

Press Release

Warsaw, November 15th, 2016

Significant improvement in Ronson Development financial results for the three quarters and a very promising fourth quarter of 2016.

- **The revenue of Ronson Group in the first three quarters of 2016 amounted to over PLN 202 million, representing an increase of 25% year over year.**
 - During the period from the beginning of the year until September the developer delivered 510 units to their owners, i.e. 13% more than in the same period of 2015, when 451 were handed over.
- **The gross profit on sales for the first 9 months of 2016 exceeded PLN 41 million and it was 71% higher than after the first 3 quarters of 2015.**
 - The gross margin increased up to 20.3% in relation to 14.8% a year ago.
 - The Warsaw projects completed in the 2nd quarter had the greatest share in the three quarter results: they were: Moko (I stage) and Espresso (II stage).
- **The net profit attributable to the parent company shareholders for the first three quarters of 2016 amounted to PLN 11.4 million, i.e. over 6 times more than in the same period of 2015 (PLN 1.8 million).**
- **In the fourth quarter 2016 Ronson is going to provide its customers with a record breaking number of 400 flats, which should translate into very good financial results for this period.**
- **What is more, on the 9th of November, Ronson and Global City Holdings, one of its two main shareholders, concluded a conditional agreement providing for, among others, the sale of the Nova Królikarnia project much above its book value. The possible finalizing of the agreement by the end of the year will enable the Company to gain some additional profit before tax of around PLN 45 million, i.e. about PLN 36.6 million of net profit.**

*- As expected, this year we have recorded a clear increase in our financial results compared to 2015. This is mainly due to a greater number and area of the flats transferred to our customers as well as due to the slightly higher average price of the flats transferred. It was mainly two our Warsaw investments completed in the second quarter that contributed the most to our results for the 9 months of 2016, i.e. a very profitable Moko project where we transferred a total of 147 units of the project's first stage by the end of September, and Espresso where, under its second stage, we provided our customers with keys to 138 flats. Moreover, in the third quarter we also started handing over flats of the second stage of the Panoramika estate in Szczecin (67 transferred units) and of the first stage of Kamienica Jeżyce in Poznań (8 flats) - **Tomasz Łapiński, Board Member and Ronson Europe***

Financial Director, has said.

Good prospects for the fourth quarter

In the fourth quarter 2016 Ronson is going to finish implementation of three investments: the second stage of the Moko Estate, the third stage of Espresso and the second stage of Kamienica Jeżyce, i.e. a total of 473 flats out of which 362 were already sold at the end of the third quarter 2016. Despite the fact that most of the units constructed under the third stage of Espresso project and the second stage of Kamienica Jeżyce project will not be delivered to their owners earlier than at the beginning of 2017, the fourth quarter 2016 is going to be a record-breaking in respect of the number of units delivered to the customers. This will be based on, among others, 328 flats in the already completed projects out of which 182 were already sold by the end of September, and the units in the afore-mentioned three investments that are going to be completed as soon as before the end of 2016.

- *In the fourth quarter we have a chance to deliver a total of 400 units to our customers and more than 900 flats in 2016. For comparison, in the record-breaking 2015 we handed over the keys to almost 700 units - **Tomasz Łapiński has pointed out.***

A chance for additional immediate profit

As regards the financial results, the 4th quarter 2016 can be very successful for the Company for another reason as well. On the 9th of November 2016 Ronson and Global City Holdings (GCH), one of its two main shareholders, concluded a conditional agreement which will allow GCH to leave the Company's shareholding in an orderly manner. The agreement concluded stipulates that Ronson will buy a package of nearly 40% of its own shares from GCH for redemption. In return Ronson will sell the Nova Królikarnia project in Warsaw to GCH. The agreed selling price is much higher than this project's carrying value in the books of Ronson Europe, consequently, after the transaction has been settled and the costs related thereto have been taken into account, the Company should gain around PLN 45 million profit before tax, i.e. about PLN 36.6 million of net profit.

It is the Parties' intention to finalize the transaction before the end of the year. However, the agreement concluded is conditional and its finalization depends on, among others, obtaining the relevant approvals of the General Meeting. The General Meeting that is to take the subject decisions will be held on the 22nd of December in the Company's seat in Rotterdam. But the preliminary General Meeting will be held on December 19 in Warsaw.

The increasing average price of the flats sold

Over the three quarters of 2016 Ronson sold a total of 546 units compared to 658 flats in the same period of 2015, which represents a 17% decrease year over year. However, in respect of the value of the flats sold, the decrease amounted to only 4%. The average price of flats sold during the first nine months of 2016 amounted to PLN 433 thousand and it was indeed higher than the average price of flats sold in the same period of 2015 (PLN 375 thousand).

Ronson's most popular investments this year are the following projects in Warsaw: City Link (a total of 155 units sold in all the stages) and Espresso (116 units), as well as the Kamienica Jeżyce project in Poznań (68 flats sold in two stages).

A record number of flats offered

The slightly lower sale of flats this year is related to the quite limited offer which has in fact been significantly complemented in recent months. Since the beginning of 2016 Roson has launched the sale of 7 investments comprising 921 units in total. At the end of September 2016 the developer's offer included 1256 units. The record level of the offer can translate into improved sales results in the coming quarters.

The amount of 1256 units available for sale at the end of the third quarter 2016 includes 80 units offered under the first stage of the Nova Królikarnia project which is to be sold to GCH.

Selected consolidated financial results of Ronson Europe

	3 2016	qr3 qr 2015	Change y/y	1-3 2016	qr 2015	1-3 2015	qr	Change y/y
Revenues from sales	91.3	68.4	34%	202.6	162.6			25%
Gross profit on sales	21.1	7.2	193%	41.1	24.0			71%
Net profit ¹⁾	10.3	-0.5	-	11.4	1.8			533%

¹⁾ Net profit attributable to parent company shareholders

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