

**Press Release**

Warsaw, November 7th, 2017

**Ronson Development financial results for the first three quarters of 2017**

- **Ronson Group's total revenue after the first three quarters of 2017 exceeded PLN 182 million and it was 10% lower than a year ago. Taking into account the value of the units handed over to customers in the City Link I *joint venture* project, the total revenue for this period would amount to more than PLN 195 million.**
  - During the first nine months of 2017 Ronson delivered 456 units in fully consolidated investments compared to 510 in the corresponding period of 2016.
  - What is more, during the third quarter of 2017 Ronson provided its customers with the first 35 units in the City Link I project where Ronson holds a 50 percent share.
  - At the end of the third quarter 2017 the Company had 359 flats which were sold but still not transferred to their owners, and their value amounted to almost PLN 137 million. Most of them are going to be handed over to the buyers in the fourth quarter. 276 of these units are the City Link I project flats.
- **The gross profit on sales for the first three quarters of 2017 amounted to over PLN 29 million compared to PLN 41 million in the corresponding period of 2016.**
  - The gross margin in the projects delivered to customers from January to September 2017 amounted to 16% in relation to 20.2% during the first three quarters of 2016.
  - The gross margin on City Link I project is 30.2%.
- **Ronson Europe consolidated net profit after the first nine months of 2017 has reached PLN 2 million compared to PLN 11.4 million a year earlier.**
  - The net profit attributable to the parent company shareholders amounted to PLN 0.1 million compared to PLN 10.8 million a year earlier.

*- During the first nine months 2017 we delivered 456 units in fully consolidated projects. It is 11% less than in the same period 2016, which has resulted in a 10-percent decline in revenues year on year. What is more, most of the revenue recorded this year comes from investments completed last year. Let me remind you that in accordance with the schedule of our projects' implementation, in the first half of 2017 we did not complete any construction, and we finished two projects in September: Vitalia I in Wrocław and City Link I in Warsaw. As regards the City Link project, in the third quarter we delivered only 36 units out of the already sold 312 units. We are going to hand most of them over to our customers in the fourth*

*quarter and this is when we will record most of the profits from this investment. It is a joint venture project where we hold a 50% share. That is why our results do not include the revenue from the sale of units in this project, but only half of the profit attributable to our company as well as the remuneration for this project's management - **Tomasz Łapiński, Ronson Europe president**, has said.*

*- In consequence, as expected, in the third quarter 2017 our financial results were lower than a year earlier. Whereas we will record most of this year's profits during the fourth quarter when we are going to deliver approx. 400 units to our customers. The last quarter's results will consist of both highly profitable projects such as City Link and Vitalia, where the margin exceeds 30% and 21% respectively, as well as low-margin investments such as Młody Grunwald in Poznań or Panoramika in Szczecin - **Tomasz Łapiński** has added.*

At the end of September 2017 Ronson Development's completed projects comprised 500 units still to be handed over to customers. In the case of as many as 359 of them the Company has concluded preliminary sale agreements - their total value amounts to almost PLN 137 million and most of them shall be delivered to their owners during the fourth quarter. 276 of these units are the City Link I project flats.

Furthermore, in the fourth quarter 2017 Ronson completed construction of the third stage of the Młody Grunwald estate in Poznań which comprises a total of 108 units (71 of them were already sold at the end of the third quarter) and it is going to finish implementation of the third stage of the Panoramika estate in Szczecin which comprises 122 units (80 of them were already sold by the end of September), as well as the fourth stage of the Chilli City project in Tulce near Poznań which comprises 45 units.

Ronson Development's current sales results are very good this year. Only during the third quarter the Company managed to sell 206 units, i.e. 12% more than in the same period in 2016, and 645 flats cumulatively during the first nine months of the year, i.e. 18% more than a year ago.

*- During the second and the third quarters we significantly strengthened our sales offer by launching three projects comprising a total of 667 units. It is connected with another stage of our best-selling project, i.e. City Link in Wola, the second stage of the Miasto Moje estate in Białołęka and a completely new project Miasto Marina in Wrocław. This should translate into good sales results also in the fourth quarter. As previously announced, in 2017 we are going to sell as many flats as last year, i.e. more than 800 units - **Andrzej Gutowski, Sales and Marketing Director at Ronson Development**, has said.*

During the first three quarters the most popular were the projects implemented in Warsaw, i.e.: City Link, Miasto Moje and Espresso, as well as in the Panoramika estate in Szczecin and Vitalia project located in Wrocław.

At the end of the third quarter the sales offer of Ronson Development included 953 units and 141 of them were located in already completed projects. - *Furthermore, we have recently started the sale of 83 flats within the second stage of the Vitalia estate and in a few days we are going to start the construction and sale of the fourth stage of Panoramika where 111 new units are going to be built - **Andrzej Gutowski** has added.*

**Selected consolidated financial results of Ronson Europe (PLN million)**

	3Q 2017	3Q 2016	Change y/y	1-3Q 2017	1-3Q 2016	Change y/y
Sales revenue	36.0	91.3	-61%	182.2	202.6	-10%
Gross profit on sales	4.7	21.2	-78%	29.3	41.0	-29%
Net profit / loss <sup>1)</sup>	-2.5	10.1	-	0.1	10.8	-99%

1) Net result attributable to parent company shareholders

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