 150.0 million and an increase in land and related expense for a total amount of PLN 24.7 million. The increase is offset in part by cost of sales recognized for a total amount of PLN 138.7 million.

Advances received

The balance of advances received is PLN 137.5 million as of 30 September 2015 compared to PLN 99.0 million as of 31 December 2014. The increase is a result of advances received from clients regarding sales of residential units for a total amount PLN 201.1 million and is offset in part by revenues recognized from the sale of residential units for a total amount of PLN 162.6 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 265.1 million as of 30 September 2015 compared to PLN 236.2 million as of 31 December 2014. The increase in loans and borrowings is primarily explained by the effect of proceeds from bank loans net of bank charges for a total amount of PLN 102.3 million and proceeds from bond loans net of issue costs for a total amount of PLN 29.4 million. The increase is offset in part by repayment of bank loans for the total amount PLN 106.9 million. Of the mentioned PLN 265.1 million, an amount of PLN 46.8 million comprises facilities maturing no later than 30 September 2016.

The maturity structure of the loans and borrowings reflects the Company's recent activities related to bonds issued in 2013-2015 as well as the maturity of the banking loans that were obtained by the Company to finance construction costs of the projects developed by the Company.

The balance of loans and borrowings may be split into four categories: 1) floating rate bond loans, 2) banking loans related to residential projects which are completed or under construction, 3) banking loans granted for the financing of land purchases related to projects where the Company has not entered into loan facilities regarding the financing of construction works and 4) loans from third parties.

Overview of selected details from the Interim Condensed Consolidated Statement of Financial Position (cont'd)

Loans and borrowings (cont'd)

Floating rate bond loans as at 30 September 2015 amounted to PLN 192.5 million (as at 31 December 2014 PLN 159.8 million) comprising a loan principal amount of PLN 191.3 million plus accrued interest of PLN 3.4 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.2 million). For additional information see Note 10 of the Interim Condensed Consolidated Financial Statements.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. As at 30 September 2015, loans in this category amounted to PLN 58.9 million (as at 31 December 2014: PLN 62.9 million).

The bank loans granted to finance the land purchases as at 30 September 2015 amounted to PLN 10.8 million in total (as at 31 December 2014: PLN 10.8 million).

Loans from third parties as at 30 September 2015 amounted to PLN 2.9 million (as at 31 December 2014: PLN 2.7 million).

Overview of cash flow results

The Group funds its day-to-day operations principally from cash flow provided by its operating activities, loans and borrowings under its loan facilities.

The following table sets forth the cash flow on a consolidated basis:

	For the nine months ended 30 September	
	2015	**2014**
	PLN (thousands)	
Cash flow from/(used in) operating activities	(14,926)	(27,945)
Cash flow from/(used in) investing activities	(6,245)	(11,429)
Cash flow from/(used in) financing activities	24,788	32,790

Cash flow from/(used in) operating activities

The Company's net cash outflow used in operating activities for the nine months ended 30 September 2015 amounted to PLN 14.9 million which compares to a net cash outflow used in operating activities during the nine months ended 30 September 2014 amounting to PLN 27.9 million. The increase is principally explained by:

- a cash inflow from advances received from clients regarding sales of residential units amounting to PLN 201.1 million during nine months ended 30 September 2015, which were only in part offset by revenue recognized for a total amount of PLN 162.6 million, in comparison to a cash inflow from advances received in the amount of PLN 136.9 million during the nine months ended 30 September 2014, which were more than offset by revenue recognized for a total amount of PLN 142.5 million.

This effect was offset in part by:

- a net cash outflow used in inventory amounting to PLN 43.9 million during nine months ended 30 September 2015 as compared to a net cash outflow used in inventory amounting to PLN 32.1 million during the nine months ended 30 September 2014.

Overview of cash flow results (cont'd)

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounting to PLN 6.2 million during the nine months ended 30 September 2015 compared to a net cash outflow used in investing activities amounting to PLN 11.4 million during the nine months ended 30 September 2014. The increase is primarily explained by:

- a net cash outflow used in collateralized short-term bank deposits amounting to PLN 2.1 million during the nine months ended 30 September 2015 compared to a net cash outflow used in collateralized short-term bank deposits of PLN 10.8 million during the nine months ended 30 September 2014.

This effect was offset in part by:

- a cash outflow in connection with investments in joint ventures amounting to PLN 4.8 million during the nine months ended 30 September 2015 compared to a cash outflow in connection with investments in joint ventures amounting to PLN 0.9 million during the nine months ended 30 September 2014.

Cash flow from/(used in) financing activities

The Company's net cash inflow from financing activities amounted to PLN 24.8 million during the nine months ended 30 September 2015 compared to a net cash inflow totaling PLN 32.8 million in the nine months ended 30 September 2014. The decrease is primarily due to:

- a repayment of secured bank loans amounting to PLN 106.9 million during the nine months ended 30 September 2015 compared to a repayment of secured bank loans amounting to PLN 30.4 million during the nine months ended 30 September 2014;
- the proceeds from issuance of new bond loans amounting to PLN 29.4 million (net of issue costs) during the nine months ended 30 September 2015 compared to PLN 44.1 million (net of issue costs) during the nine months ended 30 September 2014.

The above mentioned effects were offset in part by:

- the effects of the proceeds from bank loans net of bank charges amounting to PLN 102.3 million during the nine months ended 30 September 2015 compared to PLN 24.1 million during the nine months ended 30 September 2014;
- a repayment of bond loans amounting to PLN nil during the nine months ended 30 September 2015 compared to a repayment of bond loans amounting to PLN 5.0 million during the nine months ended 30 September 2014.

Reporting by the Company

As a result of requirements (indirectly) pertaining to I.T.R. Dori B.V., one of the Company's larger shareholders, whose ultimate parent company is listed on the Tel Aviv stock exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in the Netherlands and listed on the Warsaw stock exchange, only the semi-annual report is subject to a review. The Company has agreed with the ultimate parent company of I.T.R. Dori B.V. that the costs for the first and third quarter review will be fully reimbursed to the Company. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

As at 30 September 2015, the Groups' market capitalization was below the value of net assets. Although, the Company believes that this is a temporary situation due to different factors, including low liquidity of the Company's shares listed on WSE, Management took appropriate steps to review the Company's accounts in respect whether there is any additional write-down required and found no basis for it. Management verified that the forecast margin potential in respect of the inventory is positive and no indicators for potential additional impairment have been identified. Notwithstanding the above, but pertaining to the joint request of the two members of the Board of Managing Directors – two Directors B representing the two leading shareholders (I.T.R. Dori B.V. and Global City Holdings N.V.) – and addressing the reporting obligations of the mentioned leading shareholders, Management tested the fair value of the Company's inventory per 30 September 2015. Based on the analysis, which included a combination of involving an external independent real estate valuator as well as performing internal valuations, Management confirms that in its opinion, the total market value of the Company's inventory (calculated based the on discounted cash flow method, that included among the others administrative and selling expenses with respect to ongoing projects and the comparative valuation method with respect to the remaining land bank) is not lower than its aggregated book value.

Selected financial data

PLN/EUR	Exchange rate of Euro versus the Polish Zloty: Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2015 (9 months)	**4.158**	**3.982**	**4.334**	**4.239**
2014 (9 months)	4.176	4.100	4.238	4.176

Source: National Bank of Poland ("NBP")

Selected financial data	EUR*		PLN	
	(thousands, except per share data and number of shares)			
	For the nine months ended 30 September or as at 30 September			
	2015	**2014**	**2015**	**2014**
Revenues	**39,105**	34,122	**162,597**	142,494
Gross profit	**5,780**	5,508	**24,033**	23,001
Profit/(loss) before taxation	**528**	(35)	**2,196**	(148)
Net profit for the period attributable to the equity holders of the parent	**497**	82	**2,065**	342
Cash flows from/(used in) operating activities	**(3,590)**	(6,692)	**(14,926)**	(27,945)
Cash flows from/(used in) investing activities	**(1,502)**	(2,737)	**(6,245)**	(11,429)
Cash flows from/(used in) financing activities	**5,962**	7,852	**24,788**	32,790
Increase/(decrease) in cash and cash equivalents	**870**	(1,577)	**3,617**	(6,584)
Inventory	**178,714**	161,329	**757,567**	673,710
Total assets	**214,228**	189,828	**908,111**	792,721
Advances received	**32,431**	15,555	**137,476**	64,958
Long term liabilities	**53,464**	48,205	**226,634**	201,305
Short term liabilities (including advances received)	**53,863**	29,737	**228,326**	124,181
Equity attributable to the equity holders of the parent	**106,465**	111,354	**451,307**	465,015
Share capital	**5,054**	5,054	**20,762**	20,762
Average number of equivalent shares (basic)	**272,360,000**	272,360,000	**272,360,000**	272,360,000
Net earnings per share (basic and diluted)	**0.002**	0.000	**0.008**	0.001

* *Information is presented in EUR solely for presentation purposes. Due to changes in the Polish Zloty against the Euro exchange rate over the past period, the Statement of Financial Position data may not accurately reflect the actual comparative financial position of the Company. The reader should consider changes in the PLN / EUR exchange rate from 1 January 2014 to 30 September 2015, when reviewing this data.*
Selected financial data were translated from PLN into EUR in the following way:
(i) Statement of Financial Position data were translated using the period end exchange rate published by the National Bank of Poland for the last day of the period.
(ii) Statement of Comprehensive Income and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland.

Outlook for the remainder of 2015

A. *Completed projects*

The table below presents information on the total residential units in the completed projects/stages that the Company expects to sell and deliver during the remainder of 2015 and 2016:

		Number of units delivered (*)			Number of residential units expected to be delivered (*)			
Project name	**Location**	**Until 31 December 2014**	**During the 9 months ended 30 Sep. 2015**	**Total units delivered**	**Sold until 30 Sep. 2015**	**Units for sale at 30 Sep. 2015**	**Total units expected to be delivered**	**Total project**
Młody Grunwald I (**)	Poznań	124	7	131	-	17	17	148
Espresso I (**)	Warsaw	206	1	207	1	2	3	210
Naturalis I,II & III (**)	Warsaw	124	17	141	7	24	31	172
Sakura I & II (**)	Warsaw	244	4	248	-	8	8	256
Sakura III (**)	Warsaw	-	124	124	6	15	21	145
Sakura IV (**)	Warsaw	-	59	59	39	16	55	114
Verdis I & II (**)	Warsaw	208	2	210	-	7	7	217
Verdis III (**)	Warsaw	-	138	138	2	6	8	146
Tamka (**)	Warsaw	-	1	1	48	16	64	65
Impressio II (**)	Wrocław	-	69	69	30	37	67	136
Chilli I, II & III (**)	Poznań	58	27	85	2	1	3	88
Gemini II (**)	Warsaw	180	2	182	-	-	-	182
Old projects		-	-	-	2	2	4	4
Total		**1,144**	**451**	**1,595**	**137**	**151**	**288**	**1,883**

(*) For the purpose of disclosing information related to the particular projects, the word "sell" ("sold") is used, that relates to signing the preliminary sale agreement with the client for the sale of the apartment; whereas the word "deliver" ("delivered") relates to the transferring of significant risks and rewards of the ownership of the residential unit to the client.

(**) For information on the completed projects see "Business highlights during the nine months ended 30 September 2015 – B. Results breakdown by project" (pages 4 to 6).

B. *Current projects under construction and/or on sale*

The table below presents information on projects for which completion is scheduled in the remainder of 2015, 2016 and 2017.

Project name	**Location**	**Units sold until 30 Sep. 2015**	**Units for sale as at 30 Sept. 2015**	**Total units**	**Net saleable area (m^2)**	**Expected completion of construction**
Verdis IV	Warsaw	77	1	78	4,000	2015
Młody Grunwald II	Poznań	67	70	137	8,200	2015
Espresso II	Warsaw	117	35	152	7,600	2016
Espresso III	Warsaw	26	129	155	8,500	2016
Panoramika II	Szczecin	41	66	107	5,900	2016
Moko I	Warsaw	121	57	178	11,200	2016
Moko II	Warsaw	80	87	167	12,500	2016
Kamienica Jeżyce I	Poznań	114	30	144	7,800	2016
Kamienica Jeżyce II	Poznań	42	109	151	7,400	2016
City Link I (*)	Warsaw	67	68	135	6,200	2017
Subtotal - projects under construction and on sale		**752**	**652**	**1,404**	**79,300**	
CityLink II (*)/(**)	Warsaw	n.a.	n.a.	178	7,900	2017
Total		**752**	**652**	**1,582**	**87,200**	

(*) The project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint venture. The Company's share in the project is 50%.

(**) As at 30 September 2015 the sales process of City Link II was not yet commenced. The Company commenced the sales during October 2015.

Outlook for the remainder of 2015 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Verdis IV

Description of project

The fourth phase (and last) phase of the Verdis project is being developed on a land strip of 2,700 m^2 located in the Wola district in Warsaw at Sowińskiego Street and is a continuation of Verdis I, II and III which were completed during 2012, 2013 and (the first quarter of) 2015. The fourth phase of this project will comprise 1 seven -storey, multi-family residential building with a total of 78 apartments with an aggregate floor space of 4,000 m^2.

Stage of development

The construction of the Verdis IV project commenced in June 2014 and was completed in October 2015.

Młody Grunwald II

Description of project

The second phase of the Młody Grunwald project is being developed on a land strip of 5,000 m^2 located in Grunwald district in Poznań at Jeleniogórska Street, and is a continuation of Młody Grunwald I which was completed during 2014. The second phase of this project will comprise 3 six-storey, multi-family residential buildings with a total of 132 apartments and 5 commercial units and an aggregate floor space of 8,200 m^2.

Stage of development

The construction of the Młody Grunwald II project commenced in April 2014, while completion is expected in November 2015.

Espresso II and III

Description of project

The second phase and the third phase of the Espresso project are being developed on a land strip of 8,400 m^2 located in Wola district in Warsaw at Jana Kazimierza Street, and are a continuation of Espresso I project which was completed in 2014. The second and the third phase of this project will comprise 2 seven-and-eight-storey, multi-family residential buildings with a total of 142 apartments and 10 commercial units and an aggregate floor space of 7,600 m^2 and 1 six-seven-and-eight-storey, multi-family residential building with a total of 147 apartments and 8 commercial units and an aggregate floor space of 8,500 m^2, respectively.

Stage of development

The construction of the Espresso II project commenced in August 2013, while completion is expected in the second quarter of 2016. The construction of the Espresso III project commenced in February 2015, while completion is expected in the fourth quarter of 2016.

Outlook for the remainder of 2015 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Panoramika II

Description of project

The second phase of the Panoramika project is being developed on a part of land strip of 12,200 m^2 located in Szczecin at Duńska Street, and is a continuation of Panoramika I, which was completed during 2012. The second phase of this project will comprise 1 nine-storey, multi-family residential building with a total of 107 apartments and an aggregate floor space of 5,900 m^2.

Stage of development

The sale of units in the Panoramika II project commenced in June 2014 and the construction work is commenced September 2014, while completion is expected in the third quarter of 2016.

Moko I and II

Description of project

The first phase and the second (and last) phase of the Moko project are being developed on a land strip of 12,200 m^2 located in Mokotów district in Warsaw at Magazynowa Street. The first and the second phase of this project will comprise 2 seven and eight-storey, multi-family residential buildings with a total of 166 apartments and 12 commercial units and an aggregate floor space of 11,200 m^2 and 2 seven and eight-storey, multi-family residential buildings with a total of 160 apartments and 7 commercial units and an aggregate floor space of 12,500 m^2, respectively.

Stage of development

The construction of the Moko I project commenced in September 2014, while completion is expected in the second quarter of 2016. The construction of the Moko II project commenced in February 2015, while completion is expected in the fourth quarter of 2016.

Kamienica Jeżyce I and II

Description of project

The first phase and the second (and last) phase of the Kamienica Jeżyce project are being developed on a land strip of 9,700 m^2 located in Jeżyce district in Poznań at Kościelna Street. The first and second phase of this project will comprise 4 five and six-storey, multi-family residential buildings with a total of 139 apartments and 5 commercial units with an aggregate floor space of 7,800 m^2, and 5 five and six-storey, multi-family residential buildings with a total of 151 apartments with an aggregate floor space of 7,400 m^2, respectively.

Stage of development

The construction of the Kamienica Jeżyce I project commenced in September 2014, while completion is expected in the third quarter of 2016. The construction of the Kamienica Jeżyce II project commenced in May 2015, while completion is expected in the fourth quarter of 2016.

Outlook for the remainder of 2015 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

City Link I and II

Description of project

The first phase and the second phase is being developed on a land strip of 8,900 m^2 located in the Wola district in Warsaw at Skierniewicka street. The first and second phase of this project will comprise 1 six to ten-storey, multi-family residential building with a total of 127 apartments and 8 commercial units with an aggregate floor space of 6,200 m^2, and 174 apartments and 4 commercial units with an aggregate floor space of 7,900 m^2, respectively.

Stage of development

The construction of the City Link I and City Link II projects commenced in April 2015, while completion is expected in the second quarter of 2017. As at 30 September 2015 the sales process of City Link II was not yet commenced (it was commenced sales for this project during October 2015).

C. Projects for which construction work is planned to commence during the remainder of 2015

As the Company is aware of the increasing competition in the market, the Company has been careful to manage the number of new projects and the makeup of such projects in order to best satisfy consumer demand. During the remainder of 2015, the Company is considering the commencement of development of the first phases of two new projects, which management believes are well-suited to current customer requirements, including smaller apartments at more economical prices. Furthermore, in order to minimize market risk, the Company's management breaks down the new projects into relatively smaller stages. In the event of any market deterioration or difficulties with securing financing by the banks for the considered projects, management may further delay some of those plans.

a) New Projects

Picasso I

The Picasso project will be developed on a land strip of 8,100 m^2 located in Wrocław at Na Grobli Street. The project will comprise 151 units with an aggregate floor space of 6,100 m^2. The first stage is to comprise 95 units with an aggregate floor space of 3,700 m^2. The Company is considering commencing construction of the first phase of this project during the remainder of 2015.

Van Gogh I

The Van Gogh project will be developed on a land strip of 18,500 m^2 located in Wrocław at Jutrzenki Street. The project will comprise 295 units with an aggregate floor space of 16,500 m^2. The first stage is to comprise 139 units with an aggregate floor space of 7,200 m^2. The Company is considering commencing construction of the first phase of this project during the remainder of 2015.

Outlook for the remainder of 2015 (cont'd)

D. Value of the preliminary sales agreements signed with clients for which revenue has not been recognized in the Condensed Consolidated Statement of Comprehensive Income

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Condensed Consolidated Statement of Comprehensive Income account immediately but only after final settlement of the contracts with the customers (for more details see under "A – Completed projects" above on page 17). The table below presents the value of the preliminary sales agreements executed with the Company's clients in particular for units that have not been recognized in the Condensed Consolidated Statement of Comprehensive Income:

Project name	**Location**	**Value of the preliminary sales agreements signed with clients in thousands of PLN**	**Completed / expected completion of construction**
Tamka (*)	Warsaw	51,602	Completed
Impressio II (*)	Wrocław	10,508	Completed
Verdis I & II (*)	Warsaw	118	Completed
Verdis III (*)	Warsaw	679	Completed
Sakura I & II (*)	Warsaw	259	Completed
Sakura III (*)	Warsaw	2,635	Completed
Sakura IV (*)	Warsaw	16,182	Completed
Naturalis I, III & III (*)	Warsaw	2,324	Completed
Espresso I (*)	Warsaw	444	Completed
Młody Grunwald I (*)	Poznań	35	Completed
Chilli I,II & III (*)	Poznań	584	Completed
Old projects		2,047	Completed
Subtotal completed projects		***87,417***	
Młody Grunwald II (**)	Poznań	18,708	2015
Verdis IV (**)	Warsaw	27,594	2015
Espresso II (**)	Warsaw	38,451	2016
Espresso III (**)	Warsaw	10,583	2016
Panoramika II (*)	Szczecin	8,758	2016
Moko I (**)	Warsaw	56,194	2016
Moko II (**)	Warsaw	31,535	2016
Kamienica Jeżyce I (**)	Poznań	33,244	2016
Kamienica Jeżyce II (**)	Poznań	9,335	2016
Subtotal ongoing projects		***234,402***	
City Link I (**)/(***)	Warsaw	25,796	2017
Subtotal project held by joint venture		***25,796***	
Total		**347,615**	

(*) *For information on the completed projects see "Business highlights during the nine months ended 30 September 2015 – B. Results breakdown by project" (pages 4-6).*

(**) *For information on current projects under construction and/or on sale, see under "B" above (pages 17-20).*

(***) *This project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint venture. The Company's share in this project is 50%.*

E. Main risks and uncertainties during the remainder of 2015 and during 2016

While the improving market in 2014, that appeared to accelerate in the second half of that year and for the first nine months of 2015, potentially bodes well for the Company for the remainder of 2015 and for 2016, the overall economic and geopolitical situation in Europe and in Poland and the ongoing uncertainties in the housing market make it very difficult to predict with precision the anticipated results for the remainder of 2015. The level of development of the Polish economy, the performance of the banking industry and consumers' interest in new housing projects, as well as increasing competition in the market are considered to be the most significant uncertainties for the remainder of the financial year ending 31 December 2015.

Additional information to the report

To the best of the Company's knowledge, as of the date of preparation of this short report for the nine months ended 30 September 2015 (4 November 2015), the following shareholders are entitled to exercise over 3% of the voting rights at the General Meeting of Shareholders in the Company:

Shares	**As of 4 November 2015 Number of shares / % of shares**	**Change in number of shares**	**As of 30 September 2015 Number of shares / % of shares**	**Change in number of shares**	**As of 31 December 2014 Number of shares / % of shares**
Shares issued	***272,360,000***	-	***272,360,000***	-	***272,360,000***
Major shareholders:					
I.T.R. 2012 B.V. (*)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
I.T.R. Dori B.V. (*)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
RN Residential B.V. (**)	41,800,000	-	41,800,000	-	41,800,000
	15.3%		15.3%		15.3%
Metlife Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 3%-5%.		Between 3%-5%.		Between 3%-5%.
Nationale Nederlanden Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.

(*) In December 2012, I.T.R. 2012 B.V. and I.T.R. Dori B.V. entered into a partnership formed under Dutch law, which holds the voting rights attached to 174,898,374 shares in the Company representing 64.2% of the total number of shares in the Company, which were previously held by I.T.R. Dori B.V.
I.T.R. 2012 B.V. is an indirect subsidiary of Global City Holdings N.V. and I.T.R. Dori B.V. is a subsidiary of U. Dori Group Ltd.

(**) On 14 November 2013, the shares in RN Residential B.V. (previously GE Real Estate CE Residential B.V.) were (indirectly, through the acquisition of the shares of RN Development Holding B.V.) acquired by I.T.R. 2012 B.V. and U. Dori Group Ltd., which due to this transaction increased indirect shareholding in Ronson by 7.67% each. As a result of this transaction, Global City Holdings N.V. indirectly controls 39.78% of the Company's shares and U. Dori Group Ltd. indirectly controls 39.78% of the Company's shares.

Changes in the Management Board in the nine months ended 30 September 2015 and until the date of publication of the report

The Annual General Meeting of Shareholders held on 24 June 2015 approved the appointment of Mr Aharon Soffer as member of the Management Board and managing director B for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Soffer replaced Mr Ronen Ashkenazi, who stepped down as managing director B effective on the day of the Annual General Meeting of Shareholders (24 June 2015). During the Extraordinary General Meeting of Shareholders held on 10 September 2015, the shareholders approved the appointment of Mr Yosef Shaked as member of the Management Board and managing director B for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Shaked replaced Mr Aharon Soffer, who stepped down as managing director B effective on the day of the Extraordinary Annual General Meeting of Shareholders (10 September 2015).

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2015 and until the date of publication of this report

None

Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2015 and until the date of publication of the report

None

Other

As of 30 September 2015, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 10,800 thousand.

As of 30 September 2015, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2015:

- a decrease in the provision for deferred tax liabilities of PLN 1,614 thousand (a decrease of PLN 623 thousand during the nine months ended 30 September 2014);
- a decrease in the provision for expected necessary costs in respect of guarantees for construction works of PLN 83 thousand (nil during the nine months ended 30 September 2014).

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim financial reporting". At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Interim Condensed Consolidated Financial Statements give a true and fair view of the state of affairs of the Group at 30 September 2015 and of the net result for the period then ended.

The Directors' report in this Interim Financial Report gives a true and fair view of the situation on the balance sheet date and of developments during the nine months period together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year. The nine months management board report gives a true and fair view of the important events of the past nine-month period and their impact on the interim financial statements, as well as the principal risks and uncertainties for the period to come, and the most important related party transactions.

The Management Board

______________	______________	______________
Shraga Weisman	**Tomasz Łapiński**	**Andrzej Gutowski**
Chief Executive Officer	Chief Financial Officer	Sales and Marketing Director

______________	______________
Peter Dudolenski	**Yosef Shaked**

Rotterdam, 4 November 2015

Interim Condensed Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	*Note*	30 September 2015 (Reviewed/ Unaudited)	31 December 2014 (Audited)
Assets			
Property and equipment		9,052	9,424
Investment property		9,217	9,217
Loans granted to third parties		-	1,623
Investment in joint ventures		20,935	16,022
Deferred tax assets		12,329	14,213
Total non-current assets		**51,533**	**50,499**
Inventory	*9*	757,567	706,501
Trade and other receivables and prepayments		15,063	8,659
Income tax receivable		402	475
Loans granted to third parties		735	-
Short-term bank deposits - collateralized		4,093	2,031
Other current financial assets		4,511	2,722
Cash and cash equivalents		74,207	70,590
Total current assets		**856,578**	**790,978**
Total assets		**908,111**	**841,477**
Equity			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		147,672	145,607
Equity attributable to equity holders of the parent		**451,307**	**449,242**
Non-controlling interests		1,844	2,099
Total equity		**453,151**	**451,341**
Liabilities			
Floating rate bond loans	*10*	156,458	158,825
Secured bank loans	*11*	58,942	73,699
Loans from third parties		2,868	2,737
Share based payment liabilities	*12*	540	702
Deferred tax liability		7,826	9,440
Total non-current liabilities		**226,634**	**245,403**
Trade and other payables and accrued expenses		43,017	43,711
Floating rate bond loans	*10*	36,011	924
Secured bank loans	*11*	10,803	5
Advances received		137,476	99,013
Income tax payable		24	2
Provisions	*17*	995	1,078
Total current liabilities		**228,326**	**144,733**
Total liabilities		**454,960**	**390,136**
Total equity and liabilities		**908,111**	**841,477**

The notes included on pages 29 to 49 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income

PLN (thousands, except per share data and number of shares)	*Note*	For the 9 months ended 30 September 2015 (Reviewed/ Unaudited)	For the 3 months ended 30 September 2015 (Reviewed/ Unaudited)	For the 9 months ended 30 September 2014 (Reviewed/ Unaudited)	For the 3 months ended 30 September 2014 (Reviewed/ Unaudited)
Revenue		162,597	68,383	142,494	29,500
Cost of sales		(138,564)	(61,211)	(119,493)	(27,634)
Gross profit		**24,033**	**7,172**	**23,001**	**1,866**
Selling and marketing expenses		(5,024)	(1,483)	(5,317)	(1,653)
Administrative expenses		(13,307)	(4,375)	(13,581)	(4,443)
Share in profit/(loss) from joint ventures		(327)	(84)	(278)*	(3)**
Other expenses		(1,343)	(315)	(2,400)	(862)
Other income	*18*	2,384	196	362	195
Result from operating activities		**6,416**	**1,111**	**1,787**	**(4,900)**
Finance income		1,281	473	1,404	452
Finance expense		(5,501)	(2,079)	(3,429)*	(1,405)**
Net finance income/(expense)		**(4,220)**	**(1,606)**	**(1,935)**	**(953)**
Profit/(loss) before taxation		**2,196**	**(495)**	**(148)**	**(5,853)**
Income tax benefit	*13*	(386)	24	827	985
Profit/(loss) for the period		**1,810**	**(471)**	**679**	**(4,868)**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		**1,810**	**(471)**	**679**	**(4,868)**
Total profit/(loss) for the period attributable to:					
equity holders of the parent		2,065	(375)	342	(3,871)
Non-controlling interests		(255)	(96)	337	(997)
Total profit/(loss) for the period		**1,810**	**(471)**	**679**	**(4,868)**
Total comprehensive income attributable to:					
Equity holders of the parent		2,065	(375)	342	(3,871)
Non-controlling interests		(255)	(96)	337	(997)
Total comprehensive income for the period, net of tax		**1,810**	**(471)**	**679**	**(4,868)**
Weighted average number of ordinary shares (basic and diluted)		**272,360,000**	**272,360,000**	**272,360,000**	**272,360,000**
In Polish Zlotys (PLN)					
Earnings per share attributable to the equity holders of the parent (basic and diluted)		**0.008**	**(0.001)**	**0.001**	**(0.014)**

* *Reclassified (PLN 419 thousand) offsetting net results of the joint venture with intercompany interest during the nine months ended 30 September 2014.*
** *Reclassified (PLN 143 thousand) offsetting net results of the joint venture with intercompany interest during the three months ended 30 September 2014.*

The notes included on pages 29 to 49 are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	**Share premium**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2015	**20,762**	**282,873**	**145,607**	**449,242**	**2,099**	**451,341**
Comprehensive income:						
Profit for the nine months ended 30 September 2015	-	-	2,065	2,065	(255)	1,810
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**2,065**	**2,065**	**(255)**	**1,810**
Balance at 30 September 2015 (Reviewed/ Unaudited)	**20,762**	**282,873**	**147,672**	**451,307**	**1,844**	**453,151**

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	**Share premium**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**20,762**	**282,873**	**161,038**	**464,673**	**1,883**	**466,556**
Comprehensive income:						
Profit for the nine months ended 30 September 2014	-	-	342	342	337	679
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**342**	**342**	**337**	**679**
Balance at 30 September 2014 (Reviewed/ Unaudited)	**20,762**	**282,873**	**161,380**	**465,015**	**2,220**	**467,235**

Interim Condensed Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)		For the 9 months ended 30 September 2015 (Reviewed) / (unaudited)	For the 9 months ended 30 September 2014 (Reviewed/ Unaudited)
Cash flows from/(used in) operating activities			
Profit for the period		1,810	679
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		526	463
Write-down of inventory		226	-
Finance expense		5,501	3,429
Finance income		(1,281)	(1,494)*
Profit on sale of property and equipment		(28)	(59)
Share of loss /(profit) from joint ventures		327	278*
Share-based payment	*12*	(162)	974
Income tax benefit/(expense)		386	(827)
Subtotal		***7,305***	***3,443***
Decrease/(increase) in inventory		(43,942)	(32,117)
Decrease/(increase) in trade and other receivables and prepayments		(6,404)	(2,483)
Decrease/(increase) in other current financial assets		(1,789)	(337)
Increase/(decrease) in trade and other payables and accrued expenses		(694)	7,762
Increase/(decrease) in provisions		(83)	7,284
Increase/(decrease) in advances received		38,463	(5,607)
Subtotal		***(7,144)***	***(22,055)***
Interest paid		(8,748)	(6,862)
Interest received		987	976
Income tax paid		(21)	(4)
Net cash from/(used in) operating activities		**(14,926)**	**(27,945)**

* *Reclassified (PLN 419 thousand) offsetting net results of the joint venture with intercompany interest during the period.*

Interim Condensed Consolidated Statement of Cash Flows (cont'd)

In thousands of Polish Zlotys (PLN)		**For the 9 months ended 30 September 2015** (Reviewed) / (unaudited)	**For the 9 months ended 30 September 2014** (Reviewed/ Unaudited)
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(154)	(480)
Proceeds from sale of investment property		-	623
Proceeds from loans granted to third parties		754	-
Investment in joint ventures		(4,811)	(865)
Short-term bank deposits – collateralized		(2,062)	(10,766)
Proceeds from sale of property and equipment		28	59
Net cash from/(used in) investing activities		**(6,245)**	**(11,429)**
Cash flows from/(used in) financing activities			
Proceeds from bank loans, net of bank charges	*11*	102,302	24,083
Repayment of bank loans	*11*	(106,917)	(30,411)
Proceeds from bond loans, net of issue costs	*12*	29,403	44,118
Repayment of bond loans	*12*	-	(5,000)
Net cash from/(used in) financing activities		**24,788**	**32,790**
Net change in cash and cash equivalents		**3,617**	**(6,584)**
Cash and cash equivalents at beginning of period		70,590	52,153
Cash and cash equivalents at end of period		**74,207**	**45,569**

The notes included on pages 29 to 49 are an integral part of these Interim Condensed Consolidated Financial Statements

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 – General and principal activities

Ronson Europe N.V. (hereinafter "the Company"), a Dutch public company with its registered office located in Rotterdam, the Netherlands, was incorporated on 18 June 2007. The Company (together with its Polish subsidiaries, "the Group") is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. Moreover, the Group leases real estate to third parties.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2015, 39.78% of the outstanding shares are controlled by I.T.R. 2012 B.V., which is an indirect subsidiary of Global City Holdings N.V. ('ITR 2012') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and U. Dori Group) and 39.78% of the outstanding shares are controlled by U. Dori Group Ltd ('U Dori Group') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. (of which it holds 50% of the shares) and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and U. Dori Group). The remaining 20.44% of the outstanding shares are held by other investors including Metlife Otwarty Fundusz Emerytalny holding between 3% and 5% and Nationale Nederlanden Otwarty Fundusz Emerytalny holding between 5% and 10% of the outstanding shares. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the nine months ended 30 September 2015 and contain comparative data for the nine months ended 30 September 2014 and as at 31 December 2014. The Interim Condensed Consolidated Financial Statements of the Company for the nine months ended 30 September 2015 with all its comparative data have been reviewed by the Company's external auditors.

As at 30 September 2015, the Groups' market capitalization was below the value of net assets. The Management took appropriate steps to review the accounts in respect if there is any additional write-down required and found no basis for it. The Management verified that the forecast margin potential in respect of the inventory is significantly positive.

The information about the companies from which the financial data are included in these Interim Condensed Consolidated Financial Statements and the extent of ownership and control are presented in Note 7.

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2015 were authorized for issuance by the Management Board on 4 November 2015.

Note 2 – Basis of preparation of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim financial reporting".

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014 prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the full IFRSs and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Consolidated Financial Statements of the Group for the year ended 31 December 2014 are available upon request from the Company's registered office at Weena 210-212, 3012 NJ Rotterdam, the Netherlands or at the Company's website: www.ronson.pl

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2014.
The following standards and amendments became effective as of 1 January 2015:

- IAS 19 –*Defined Benefits Plan – Employee Contributions – Amendments to IAS 19*
- IFRIC 21 – *Levies*
- Annual Improvements to IFRSs 2010-2012 *(issued on 12 December 2013)*
- Annual Improvements to IFRSs 2011-2013 *(issued on 12 December 2013)*

The above amendments and improvements to IFRSs do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

Note 4 – The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.
In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Polish Zloty ("PLN"), which is the Group's functional and presentation currency.
Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 6 – Seasonality

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

The details of the Polish companies whose financial statements have been included in these Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly held or indirectly by the Company as at 30 September 2015, are presented below and on the following page.

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			30 September 2015	31 December 2014
a.	**held directly by the Company :**			
1.	Ronson Development Management Sp. z o.o.	1999	100.0%	100.0%
2.	Ronson Development 2000 Sp. z o.o.	2000	100.0%	100.0%
3.	Ronson Development Warsaw Sp. z o.o.	2000	100.0%	100.0%
4.	Ronson Development Investment Sp. z o.o.	2002	100.0%	100.0%
5.	Ronson Development Metropol Sp. z o.o.	2002	100.0%	100.0%
6.	Ronson Development Properties Sp. z o.o.	2002	100.0%	100.0%
7.	Ronson Development Apartments Sp. z o.o.	2003	100.0%	100.0%
8.	Ronson Development Enterprise Sp. z o.o.	2004	100.0%	100.0%
9.	Ronson Development Company Sp. z o.o.	2005	100.0%	100.0%
10.	Ronson Development Creations Sp. z o.o.	2005	100.0%	100.0%
11.	Ronson Development Buildings Sp. z o.o.	2005	100.0%	100.0%
12.	Ronson Development Structure Sp. z o.o.	2005	100.0%	100.0%
13.	Ronson Development Poznań Sp. z o.o.	2005	100.0%	100.0%
14.	E.E.E. Development Sp. z o.o.	2005	100.0%	100.0%
15.	Ronson Development Innovation Sp. z o.o.	2006	100.0%	100.0%
16.	Ronson Development Wrocław Sp. z o.o.	2006	100.0%	100.0%
17.	Ronson Development Capital Sp. z o.o.	2006	100.0%	100.0%
18.	Ronson Development Sp. z o.o.	2006	100.0%	100.0%
19.	Ronson Development Construction Sp. z o.o.	2006	100.0%	100.0%
20.	City 2015 Sp. z o.o. (previously named Ronson Development City Sp. z o.o.)	2006	100.0%	100.0%
21.	Ronson Development Village Sp. z o.o. (1)	2007	100.0%	100.0%
22.	Ronson Development Conception Sp. z o.o.	2007	100.0%	100.0%
23.	Ronson Development Architecture Sp. z o.o.	2007	100.0%	100.0%
24.	Ronson Development Skyline Sp. z o.o.	2007	100.0%	100.0%
25.	Ronson Development Continental Sp. z o.o.	2007	100.0%	100.0%
26.	Ronson Development Universal Sp. z o.o. (1)	2007	100.0%	100.0%
27.	Ronson Development Retreat Sp. z o.o.	2007	100.0%	100.0%
28.	Ronson Development South Sp. z o.o.	2007	100.0%	100.0%
29.	Ronson Development West Sp. z o.o.	2007	100.0%	100.0%
30.	Ronson Development Partner 4 Sp. z o.o. (previously named Ronson Development East Sp. z o.o.)	2007	100.0%	100.0%
31.	Ronson Development North Sp. z o.o.	2007	100.0%	100.0%
32.	Ronson Development Providence Sp. z o.o.	2007	100.0%	100.0%
33.	Ronson Development Finco Sp. z o.o.	2009	100.0%	100.0%
34.	Ronson Development Partner 2 Sp. z o.o.	2010	100.0%	100.0%
35.	Ronson Development Skyline 2010 Sp. z o.o. w likwidacji	2010	100.0%	100.0%
36.	Ronson Development Partner 3 Sp. z o.o.	2012	100.0%	100.0%
b.	**held indirectly by the Company:**			
37.	AGRT Sp. z o.o.	2007	100.0%	100.0%
38.	Ronson Development Partner 4 Sp. z o.o. Panoramika Sp.k,	2007	100.0%	100.0%
39.	Ronson Development Sp z o.o. - Estate Sp.k.	2007	100.0%	100.0%
40.	Ronson Development Sp. z o.o. - Home Sp.k.	2007	100.0%	100.0%
41.	Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100.0%	100.0%
42.	Ronson Development Partner 3 Sp. z o.o - Sakura Sp.k.	2007	100.0%	100.0%
43.	Ronson Development Sp z o.o -Town Sp.k.	2007	100.0%	100.0%
44.	Destiny Sp. z o.o. (previously named Ronson Development Destiny Sp. z o.o.)	2007	100.0%	100.0%
45.	Ronson Development Millenium Sp. z o.o.	2007	100.0%	100.0%
46.	Ronson Development Sp. z o.o. - EEE 2011 Sp.k.	2009	100.0%	100.0%
47.	Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100.0%	100.0%

(1) The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group (cont'd)

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			30 September 2015	31 December 2014
b.	**held indirectly by the Company (cont'd):**			
48.	Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100.0%	100.0%
49.	Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k. (previously named Ronson Development Sp. z o.o. - Destiny 2011 Sp.k.)	2009	100.0%	100.0%
50.	Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100.0%	100.0%
51.	Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100.0%	100.0%
52.	Ronson Development Sp. z o.o. - Wrocław 2011 Sp.k.	2009	100.0%	100.0%
53.	Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100.0%	100.0%
54.	Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100.0%	100.0%
55.	Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100.0%	100.0%
56.	Ronson Espresso Sp. z o.o.	2006	82.0%	82.0%
57.	Ronson Development Apartments 2010 Sp. z o.o.	2010	100.0%	100.0%
58.	RD 2010 Sp. z o.o. (previously named Ronson Development 2010 Sp. z o.o.)	2010	100.0%	100.0%
59.	Retreat Sp. z o.o. (previously named Ronson Development Retreat 2010 Sp. z o.o.)	2010	100.0%	100.0%
60.	Ronson Development Enterprise 2010 Sp. z o.o.	2010	100.0%	100.0%
61.	Ronson Development Wrocław 2010 Sp. z o.o.	2010	100.0%	100.0%
62.	E.E.E. Development 2010 Sp. z o.o.	2010	100.0%	100.0%
63.	Ronson Development Nautica 2010 Sp. z o.o.	2010	100.0%	100.0%
64.	Gemini 2010 Sp. z o.o. (previously named Ronson Development Gemini 2010 Sp. z o.o.)	2010	100.0%	100.0%
65.	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100.0%	100.0%
66.	Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100.0%	100.0%
67.	Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100.0%	100.0%
68.	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100.0%	100.0%
69.	Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100.0%	100.0%
70.	Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100.0%	100.0%
71.	Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100.0%	100.0%
72.	Ronson Development Sp. z o.o. - City 2 Sp.k.	2012	100.0%	100.0%
73.	Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100.0%	100.0%
74.	District 20 Sp. z o.o.	2015	100.0%	n.a.
75.	Królikarnia 2015 Sp. z o.o.	2015	100.0%	n.a.
76.	Pod Skocznią Projekt Sp. z o.o.	2015	100.0%	n.a.
77.	Tras Sp. z o.o.	2015	100.0%	n.a.
78.	Arkadia Development Sp. z o.o.	2015	100.0%	n.a.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

The Group's operating segments are defined as separate entities developing particular residential projects, which for reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of activity (development of apartments, development of houses). Moreover, for two particular assets the reporting was based on type of income: rental income from investment property.

According to the Management Board's assessment, the operating segments identified have similar economic characteristics. Aggregation based on the type of development within the geographical location has been applied since primarily the location and the type of development determine the average margin that can be realized on each project and the project's risk factors. Considering the fact that the production process for apartments is different from that for houses and considering the fact that the characteristics of customers buying apartments slightly differ from those of customers interested in buying houses, aggregation by type of development within the geographical location has been used for segment reporting and disclosure purposes.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated indirectly based on reasonable criteria. The unallocated result (loss) comprises mainly head office expenses. Unallocated assets comprise mainly unallocated cash and cash equivalents and income tax assets. Unallocated liabilities comprise mainly income tax liabilities and floating rate bond loans.
Data presented in the table below are aggregated by type of development within the geographical location:

In thousands of Polish Zlotys (PLN) — **As at 30 September 2015 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Segment assets	512,317	33,258	9,217	140,672	-	78,992	2,610	67,880	7,739	-	852,685
Unallocated assets	-	-	-	-	-	-	-	-	-	55,426	55,426
Total assets	**512,317**	**33,258**	**9,217**	**140,672**	**-**	**78,992**	**2,610**	**67,880**	**7,739**	**55,426**	**908,111**
Segment liabilities	184,682	1,034	-	47,693	-	11,375	-	7,076	-	-	251,860
Unallocated liabilities	-	-	-	-	-	-	-	-	-	203,100	203,100
Total liabilities	**184,682**	**1,034**	**-**	**47,693**	**-**	**11,375**	**-**	**7,076**	**-**	**203,100**	**454,960**

In thousands of Polish Zlotys (PLN) — **As at 31 December 2014 (Audited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Segment assets	479,849	33,513	9,217	115,975	-	93,522	2,612	58,293	7,710	-	800,691
Unallocated assets	-	-	-	-	-	-	-	-	-	40,786	40,786
Total assets	**479,849**	**33,513**	**9,217**	**115,975**	**-**	**93,522**	**2,612**	**58,293**	**7,710**	**40,786**	**841,477**
Segment liabilities	162,784	1,134	-	23,436	-	25,622	-	4,758	-	-	217,734
Unallocated liabilities	-	-	-	-	-	-	-	-	-	172,402	172,402
Total liabilities	**162,784**	**1,134**	**-**	**23,436**	**-**	**25,622**	**-**	**4,758**	**-**	**172,402**	**390,136**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2015 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	128,435	-	577	9,737	-	23,816	-	32	-	-	162,597
Segment result	19,042	(256)	361	1,040	-	(431)	(8)	(180)	(9)	-	19,559
Unallocated result	-	-	-	-	-	-	-	-	-	(13,143)	(13,143)
Result from operating activities *	**19,042**	**(256)**	**361**	**1,040**	**-**	**(431)**	**(8)**	**(180)**	**(9)**	**(13,143)**	**6,416**
Net finance income/(expense)	(256)	(4)	-	(4)	-	(214)	-	21	-	(3,763)	(4,220)
Profit/(loss) before taxation	**18,786**	**(260)**	**361**	**1,036**	**-**	**(645)**	**(8)**	**(159)**	**(9)**	**(16,906)**	**2,196**
Income tax expense											(386)
Segment profit for the period											**1,810**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**154**	**154**

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2014 (Reviewed)/(unaudited) ***

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	99,857	3,070	628	33,385	-	1,133	-	4,421	-	-	142,494
Segment result	14,889	(176)	382	675	-	(485)	(3)	286	(3)	-	15,565
Unallocated result	-	-	-	-	-	-	-	-	-	(13,778)	(13,778)
Result from operating activities *	**14,889**	**(176)**	**382**	**675**	**-**	**(485)**	**(3)**	**286**	**(3)**	**(13,778)**	**1,787**
Net finance income/(expense)	(155)	(283)	-	(84)	-	28	-	51	-	(1,492)	(1,935)
Profit/(loss) before taxation	**14,734**	**(459)**	**382**	**591**	**-**	**(457)**	**(3)**	**337**	**(3)**	**(15,270)**	**(148)**
Income tax benefit											827
Segment profit for the period											**679**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**480**	**480**

* *Results from operating activities including share of loss in joint venture (developing project in Warsaw), that amounted to PLN 327 thousands (expenses) during the nine months ended 30 September 2015 and PLN 278 thousands (expenses) during the nine months ended 30 September 2014.*

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN)

	For the three months ended 30 September 2015 (Reviewed)/(unaudited)										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Revenue	42,470	-	201	1,900	-	23,812	-	-	-	-	68,383
Segment result	5,663	(28)	143	(137)	-	(183)	(2)	(86)	(3)	-	5,367
Unallocated result	-	-	-	-	-	-	-	-	-	(4,256)	(4,256)
Result from operating activities *	**5,663**	**(28)**	**143**	**(137)**	**-**	**(183)**	**(2)**	**(86)**	**(3)**	**(4,256)**	**1,111**
Net finance income/(expense)	(57)	(1)	-	16	-	(184)	-	-	-	(1,380)	(1,606)
Profit/(loss) before taxation	**5,606**	**(29)**	**143**	**(121)**	**-**	**(367)**	**(2)**	**(86)**	**(3)**	**(5,636)**	**(495)**
Income tax benefit											24
Segment Loss for the period											**(471)**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90**	**90**

In thousands of Polish Zlotys (PLN)

	For the three months ended 30 September 2014 (Reviewed)/(unaudited) *										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Revenue	5,469	-	207	23,606	-	68	-	150	-	-	29,500
Segment result	(1,466)	(46)	128	837	-	(107)	(1)	216	(1)	-	(440)
Unallocated result	-	-	-	-	-	-	-	-	-	(4,460)	(4,460)
Result from operating activities *	**(1,466)**	**(46)**	**128**	**837**	**-**	**(107)**	**(1)**	**216**	**(1)**	**(4,460)**	**(4,900)**
Net finance income/(expense)	(99)	(38)	-	(10)	-	18	-	53	-	(877)	(953)
Profit (loss) before taxation	**(1,565)**	**(84)**	**128**	**827**	**-**	**(89)**	**(1)**	**269**	**(1)**	**(5,337)**	**(5,853)**
Income tax benefit											985
Segment loss for the period											**(4,868)**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51**	**51**

* *Results from operating activities including share of loss in joint venture (developing project in Warsaw), that amounted to PLN 84 thousands (expenses) during the three months ended 30 September 2015 and PLN 3 thousands (expenses) during the three months ended 30 September 2014.*

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory

Movements in Inventory during the nine months ended 30 September 2015 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Transferred to finished goods	Additions	Closing balance 30 September 2015
Land and related expense	393,499	(59,083)	24,741	359,157
Construction costs	155,134	(138,723)	150,017	166,428
Planning and permits	27,317	(7,978)	4,216	23,555
Borrowing costs [(1)]	82,639	(20,255)	7,350	69,734
Other	5,381	(2,861)	2,619	5,139
Work in progress	**663,970**	**(228,900)**	**188,943**	**624,013**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 30 September 2015
Finished goods	**55,209**	**228,900**	**(138,666)**	**145,443**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Revaluation write down recognized in statement of comprehensive income		Closing balance 30 September 2015
		Increase	Utilization	
Write-down	**(12,678)**	**(226)**	**1,015**	**(11,889)**
Total inventories at the lower of cost or net realizable value	**706,501**			**757,567**

(1) Borrowing costs are capitalized to the value of inventory with 6.47% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

Movements in Inventory during the year ended 31 December 2014 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Transferred to finished units	Additions	Closing balance 31 December 2014
Land and related expense	336,695	(22,606)	79,410	393,499
Construction costs	86,733	(74,717)	143,118	155,134
Planning and permits	24,174	(3,244)	6,387	27,317
Borrowing costs [(1)]	77,502	(5,002)	10,139	82,639
Other	3,772	(1,141)	2,750	5,381
Work in progress	**528,876**	**(106,710)**	**241,804**	**663,970**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 31 December 2014
Finished goods	**76,439**	**106,710**	**(127,940)**	**55,209**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Revaluation write down recognized in statement of comprehensive income		Closing balance 31 December 2014
		Increase	Utilization	
Write-down	**(525)**	**(12,471)**	**318**	**(12,678)**
Total inventories at the lower of cost or net realizable value	**604,790**			**706,501**

(1) Borrowing costs were capitalized to the value of inventory with 7.24% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

Movements in Inventory during the nine months ended 30 September 2014 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Transferred to finished goods	Additions	Closing balance 30 September 2014
Land and related expense	336,695	(21,734)	74,757	389,718
Construction costs	86,733	(67,252)	97,751	117,232
Planning and permits	24,174	(2,884)	5,195	26,485
Borrowing costs (1)	77,502	(4,921)	7,834	80,415
Other	3,772	(998)	1,884	4,658
Work in progress	**528,876**	**(97,789)**	**187,421**	**618,508**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 30 September 2014
Finished goods	**76,439**	**97,789**	**(118,820)**	**55,408**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2014	Revaluation write down recognized in statement of comprehensive income		Closing balance 30 September 2014
		Increase	Utilization	
Write-down	**(525)**	**-**	**319**	**(206)**
Total inventories at the lower of cost or net realizable value	**604,790**			**673,710**

(1) Borrowing costs are capitalized to the value of inventory with 7.65% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans

The table below presents the movement in Floating rate bond loans during the nine months ended 30 September 2015, during the year ended 31 December 2014 and during the nine months ended 30 September 2014:

In thousands of Polish Zloty (PLN)	**For the nine months ended 30 September 2015 (Reviewed/ Unaudited)**	**For the year ended 31 December 2014 (Audited)**	**For the nine months ended 30 September 2014 (Reviewed/ Unaudited)**
Opening balance	**159,749**	**119,366**	**119,366**
Repayment of bond loans	-	(5,000)	(5,000)
Proceeds from bond loans	30,000	45,000	45,000
Issue cost	(597)	(882)	(882)
Issue cost amortization	857	1,013	753
Accrued interest	7,886	9,645	7,023
Interest repayment	(5,426)	(9,393)	(4,381)
Total closing balance	**192,469**	**159,749**	**161,879**
Closing balance includes:			
Current liabilities	36,011	924	3,314
Non-current liabilities	156,458	158,825	158,565
Total Closing balance	**192,469**	**159,749**	**161,879**

New Floating rate bond loans issued during the nine months ended 2015:

On 23 January 2015, the Company issued 100,000 series I bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 100 and is equal to its issue price. The series I bonds shall be redeemed on 25 January 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 4% margin. Interest is payable semi-annually in January and July until redemption date.

On 21 April 2015, the Company issued 15,500 series J bonds with a total nominal value of PLN 15,500 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series J bonds shall be redeemed on 19 April 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.6% margin. Interest is payable semi-annually in April and October until redemption date.

On 18 June 2015, the Company issued 45,000 series K bonds with a total nominal value of PLN 4,500 thousand. The nominal value of one bond amounts to PLN 100 and is equal to its issue price. The series K bonds shall be redeemed on 18 June 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.6% margin. Interest is payable semi-annually in June and December until redemption date.

The terms and conditions of the issuance of the I, J and K bonds include provisions regarding early redemption at a bondholder's request to be made prior to 25 January 2019 or 19 April 2019, or 18 June 2019, respectively, in case of the occurrence of certain events covering a number of obligations and restrictions applicable to the Company, including the obligation to maintain its financial ratios at certain levels and restrictions on related party transactions.

The series I, J and K bonds are not secured.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Floating rate bond loans issued before 31 December 2014:

The maturity dates and the conditions of the floating rate bonds loans series C, D, E, F, G and H have been presented in the annual consolidated financial statements for the year ended 31 December 2014.

The series D, E, G, and H bonds are not secured. The series C bonds are secured by joint mortgage up to PLN 100,200 thousand established by the Company's Polish subsidiaries. Moreover, the ratio between the value of the pledged properties and the total nominal value of the Bonds issued shall not decrease below 90%. The series F bonds are secured by a mortgage up to PLN 42,000 thousand established by one of the Company's Polish subsidiaries on the plots situated in Warsaw at Jaśminowa Street.

Financial ratio covenants for series C, D and E:

Based on the conditions of bonds C, D and E, in each reporting period the Company shall test the ratio between Net debt to Equity (hereinafter "Ratio" or "Net Indebtedness Ratio"). The Ratio shall not exceed 60% however if during the Reporting Period the Company paid dividend or performed any buy-out of its treasury shares then the Ratio shall not exceed 50%.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of loans and borrowings less the consolidated value of cash and cash equivalents and short-term bank deposits - collateralized.
Equity - shall mean the consolidated balance sheet value of the equity attributable to equity holders of the parent, less the value of the intangible assets (excluding any financial assets and receivables), including specifically (i) the intangible and legal assets, goodwill and (ii) the assets constituting deferred income tax decreased by the value of the provisions created on account of the deferred income tax, however, assuming that the balance of those two values is positive. If the balance of assets and provisions on account of deferred income tax is negative, the adjustment referred to in item (ii) above shall be zero.
Reporting period - shall mean the quarterly reporting period with respect to which the Group Net Indebtedness Ratio will be tested, while a "Reporting period" shall mean a single reporting period, i.e. each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 September 2015** **(Reviewed/ Unaudited)**
Net debt	186,782
Equity	446,804
Net Indebtedness Ratio	**41.8%**

Financial ratio covenants for series F and H:

Based on the conditions of bonds F and H in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Ratio" or "Net Indebtedness Ratio"). The Ratio shall not exceed 80% on the Check Date.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities less the consolidated value of cash and cash equivalents.
Equity - shall mean the consolidated balance sheet value of the equity.
Check date – last day of each calendar quarter.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Financial ratio covenants for series F and H (cont'd):

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 September 2015** **(Reviewed/ Unaudited)**
Net debt	190,875
Equity	453,151
Net Indebtedness Ratio	**42.1%**

Financial ratio covenants for series *G, I, J and K:*

Based on the conditions of bonds G, I, J and K in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Ratio" or "Net Indebtedness Ratio"). The Ratio shall not exceed 80% on the Check Date.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:
Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities less the consolidated value of cash and cash equivalents and less cash paid by Company's clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company's consolidated balance sheet under Other current financial assets).
Equity - shall mean the consolidated balance sheet value of the equity.
Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 September 2015** **(Reviewed/ Unaudited)**
Net debt	186,364
Equity	453,151
Net Indebtedness Ratio	**41.1%**

In addition to the above, based on the conditions of bonds G, in each reporting period the Company shall test the Net debt to Inventory Ratio (hereinafter "Ratio" or "Net Debt to Inventory Ratio"). The Ratio shall not exceed 50% on the Check Date.

The Net Debt to Inventory Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities less the consolidated value of cash and cash paid by Company's clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company's consolidated balance sheet under Other current financial assets).
Inventory - shall mean the consolidated balance sheet value of the inventory of the Company less advances received from the customers.
Check date – last day of each calendar quarter.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Financial ratio covenants for series *G, I, J and K* (cont'd):

The table presenting the Net Debt to Inventory Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 September 2015** **(Reviewed/ Unaudited)**
Net debt	186,364
Inventory	620,091
Net Debt to Inventory Ratio	**30.1%**

Note 11 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the nine months ended 30 September 2015, during the year ended 31 December 2014 and during the nine months ended 30 September 2014:

In thousands of Polish Zloty (PLN)	**For the nine months ended 30 September 2015 (Reviewed/ Unaudited)**	**For the year ended 31 December 2014 (Audited)**	**For the nine months ended 30 September 2014 (Reviewed/ Unaudited)**
Opening balance	**73,704**	**41,978**	**41,978**
Bank loan drawdown	103,142	69,819	24,872
Bank loans repayments	(106,917)	(38,413)	(30,411)
Bank charges	(840)	(789)	(789)
Bank charges amortization	659	1,104	918
Accrued interest	2,459	2,130	1,690
Interest repayment	(2,462)	(2,125)	(1,690)
Total closing balance	**69,745**	**73,704**	**36,568**
Closing balance includes:			
Current liabilities	10,803	5	7,554
Non-current liabilities	58,942	73,699	29,014
Total Closing balance	**69,745**	**73,704**	**36,568**

The maturity dates of the loans have been presented in the annual consolidated financial statements for the year ended 31 December 2014. For more details please see Note 18 Events during the period (Bank Loans) and Note 19 Subsequent events (Bank Loans).

As at 30 September 2015, 31 December 2014 and 30 September 2014, the Company has not breached any loan covenant, which would expose the Company for risk of obligatory and immediate repayment of any loan and has been able to extend all expiring loan facilities.

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Share based payments under the Company's employee incentive plan

In February 2014 the Company implemented a long-term incentive plan (the 'Plan'), addressed to selected key employees, which is based on the price performance of the Company's shares (the "Phantom Stock Plan"). The Phantom Stock Plan, which does not assume any new issue of shares and which will not result in any new shares supply is based on the following key assumptions and includes the settlement mechanism. For additional information see note 35 of the Consolidated Financial Statements for the year ended 31 December 2014.

As 30 September 2015, the total number of options granted is 2,705,000, the weighted average fair value of these options using the Black-Scholes valuation model is approximately PLN 0.21 per option. The significant inputs into the model were a weighted average share price of PLN 1.3, the exercise price mentioned above, volatility of 43.3%, dividend yield of 3%, an option life of 2 years and an annual risk free rate of 6%.

The fair value of these options, as at 30 September 2015 and 31 December 2014, amounting to PLN 540 thousand and PLN 702 thousands, respectively, has been included in the Company's consolidated balance sheet under Share based payment liabilities. The change in fair value for the nine months period ended 30 September 2015 and 30 September 2014, resulting from vesting of the subsequent tranches as well as changes in the inputs into the Black-Scholes valuation model, amounting to PLN 162 thousand (negative) and PLN 974 thousand (positive), respectively is recognized in employee benefits expense.

As of 30 September 2015, no options have been exercised.

Note 13 – Income tax

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2015 (Reviewed/ Unaudited)**	**For the 3 months ended 30 September 2015 (Reviewed/ Unaudited)**	**For the 9 months ended 30 September 2014 (Reviewed/ Unaudited)**	**For the 3 months ended 30 September 2014 (Reviewed/ Unaudited)**
Current tax expense/(benefit)	**116**	**54**	**107**	**39**
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	1,185	(513)	215	(1,631)
Expense/(benefit) of tax losses recognized	(915)	435	(1,149)	607
Total deferred tax expense/(benefit)	**270**	**(78)**	**(934)**	**(1,024)**
Total income tax expense/(benefit)	**386**	**(24)**	**(827)**	**(985)**

The low effective tax rate during the nine months ended 30 September 2015 and income tax benefit during the nine months ended 30 September 2014 is explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investment commitments, Contracted proceeds not yet received and Contingencies

(i) Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2015 (Reviewed/ Unaudited)**	**As at 31 December 2014 (Audited)**
Moko I	14,404	35,301
Moko II	21,638	-
Kamienica Jeżyce I	18,678	28,109
Kamienica Jeżyce II	22,184	-
Panoramika II	12,517	20,280
Młody Grunwald II	1,301	14,796
Espresso II	7,269	18,472
Espresso III	25,611	-
Verdis IV	466	9,325
Impressio II	-	9,677
Tamka	-	13,684
Sakura IV	-	7,608
Verdis III	-	3,312
Sakura III	-	937
Total	**124,068**	**161,501**

(ii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2015 (Reviewed/ Unaudited)**	**As at 31 December 2014 (Audited)**
Espresso II	14,912	22,305
Espresso III	23,151	-
Sakura III	-	4,415
Sakura IV	-	13,012
Impressio II	6,053	20,314
Moko I & II	6,576	42,450
Młody Grunwald II	7,608	15,142
Kamienica Jeżyce I	22,061	28,671
Panoramika II	15,562	-
Total	**95,923**	**146,309**

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investment commitments, Contracted proceeds not yet received and Contingencies (cont'd)

(iii) Contracted proceeds not yet received:

The table below presents amounts to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2015 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

In thousands of Polish Zlotys (PLN)	**As at 30 September 2015 (Reviewed/ Unaudited)**	**As at 31 December 2014 (Audited)**
Moko I	30,198	34,255
Tamka	26,367	26,153
Kamienica Jeżyce I	20,552	10,893
Kamienica Jeżyce II	8,010	-
Espresso II	26,651	16,271
Sakura IV	5,142	11,017
Verdis III	472	22,045
Verdis IV	9,953	10,747
Moko II	24,086	-
Impressio II	6,495	7,706
Młody Grunwald II	6,668	6,519
Panoramika II	5,898	3,046
Espresso III	8,308	-
Sakura III	1,241	9,098
Sakura I & II	73	987
Młody Grunwald I	26	28
Chilli I, II & III	314	1,596
Espresso I	403	686
Naturalis I, II & III	1,957	1,513
Verdis I & II	86	117
Old projects	1,712	830
Total	**184,612**	**163,507**

Note 15 – Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including real estate market risk and fair value interest rate risk), credit risk and liquidity risk. The Interim Condensed Consolidated Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2014 (Note 40). There have been no changes in the risk management department since year end or in any risk management policies.

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the nine months period ended 30 September 2015 as described in Notes 10 and 11.

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Financial risk management (cont'd)

(iii) Market (price) risk

The Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not invested in securities during the nine months period ended 30 September 2015.

(iv) Fair value estimation

The Investment property is valued at fair value determined by the Management.
During the nine months ended 30 September 2015 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.

(v) Interest rate risk

All the loans and borrowings of the Group are bearing variable interest rate, which creates an exposure to a risk of changes in cash flows due to changes in interest rates.

Note 16 – Related party transactions

There were no material transactions and balances with related parties during nine months period ended 30 September 2015 other than the remuneration paid to the Management and Supervisory Boards, the share based payments (see Note 12), loans granted to related parties, a reimbursement of audit review costs and a loan granted to a joint venture. All of these transactions, except for the loan to a joint venture described below, have already been disclosed in the 2014 annual accounts.
During the nine months period ended 30 September 2015, the Company granted a new loan to a joint venture amounting to PLN 3,900 thousand and bearing a variable interest rate of 9.9%. .

Note 17 – Impairment losses and provisions

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2015 and during the nine months ended 30 September 2014:

- *Provision for deferred tax liabilities:* during the nine months ended 30 September 2015 a decrease of PLN 1,614 thousand (during the nine months ended 30 September 2014 a decrease of PLN 623 thousand).

- *Provision for expected necessary costs in respect of guarantees for construction works:* during the nine months ended 30 September 2015 a decrease of PLN 83 thousand (nil during the nine months ended 30 September 2014).

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Selected events during the period

Bonds loans

On 23 January 2015, the Company issued 100,000 series I bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 100 and is equal to its issue price. The series I bonds shall be redeemed on 25 January 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 4% margin. Interest is payable semi-annually in January and July until redemption date.

On 21 April 2015, the Company issued 15,500 series J bonds with a total nominal value of PLN 15,500 thousand. The nominal value of one bond amounts to PLN 1000 and is equal to its issue price. The series J bonds shall be redeemed on 19 April 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.6% margin. Interest is payable semi-annually in April and October until redemption date.

On 18 June 2015, the Company issued 45,000 series K bonds with a total nominal value of PLN 4,500 thousand. The nominal value of one bond amounts to PLN 100 and is equal to its issue price. The series K bonds shall be redeemed on 18 June 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.6% margin. Interest is payable semi-annually in June and December until redemption date.

For additional information see note 10.

Bank loans

In March 2015, the Company executed a loan agreement with mBank Hipoteczny S.A. related to the second stage of the Panoramika project in Szczecin. Under this loan agreement mBank Hipoteczny S.A. is to provide financing to cover the costs of construction up to a total amount of PLN 20.7 million. Under the loan agreement, the final repayment date of the loan facility is February 2018.

In June 2015, the Company executed an annex to the loan agreement with Alior Bank S.A. related to the second stage of the Espresso project in Warsaw. Under this annex the total amount of the loan was increased from PLN 35.0 million to PLN 36.3 million and repayment date was postponed until October 2016.

In June 2015, the Company executed a loan agreement with Alior Bank S.A. related to the third stage of the Espresso project in Warsaw. Under this loan agreement Alior Bank S.A. is to provide financing to cover the Company's funding needs related to development costs of the project up to a total amount of PLN 28.2 million. Under the loan agreement, the final repayment date of the loan facility is July 2017.

In June 2015, the Company executed a loan agreement with Alior Bank S.A. related to financing development costs of the Moko project in Warsaw (both, first and second stage of this project). The loan was also dedicated to refinancing of all previous loan facilities of the Company related to Moko project. Under this loan agreement Alior Bank S.A. is to provide financing to cover the Company's funding needs related to development of the Moko project up to a total amount of PLN 25.0 million. Under the loan agreement, the final repayment date of the loan facility is July 2017.

In September 2015, in connection with the first and second stage of the ongoing project City Link in Warsaw, the joint venture company in which the Company holds an interest of 50% ("JV Company") executed a loan agreement with Bank PEKAO S.A. Under this loan agreement, Bank PEKAO S.A. is to provide financing to cover the JV Company's funding needs related to development costs of the project up to a total amount of PLN 86.4 million. Under the loan agreement, the final repayment date of the loan facility is October 2018.

Commencements of new projects

In February 2015, the Company commenced the construction work and the sales of the Espresso III project, which will comprise 155 units with an aggregate floor space of 8,500 m^2.

In February 2015, the Company commenced the construction work and the sales of the Moko II project, which will comprise 167 units with an aggregate floor space of 12,500 m^2.

In April 2015, the Company commenced the construction work and the sales of the City Link I projects which will comprise 135 units with an aggregate floor space of 6,200 m^2.

In April 2015, the Company commenced the construction work of the City Link II project, which will comprise 178 units with an aggregate floor space of 7,900 m^2. The Company commenced the sales during October 2015.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Selected events during the period (cont'd)

Commencements of new projects (cont'd)

In May 2015, the Company commenced the construction work and the sales of the Kamienica Jeżyce II project, which will comprise 151 units with an aggregate floor space of 7,400 m^2.

Completions of projects

In January 2015, the Company completed the construction of the Sakura III project comprising 145 units with a total area of 7,300 m^2.

In March 2015, the Company completed the construction of the Verdis III project comprising 146 units with a total area of 7,700 m^2.

In July 2015, the Company completed the construction of the Impressio II project comprising 136 units with a total area of 8,400 m^2.

In July 2015, the Company completed the construction of the Sakura IV project comprising 114 units with a total area of 6,600 m^2.

In September 2015, the Company completed the construction of the Tamka project comprising 65 units with a total area of 5,500 m^2.

Land purchase

In June 2015, the Group entered into a sale-purchase agreement in respect of plot of land located at Wolska Street in Warsaw with the total area of 7.2 thousand m^2. According to the valid zoning conditions, the plot is dedicated for development of residential multifamily project. The purchase price was agreed at PLN 21.3 million.

Other income

Other income amounted to PLN 2.4 million during the nine months ended 30 September 2015, which is primarily explained by reversing costs expensed in previous periods with respect to reparation of defects in one of the Company's completed projects. Based on recent settlements with the contractors, the management of the Company believes that all reparation costs will be covered by the Company's contractors (jointly with their insurers) responsible for the identified defects.

Notes to the Interim Condensed Consolidated Financial Statements

Note 19 – Subsequent events

Bond loans

Since 30 September 2015, the Group has not issued nor redeemed any of the bond loans.

Bank loans

In October 2015, the Company executed a loan agreement with Bank BZWBK S.A. related to the second stage of the Kamienica Jeżyce project in Poznań. Under this loan agreement Bank BZWBK S.A. is to provide financing to cover the Company's funding needs related to development costs of the project up to a total amount of PLN 24.9 million. Under the loan agreement, the final repayment date of the loan facility is December 2018.

Commencements of new projects

In October 2015, the Company commenced the sales processes (the construction work commenced in April 2015) of the City Link II project, which will comprise 178 units with an aggregate floor space of 7,900 m^2.

Completions of projects

In October 2015, the Company completed the construction of the Verdis IV project comprising 78 units with a total area of 4,000 m^2.

The Management Board

Shraga Weisman Chief Executive Officer	**Tomasz Łapiński** Chief Financial Officer	**Andrzej Gutowski** Sales and Marketing Director
Peter Dudolenski	**Yosef Shaked**	

Rotterdam, 4 November 2015

Review report

To: the board of directors, the supervisory board and shareholders of Ronson Europe N.V.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Europe N.V., Rotterdam (the "Company") as at 30 September 2015, which comprise the interim consolidated statement of financial position as at 30 September 2015 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope
We conducted our review in accordance with Dutch law and International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 4 November 2015

Ernst & Young Accountants LLP

Signed by J.H. de Prie