

Press Release

Warsaw, May 9th, 2017

The definitely positive first quarter of Ronson Development

- **The first quarter 2017 revenue of Ronson Group exceeded PLN 110 million and it was 163% higher than in the same period of 2016 when the revenue amounted to nearly PLN 42 million.**
 - Such a sharp increase in the revenue results from the handover of a significantly higher number of flats. In the first quarter of 2017 Ronson Development delivered 299 flats, i.e. 185% more than a year ago (105 flats were handed over during the first quarter of 2016).
 - Most flats delivered in the first quarter of 2017 concerned two projects: Espresso in Warsaw and Kamienica Jeżyce in Poznan which were finished at the end of 2016.
- **In the first quarter of 2017 the gross profit on sales amounted to PLN 18.6 million compared to PLN 4 million in the first quarter of 2016.**
 - In the first quarter of 2017 the gross margin on sales amounted to 16.9% in relation to 9.5% a year earlier.
- **Ronson Group's total net profit for the first quarter of 2017 reached PLN 7.4 million compared to the net loss (PLN 4.4 million) a year earlier.**
 - The net profit attributable to the parent company shareholders in the first quarter of 2017 amounted to PLN 5.9 million compared to a net loss of PLN 4.2 million a year earlier.

*- During the first quarter of 2017 we managed to deliver 299 flats to our customers. This is a much better result than in the first quarter of 2016 when we provided our customers with keys to 105 flats, which resulted in a sharp increase in revenues year on year. It was also the best quarter result in respect of the number of handed over flats in the history of Ronson Development. The 1st quarter results were mainly affected by two projects: the Espresso in Warsaw and the Kamienica Jeżyce project in Poznań. In the case of these two projects the gross margin on sales amounted to 17.4% and 7.3% respectively. The Moko project was also an important project affecting our profits in the first quarter. The average gross margin on sales in the case of all the flats delivered during the 1st quarter amounted to 16.9% in relation to 9.5% in the same period of 2016 - **Tomasz Łapiński, acting President of Ronson Development, has said.***

For comparison, throughout 2016 the Ronson Group's average gross margin on sales amounted to 24.5%. The last year's results were greatly influenced by the sale of the Nova Królikarnia project - this transaction's gross margin amounted to 32.7%, whereas the gross margin on the investments where Ronson delivered the flats to its customers amounted to 19.9%.

*- Obviously due to the fact that at present our portfolio does not include such a profitable project as the Nova Królikarnia project, it is going to be quite hard to achieve the result with such a high margin as last year. Ultimately, the margin amount will depend on how many flats we will manage to deliver to our customers in respective projects. Again, the investments that we are going to hand over this year comprise both the low-margin ones as e.g. Młody Grunwald in Poznań or Panoramika in Szczecin, as well as projects that should bring considerable profits, i.e. among others the first stage of the City Link project located in our best-selling investment in the Warsaw's Wola district - **Tomasz Łapiński** has informed.*

The first quarter of 2017 was also successful for Ronson Development in respect of flats' sale. During this period the Company managed to sell 259 flats, i.e. 26% more than in the first quarter of 2016. The value of the sold flats reached nearly PLN 101 million, which represents a 24% increase year on year.

*- During the first quarter of 2017 we recorded the highest sale of flats in our Warsaw investments: City Link, Miasto Moje and Espresso, as well as in the Vitalia project located in Wrocław. As a result of the very good sale during the last two quarters, and due to the sale of the Nova Królikarnia project, the number of flats offered for sale at the end of March 2017 was relatively low, i.e. 671 flats. That is why in the near future we are going to start some new investments comprising more than 500 flats. It is going to be the Marina Miasto project in Wrocław, with a very attractive location at Na Grobli Street, directly by the Oder River, and an investment with a working name of Skierniewicka Bis which will be continuation of the City Link project in the Warsaw district of Wola. We have already obtained valid building permits for both these investments - **Andrzej Gutowski, Sales and Marketing Director at Ronson Development**, has said.*

In 2017 the Company is going to start seven projects comprising a total of approx. 1160 flats.

At the end of March 2017 Ronson Development had 836 flats which were already sold but not delivered to their owners. 81 of them are flats located in the already completed projects which are probably going to be handed over to the customers and recorded in the second quarter 2017 (their total value exceeds PLN 41 million), whereas 755 flats were sold in projects which are still under construction.

Selected consolidated financial results of Ronson Europe

	1st quarter 2017	1st quarter 2016	Change y/y
Revenue from sales	110.1	41.9	+163%
Gross profit on sales	18.6	4.0	+365%
Net profit 1)	5.9	-4.2	

1) Net profit attributable to parent company shareholders

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