

Ronson Development SE

(formerly named Ronson Europe N.V.)

Company Financial Statements
for the year ended 31 December 2018

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Company Financial Statements for the year ended 31 December 2018

Company Statement of Comprehensive Income

For the year ended 31 December		2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Revenues from consulting services	5	9,281	4,207
General and administrative expenses	6,7	(3,291)	(3,725)
Other expenses		(408)	(335)
Operating profit		5,582	147
Finance income	8	8,457	4,979
Finance expense	8	(11,908)	(12,800)
Net finance income/(expense)		(3,451)	(7,821)
Profit/(loss) before taxation		2,131	(7,674)
Income tax expense	9	(15)	-
Profit/(loss) before result from subsidiaries		2,116	(7,674)
Result from subsidiaries after taxation	10	11,382	17,138
Profit/(loss) for the year		13,498	9,464

The notes included on pages 5 to 26 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2018

Company Statement of Financial Position

<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	31 December 2018	31 December 2017	1 January 2017
Assets				
Investment in subsidiaries	10	407,309	454,422	499,958
Loans granted to subsidiaries	11	123,985	66,970	55,586
Deferred tax assets	9	480	-	-
Total non-current assets		531,774	521,392	555,544
Trade and other receivables and prepayments		187	179	283
Income tax receivables	9	-	494	488
Receivables from subsidiaries		640	845	5,429
Loans granted to subsidiaries	11	31,851	16,587	21,308
Cash and cash equivalents		2,147	252	8,368
Total current assets		34,825	18,357	35,876
Total assets		566,599	539,749	591,420
Equity				
Shareholders' equity				
Share capital		12,503	12,503	20,762
Share premium reserve		150,278	150,278	282,873
Treasury shares		-	-	(140 854)
Retained earnings		180,699	175,108	196,805
Total shareholders' equity	12	343,480	337,889	359,586
Liabilities				
Long-term liabilities				
Bond loans	13	153,683	153,517	137,538
Total long-term liabilities		153,683	153,517	137,538
Current liabilities				
Bond loans	13	51,864	43,791	85,053
Loans from subsidiaries		3,309	3,400	5,001
Trade and other payables and accrued expenses	14	14,263	1,152	3,264
Share based payment liabilities	7	-	-	978
Total current liabilities		69,436	48,343	94,296
Total liabilities		223,119	201,860	231,834
Total shareholders' equity and liabilities		566,599	539,749	591,420

The notes included on pages 5 to 26 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2018

Company Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2018	12,503	150,278	175,108	337,889
Net profit for the year ended 31 December 2018	-	-	13,498	13,498
Acquisition of non-controlling interest ⁽¹⁾	-	-	1,934	1,934
Payment of dividends (see Note 12)	-	-	(9,841)	(9,841)
Balance at 31 December 2018	12,503	150,278	180,699	343,480

(1) On 10 October 2018, the Group acquired 18% of the share of ownership and voting rights in Ronson Espresso Sp. z o.o. (hereinafter "Espresso") from the minority shareholders of Espresso, for a total amount of PLN 3,762 thousand. Following the transaction Ronson Group became the sole shareholder of Espresso. The book value of the Non-controlling interests as at day of acquisition amounted to PLN 5,696 thousand. The profit from the transaction amounted to PLN 1,934 and was presented directly in Retained earnings.

<i>In thousands of Polish Zlotys (PLN)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 December 2017	20,762	282,873	(140,854)	196,805	359,586
Net profit for the year ended 31 December 2017	-	-	-	9,464	9,464
Payment of dividends (see Note 12)	-	-	-	(31,161)	(31,161)
Treasury shares ⁽¹⁾	(8,259)	(132,595)	140,854	-	-
Balance at 31 December 2017	12,503	150,278	-	175,108	337,889

(1) On 1 March 2017, 108,349,187 shares which the Company held in treasury since 23 December 2016, were redeemed.

The notes included on pages 5 to 26 are an integral part of these company financial statements

Company Financial Statements for the year ended 31 December 2018

Company Statement of Cash Flows

For the year ended 31 December		2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Cash flows from operating activities			
Profit for the year		13,498	9,464
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>			
Finance income	8	(8,457)	(4,979)
Finance expense	8	11,908	12,800
Share based payment		-	(978)
Income tax expense	9	15	-
Net results subsidiaries during the year	10	(11,382)	(17,138)
Subtotal		5 582	(831)
Decrease/(increase) in trade and other receivables and prepayments		(8)	104
Decrease/(increase) in receivable from subsidiaries		205	4,584
Increase/(decrease) in trade and other payable and accrued expense		13,111	(2,112)
Subtotal		18,890	1,745
Income tax paid		-	(6)
Interest paid		(10,857)	(11,701)
Interest received		3,479	4,196
Net cash used in operating activities		11,512	(5,766)
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	11	(82,000)	(5,880)
Repayment of loans granted to subsidiaries	11	14,700	-
Dividend from subsidiary	10	62,500	62,674
Investment in subsidiaries	10	(2,071)	-
Net cash used in investing activities		(6,871)	56,794
Cash flows from financing activities			
Dividends paid	12	(9,841)	(31,161)
Repayment of loans from subsidiaries		(91)	(1,601)
Proceeds from bond loans, net of issue costs	13	49,346	69,118
Repayment of bond loans	13	(42,160)	(95,500)
Net cash from financing activities		(2,746)	(59,144)
Net change in cash and cash equivalents		1,895	(8,116)
Cash and cash equivalents at 1 January		252	8,368
Cash and cash equivalents at 31 December		2,147	252

The notes included on pages 5 to 26 are an integral part of these company financial statements

Notes to the Company Financial Statements

1. General

Ronson Development SE ('the Company') is a European Company with its statutory seat in Warsaw, Poland. The registered office is located at al. Komisji Edukacji Narodowej 57, Warsaw, Poland. The Company was incorporated in the Netherlands on 18 June 2007 as Ronson Europe N.V. with statutory seat in Rotterdam, the Netherlands. On 6 April 2018, the Company changed its name and was transformed into a European Company (SE). On 31 October 2018, the Company moved its seat from the Netherlands to Poland.

The Company (together with its 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, controlled directly and indirectly, which financial data are included in the Consolidated Financial Statements reference is made to Note 1(b) of the Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 31 December 2018, 66.06% of the outstanding shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'). The remaining 33.94% of the outstanding shares are held by other investors including Nationale Nederlanden Otworthy Fundusz Emerytalny and Metlife Otworthy Fundusz Emerytalny. 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.

Shares

	As at 31 December 2018 Number of shares / % of shares	Change in number of shares	As at 31 December 2017 Number of shares / % of shares
<i>Shares issued:</i>	164,010,813	-	164,010,813
I.T.R. Dori B.V. ⁽¹⁾	87,449,187 53.32%	-	87,449,187 53.32%
RN Residential B.V. ⁽¹⁾	20,900,000 12.74%	-	20,900,000 12.74%
Nationale Nederlanden Otworthy Fundusz Emerytalny	23,884,091 14.56%	-	23,884,091 14.56%
Metlife Otworthy Fundusz Emerytalny	N/A Between 5%-10%	N/A	N/A Between 5%-10%

⁽¹⁾ The subsidiary of A. Luzon Group.

Notes to the Company Financial Statements

2. Accounting principles

a) Basis of preparation and statement of compliance

The Company Financial Statements of Ronson Development SE have been prepared in accordance with IFRS as endorsed by the European Union (“IFRS”). IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with Dutch generally accepted accounting principles (Dutch GAAP). These financial statements for the year ended 31 December 2018 are the first the Company has prepared in accordance with IFRS. Refer to Note 2b) for information on how the Company adopted IFRS.

The Company’s Financial Statements of Ronson Development SE were approved by the Management Board for publication on 13 March 2019 in both English and Polish languages, while the Polish version is binding.

The Company’s Financial Statements of Ronson Development SE have been prepared on the going concern assumption, i.e. the continuation of the Company’s business activity in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Company’s activity.

The financial statements have been prepared on a historical cost basis.

b) First time adoption

These financial statements, for the year ended 31 December 2018, are the first the Company has prepared in accordance with IFRS. Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies (note 3). In preparing the financial statements, the Company’s opening statement of financial position was prepared as at 1 January 2017, the Company’s date of transition to IFRS. This note explains the way IFRS were applied in the Company.

The Company’s financial statements were historically prepared under the option of clause 362.8 of Part 9 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles and measurement basis of the Company’s financial statements were similar to those applied with respect to the Consolidated Financial Statements, i.e. were prepared in line with accounting and measurement principles of IFRS, except for the valuation of subsidiaries, which were valued using the net asset value method. As a consequence, the Company is not identifying any transition adjustments required, except for investment in subsidiaries, that is further discussed below.

With regards to valuation of investment in subsidiaries IAS 27 allows for valuation either at cost or at fair value or in accordance with the equity method. The Company decided to select the equity method. The Dutch GAAP net asset value method applied historically is similar to IFRS equity method with small exceptions only, that are not applicable to the Company. Furthermore under IFRS 1 *First time adoption* if the Company accounts for investment in subsidiaries under equity method it is required to apply the exemption for past business combinations. The Company is also required to measure all its assets and liabilities at the same amounts in both these financial statements and consolidated financial statements of the Group. Given these regulations and accounting policy selected the Company is not identifying any transition adjustments.

The estimates at 1 January 2017 and at 31 December 2017 are consistent with those made for the same dates in accordance with the Dutch GAAP.

Notes to the Company Financial Statements

2. Accounting principles (cont'd)

c) Functional and reporting currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company Financial Statements are presented in thousands of Polish Zloty (“PLN”), which is the Company’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.

d) Use of estimates and judgements

The estimates at 1 January 2017 and at 31 December 2017 are consistent with those made for the same dates in accordance with Dutch GAAP.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Uncertain tax treatment

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rules (GAAR). GAAR are targeted to prevent origination and use of fictitious legal structures set up to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its *modus operandi* was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions. The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

Notes to the Company Financial Statements

2. Accounting principles (cont'd)

d) Use of estimates and judgements (cont'd)

The Company accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Company discloses these settlements while accounting for uncertainty assessment.

Further details on taxes are disclosed in Note 9.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all periods presented in the Company Financial Statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency at exchange rates prevailing at the dates of the transactions using:

- the purchase or selling rate of the bank whose services are used by the Company – in case of foreign currency sales or purchase transactions, as well in the case as of the debt or liability payment transactions;
- the average rate specified for a given currency by the National Bank of Poland as on the transaction date, unless a customs declaration or other binding document indicates another rate – in case of other transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(b) Revenue from contracts with customers

Revenue from consulting services represents fees charged by the Company to its subsidiaries. Revenue is recognized when control of the goods or services are transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the related parties.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Company Financial Statements

3. Significant accounting policies (cont'd)

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

For the Company the first category is most relevant. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Company Financial Statements

3. Significant accounting policies (cont'd)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The financial instruments of the Company are classified into one of the following categories:

Category	Statement of financial position item	Measurement
Financial assets at amortized costs	Loans granted to subsidiaries	Amortized cost method
	Cash and cash equivalent	Amortized cost method
	Trade and other receivables and prepayments	Amortized cost method
Loans and borrowings	Bond loans	Amortized cost method
	Loans from subsidiaries	Amortized cost method
Trade and other payables	Trade and other payables and accrued expenses	Amortized cost method

Investments in subsidiaries

Subsidiaries are entities the Company controls directly or indirectly. The Company accounts, based on IAS 27 par 10(c), for investments in subsidiaries under equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted subsequently for the post-acquisition changes in share of the net assets of subsidiaries. Dividends received or receivable from subsidiaries are recognised as a reduction in the carrying amount of the investment. The financial statements of subsidiaries are prepared for the same period as the financial statement of the Company. All subsidiaries keep books of accounts in accordance with accounting policies specified in the Accounting Act dated 29 September 1994 ('the Accounting Act') with subsequent amendments and the regulations issued based on that Act. The Company accounts for investments in subsidiaries based on their financial statements as per books of accounts adjusted in order to bring the financial statements of those entities in conformity with IFRSs as adopted by EU.

Notes to the Company Financial Statements

3. Significant accounting policies (cont'd)

(d) Equity

(i) Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

(ii) Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

(iii) Treasury shares

Own shares that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax expense is calculated according to tax regulations in effect in the jurisdiction in which the individual companies are domiciled.

Deferred income tax is provided, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each reporting date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Company Financial Statements

3. Significant accounting policies (cont'd)

(g) Share options granted

Equity-settled transactions

The fair value of share options granted to management and other employees as at the grant date is recognized as an employee expense, with a corresponding increase in equity recognized in retained earnings, over the period during which the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(i) Employee benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of comprehensive income as incurred.

Notes to the Company Financial Statements

4. New standards and interpretations that have been issued but have not yet become effective

A number of new standards, amendments to standards and interpretations, insofar endorsed by the European Union, are not yet effective for the year ended 31 December 2018, and have not been applied in preparing these financial statements:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These standards, amendments and interpretations are expected to have no material impact on the financial statements of the Company.

Notes to the Company Financial Statements

5. Revenue

The Company provides services related to the preparation and organization of the investment process with respect to development projects owned by the Company's subsidiaries. As part of its responsibilities, the Company undertakes the performance of advisory, management, legal and other activities necessary to manage the investment process. The Company recognizes revenues when the obligation to perform the service is fulfilled, i.e. during the service provision period. The concluded agreements do not contain a significant element of financing. Due to such characteristics of the contracts signed, there are no significant balances of contract assets or contract liabilities, except for trade receivables.

The increase of revenues for the year ended 31 December 2018 as compared to the year ended 31 December 2017 results from additional revenues recognized on Nova Królikarnia project amounting to PLN 4,011 thousand.

6. General and administrative expense

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
External services	783	1,986
Remuneration fees	2,248	1,604
Other	260	135
Total	3,291	3,725

Notes to the Company Financial Statements

7. Directors' remuneration

Management Board personnel compensation

Management Board personnel compensation, payable by the Company, is presented in the table below. For compensations paid by other entities in the Group reference is made to the Consolidated Financial Statements.

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Salary and other short time benefit ⁽¹⁾	854	117
Other ⁽²⁾	225	12
<i>Subtotal - Mr Nir Netzer</i>	1,079	129
Salary and other short time benefit	415	165
Bonuses	83	108
<i>Subtotal - Mr Rami Geris</i>	498	273
Incentive plan linked to financial results	330	351
Incentive plan linked to share price performance	-	85
<i>Subtotal - Mr Andrzej Gutowski</i>	330	436
Management bonus	-	22
<i>Subtotal - Mr Shraga Weisman</i>	-	22
Incentive plan linked to financial results	-	45
Incentive plan linked to share price performance	-	120
<i>Subtotal - Mr Tomasz Łapiński</i>	-	165
Total	1,907	1,025

(1) The consulting services agreement is expected to be signed in the near future after completion of respective legal and corporate procedures.

(2) Mainly related to flights and accommodation expenses.

Notes to the Company Financial Statements

7. Directors' remuneration (cont'd)

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Mr Ofer Kadouri (<i>appointed 1 March 2017</i>)	77	68
Mr Alon Kadouri (<i>appointed 1 March 2017</i>)	55	55
Mr Shmuel Rofe (<i>appointed 20 November 2017</i>)	77	4
Mr Piotr Palinek (<i>appointed 30 June 2017</i>)	55	30
Mr Przemyslaw Kowalczyk (<i>re-appointed 24 June 2015</i>)	77	81
Ms Michal Shapira (<i>appointed 1 March 2017- resigned 13 September 2017</i>)	-	47
Mr Mark Segall (<i>resigned 1 March 2017</i>)	-	17
Mr Yair Shilhav (<i>resigned 1 March 2017</i>)	-	17
Mr Reuven Sharoni (<i>resigned 1 March 2017</i>)	-	17
Total	341	336

8. Net finance income and expense

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Interests and fees on granted loans to subsidiaries	8,407	4,911
Interest income on bank deposits	50	68
Finance income	8,457	4,979
Interest expense on bonds measured at amortized cost	(10,959)	(11,282)
Foreign exchange losses	(16)	(139)
Commissions and fees	(881)	(1,320)
Other	(52)	(59)
Finance expense	(11,908)	(12,800)
Net finance income/(expense)	(3,451)	(7,821)

Notes to the Company Financial Statements

9. Income tax

Until 31 October 2018, the Company was domiciled in the Netherlands. As a result, until that date the Company's tax returns were filed with the Dutch tax authorities. Following the transfer of office to Poland, all of the Company's (Dutch) tax losses carried forward are no longer available for compensation in future years. Moreover, the Company reversed withholding tax for the total amount of PLN 495 thousand, that was presented in the Company Statement of Financial Position under Income tax receivable to the Company Statement of Comprehensive Income under Income tax expenses.

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Current tax expense		
Current period	-	-
Reversal of withholding tax in the Netherlands	495	-
Total current tax expense	495	-
Deferred tax expense		
Origination and reversal of temporary differences	(337)	-
Tax losses utilized/(recognized)	(143)	-
Total deferred tax (benefit)/expense	(480)	-
Total income tax expense	15	-

10. Investment in subsidiaries

The subsidiaries of the Company are valued with equity pick-up method.
The movements in subsidiaries are as follows:

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Balance at beginning of the year	454,422	499,958
Investments in subsidiaries	2,071	-
Net result subsidiaries during the year	11,382	17,138
Dividends from subsidiaries	(62,500)	(62,674)
Acquisition of non-controlling interest	1,934	-
Balance at end of the year	407,309	454,422

The Company holds and owns (directly and indirectly) 104 companies. For information about companies in the Group, controlled directly and indirectly, which financial data are included in the Consolidated Financial Statements reference is made to Note 1(b) of the Consolidated Financial Statements. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.

Notes to the Company Financial Statements

11. Loan granted to subsidiaries

Movements in loans granted to subsidiaries

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Opening balance	83,557	76,894
Loans granted	82,000	6,000
Loans repayment during the year	(14,700)	-
Loans transferred by sale to the shareholder	(3,429)	(4,121)
Charges and fees	-	(120)
Amortization of charges and fees	421	404
Accrued interest	7,987	4,500
Total closing balance	155,836	83,557
Current liabilities	31,851	16,587
Non-current liabilities	123,985	66,970
Total closing balance	155,836	83,557

Loans as at 31 December 2018:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2019	2,000	125	-	2,125
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2019	10,000	98	(24)	10,074
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	4,500	45	(10)	4,535
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	10,000	100	(42)	10,058
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	5,009	50	-	5,059
Ronson Development Finco	PLN	Wibor 6M + 4.15%	2020	10,000	101	(61)	10,040
Ronson Development Finco	PLN	5.75%	2020	10,000	98	(90)	10,008
Ronson Development Finco	PLN	6.00%	2020	10	296	-	306
Ronson Development Skyline	PLN	6.00%	2020	7,350	4,857	-	12,207
Ronson Development Finco	PLN	Wibor 6M + 3.90%	2021	6,000	58	(75)	5,983
Nova Królikarnia B.V.	PLN	Wibor 6M + 5.78%	2022	82,000	3,441	-	85,441
Total loans granted to subsidiaries				146,869	9,269	(302)	155,836

Notes to the Company Financial Statements

11. Loan granted to subsidiaries (cont'd)

Loans as at 31 December 2017:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Ronson Development Finco	PLN	Wibor 6M + 5.05%	2018	1,700	-	-	1,700
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2018	15,000	-	(113)	14,887
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2019	10,000	-	(112)	9,888
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	4,500	-	(33)	4,467
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	10,000	-	(102)	9,898
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	5,009	-	-	5,009
Ronson Development Finco	PLN	Wibor 6M + 4.15%	2020	10,000	-	(113)	9,887
Ronson Development Finco	PLN	5.75%	2020	10,000	-	(145)	9,855
Ronson Development Finco	PLN	6.00%	2020	10	295	-	305
Ronson Development Skyline	PLN	6.00%	2020	7,350	4,416	-	11,766
Ronson Development Finco	PLN	Wibor 6M + 3,9%	2021	6,000	-	(105)	5,895
Total loans granted to subsidiaries				79,569	4,711	(723)	83,557

Loans as at 1 January 2017:

<i>In thousands of Polish Zlotys (PLN)</i>	Currency	Nominal interest rate	Year of maturity	Capital	Accrued interest	Charges and fees	Carrying value
Ronson Development Finco	PLN	Wibor 6M + 5.05%	2017	1,700	3	-	1,703
Ronson Development Finco	PLN	Wibor 6M + 4.25%	2017	20,000	3	(398)	19,605
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	5,009	6	-	5,015
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	4,500	6	(56)	4,450
Ronson Development Finco	PLN	Wibor 6M + 4.0%	2019	15,000	19	(226)	14,793
Ronson Development Finco	PLN	Wibor 6M + 4.1%	2019	10,000	13	(162)	9,851
Ronson Development Finco	PLN	Wibor 6M + 4.15%	2020	10,000	13	(166)	9,847
Ronson Development Finco	PLN	6.00%	2020	10	295	-	305
Ronson Development Skyline	PLN	6.00%	2020	7,350	3,975	-	11,325
Total loans granted to subsidiaries				73,569	4,333	(1,008)	76,894

The loans are not secured.

Notes to the Company Financial Statements

12. Shareholders' equity

The authorized share capital of the Company consists of 800,000,000 shares of EUR 0.02 par value each. The number of issued and outstanding ordinary shares as at 31 December 2018 amounted to 164,010,813 (as at 31 December 2017: 164,010,183 and as at 1 January 2017: 272,360,000 shares issued and outstanding, while the number of shares in circulation amounted to 164,010,183).

Dividend

During the year ended 31 December 2018, a dividend out of retained earnings reserve (i.e. dividend) in the amount of PLN 9,841 thousand which represents PLN 0.06 per ordinary share, was distributed (paid on 4 October 2018).

During the year ended 31 December 2017, an interim dividend for the financial year 2016 amounting to PLN 14,761 thousands total or PLN 0.09 per ordinary share, was distributed (paid on 23 March 2017) and a final dividend for the financial year 2016 amounting to PLN 16,401 thousands total or PLN 0.10 per ordinary share, was distributed (paid on 10 August 2017).

There are no restrictions regarding dividend payments, future dividends may be proposed and paid.

Treasury shares

On 23 December 2016, the Company acquired 108,349,187 own shares from one of its former main shareholders, I.T.R 2012 B.V., for PLN 1.30 per share amounting to a total price of PLN 140,854 thousand. All of the treasury shares have been redeemed on 1 March 2017.

13. Bond loans

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Opening balance	197,308	222,591
Repayment of bond loans	(42,160)	(95,500)
Proceeds from bond loans	50,000	70,000
Issue cost paid	(654)	(882)
Issue cost amortization	837	1,166
Accrued interest	10,958	11,281
Interest repayment	(10,742)	(11,348)
Total closing balance	205,547	197,308
Closing balance includes:		
Current liabilities	51,864	43,791
Non-current liabilities	153,683	153,517
Total closing balance	205,547	197,308

During the year ended 31 December 2018, the Company issued 50,000 series T bonds (total nominal value of PLN 50,000 thousand). In February 2018, the Company repaid all outstanding 5,000 series H bonds with total nominal value of PLN 5,000 thousand. After this repayment, the total number of outstanding bonds series H amounted to nil. In May 2018, the Company repaid all outstanding 221,600 series F bonds with total nominal value of PLN 22,160 thousand. After this repayment, the total number of outstanding bonds series F amounted to nil. In December 2018, the Company repaid all outstanding 15,000 series L bonds with total nominal value of PLN 15,000 thousand. After this repayment, the total number of outstanding bonds series L amounted to nil.

As at 31 December 2018 and as at 31 December 2017 all covenants on bond loans are met. More details on bonds are presented in the Consolidated Financial Statements in the Note 29.

Notes to the Company Financial Statements

14. Trade and other payables and accrued expenses

As at 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Trade payables and accrued expenses	1,263	1,152
Payables for Nova Królikarnia project	13,000	-
Total trade and other payables and accrued expenses	14,263	1,152

On 10 April 2018, the Company completed the acquisition of certain shares in and loans granted to project companies owning properties constituting the Nova Królikarnia project for a price of PLN 83.8 million under a sale and purchase agreement with Global City Holdings B.V. ('GCH'). The Nova Królikarnia project is located at Jaśminowa street in Warsaw and consists of 197 units and an aggregate floor space of 19,500 m² (at the day of the transaction the project included, completed projects with 53 units and an aggregate floor space of 4,950 m², projects under construction with 126 units and an aggregate floor space of 11,150 m² and a project in pipeline with 18 units and an aggregate floor space of 3,400 m²).

From the above mentioned PLN 83.8 million, an amount of PLN 70.8 million has been paid by the Company to GCH until 31 December 2018 while PLN 13.0 million should be paid in April 2019. The amount payable as at 31 December 2018 (PLN 13.0 million) is presented in the Statement of Financial Position under Trade and other payables and accrued expenses.

15. Commitments and contingencies

Nova Królikarnia transaction

The Company and GCH have concluded call option agreements for a total value of PLN 78.9 million, under which the Company has been granted three call options with respect to the shares in the eight other project companies holding the remaining stages of the Nova Królikarnia project. The last option shall be executed the latest till April 2020. The exercise of the three call options will allow the Company to develop 161 units with an aggregate floor space of approximately 21,500 m².

The first call option may be exercised until April 2019 for an amount of PLN 33.9 million to be paid in two installments; the second call option may be exercised until October 2019 for an amount of PLN 35.1 million to be paid in two installments and the third call option may be exercised until April 2020 for an amount of PLN 9.9 million to be paid by April 2020. Certain fees in the maximum amount of PLN 11.9 million will be due by the Company if the Company does not exercise all three call options within certain deadlines. However, the fees shall be reduced proportionally to the extent options have been exercised. A package of customary security, such as mortgages, share pledges and statement on submission to voluntary enforcement has been established for the benefit of GCH to secure the obligations of the Company under the sale and purchase agreement and the call option agreements. Also, it has been agreed with GCH that the Company will continue to manage the Nova Królikarnia project in whole, including the stages of the project that are related to the call option agreements.

Guarantees granted by the Company

The Company granted 121 surieties amounting in total to PLN 5.8 million to clients that purchased apartments in Verdis project, a project completed by the Company in October 2015. Surieties relate to the claim raised by natural persons regarding the adverse possession of the real property adjacent to the Verdis project and a part of the Verdis project.

Notes to the Company Financial Statements

15. Commitments and contingencies (cont'd)

Guarantees provided by the Company

During the year ended 31 December 2018, the Company granted guarantees for the total amount of PLN 36 thousands, to clients that purchased apartments from one of its subsidiaries relate to the claim raised by natural persons regarding the adverse possession of the real property adjacent to project that was developed by the subsidiary.

The table below presents sureties that were provided by the Company during the year ended 31 December 2018, to banks with respect to the construction loan contracts signed by the Company's subsidiaries:

Entity name	Amount of sureties <i>In thousands of Polish Zlotys (PLN)</i>
Santander Bank Polska S.A.	16,375
Alior Bank S.A.	15,000
Total	31,375

16. Related party transactions

During the financial years ended 31 December 2018 and 31 December 2017, respectively, there were no transactions between the Company on the one hand, and its shareholders, their affiliates and other related parties which would qualify as not being at arm's length.

The Company's related party transactions included primarily investment in subsidiaries, dividends received, loans granted and received, revenues from consulting services and remuneration of Management and Supervisory Board Members. Details on the transactions are presented in these financial statements.

For further information on related party transactions reference is made to Note 37 of the Consolidated Financial Statements.

Notes to the Company Financial Statements

17. Financial risk management, objectives and policies

The Company on standalone basis and as a parent to Ronson Group is exposed to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Management Board reviews and agrees policies for managing each of these risks on the consolidated level. For a description of the Groups's financial risk management, objectives and policies reference is made to Note 38 of the Consolidated Financial Statements. Details regarding the financial risk factors in relation to the Company are described below.

The Company's principal financial instruments comprise cash balances, bond loans, loans granted, trade receivables and trade payables. The main purpose of these financial instruments is to manage the Company's liquidity and to raise finance for the Company's and Group's operations. The Company and the Group does not use derivative financial instruments to hedge currency or interest rate risks arising from the Company's or Group's operations and its sources of finance. It is, and has been throughout the year ended 31 December 2018 and 2017, the Company's and Group's policy that no trading in (derivative) financial instruments shall be undertaken.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, receivables and loans granted to subsidiaries. The carrying amounts of the financial assets represent the maximum credit risk exposure.

The Company does not expect any counter parties to fail in meeting their obligations. In particular with respect to the loans granted to subsidiaries, the Company as a parent, is able to monitor on ongoing basis the financial standing of counter parties. All loans granted were determined as low credit risk instruments at initial recognition and with respect to none loan the credit risk has increased. The Company places its cash and cash equivalents in financial institutions with high credit ratings. Management does not expect any counterparty to fail to meet its obligations. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Group's customer base, primarily related parties and past history confirm recoverability of amounts due. Given such characteristics of the financial instruments the Management estimates that credit risk loss allowance with respect to all financial instruments, including primarily loans granted, amounts to zero.

Notes to the Company Financial Statements

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments, such as bond loans, bank loans, cash and cash equivalents. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on receivables and payables denominated in a currency other than PLN to a limited extent only. As at 31 December 2018 and 2017, trade receivables and payables denominated in foreign currencies were insignificant.

(ii) Price risk

The Company's exposure to marketable and non-marketable securities price risk does not exist because the Company has not invested in securities as at 31 December 2018 and 2017.

(iii) Interest rate risk

Except of bonds series P that amounting to PLN 10.0 million, the Company didn't enter into any fixed-rate borrowings transaction. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Company's risk is offset by loans granted, which terms and conditions reflects terms and conditions of bond loans received. Short-term receivables and payables are not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's or Group's reputation.

The Company's liquidity risk is managed with respect to the Group's risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and bond loans.

Notes to the Company Financial Statements

18. Information about agreed-upon engagements of the Company's auditor

Information about audit agreements and the values from those agreements is disclosed below:

For the year ended 31 December	2018	2017
<i>In thousands of Polish Zlotys (PLN)</i>		
Audit and reviews remuneration	439	609 ⁽¹⁾
Audit remuneration for prior periods	123	82
Reimbursed audit review costs ⁽²⁾	(70)	(81)
Total audit remuneration for the expense of the Company	492	610

(1) Audit remuneration includes amounts paid and due to the Company's auditors worldwide for professional services related to the audit and review of unconsolidated and consolidated financial statements of the Company and its subsidiaries for the relevant year (excluding fees for tax advisory services). The part of the audit fee related to the Dutch auditor amounted to PLN 213 thousand (EUR 51 thousand).

(2) Costs in respect of the audit review of the Company's first and third quarter reports have been reimbursed in 50% to one of the Company's shareholders. For an explanation reference is made to Note 37 to the Consolidated Financial Statements (under 'Other').

19. Proposed profit appropriation

The Management Board, in line with the prevailing dividend policy, will evaluate the possibility to recommend to the Ordinary General Meeting of the Company to be held in 2019 to distribute the dividend for year 2018, after the examination of the current and expected balance sheet of the Company, expected operating, financial and cash-flow position of the Company and taking into consideration: (i) the close observance of all balance-sheet linked debt covenants, (ii) ability of future repayment of debts, (iii) financial needs of the Company aiming to be ranked amongst leading residential developers and (iv) changing market environment.

Notes to the Company Financial Statements

20. Subsequent events

Bond loans

On 31 January 2019 the Company issued 32,317 series U bonds (the “Bonds”) in a private placement with a nominal value and issue price of PLN 1,000 per Bond and an aggregate nominal value and issue price of PLN 32,317,000.

Buy-back

On 24 January 2019, the Extraordinary General Meeting of the Company adopted the resolution regarding the adoption of the own share purchase plan and the creation of a reserve fund for the purposes of such plan. Based on that resolution, the Extraordinary General Meeting of the Company granted its consent to and authorised the Company’s Management Board to purchase fully-paid ordinary bearer shares of the Company with the total nominal value not greater than 1.53% of the Company’s share capital, i.e. not greater than 2,500 thousand shares, on the conditions indicated in this resolution.

Appointment of new Member of the Management Board

On 11 March 2019, the Supervisory Board of the Company, appointed Boaz Haim to the position of member of the Management Board of the Company as of 1 April 2019 for a five-year joint term of office of the management board.

The commencement of a subsequent joint five-year term of office of the Management Board

On 11 March 2019, the Supervisory Board decided to terminate the current joint five-year term of office of the Management Board as of 31 March 2019. At the same time, the Supervisory Board appointed the current members of the management board (Nir Netzer, Rami Geris, Andrzej Gutowski and Alon Haver) for a subsequent joint term of office of five years, commencing on 1 April 2019. The members of the Management Board referred to above were appointed to the positions they have held to date.

For the information about subsequent events related to other entities from the Group reference is made to the Consolidated Financial Statements, Note 43.

**Warsaw,
13 March 2019**

The Management Board

Nir Netzer
President of the Management Board

Rami Geris
Vicepresident of the Management Board, CFO
Person responsible for the accounting records

Andrzej Gutowski
Vicepresident of the Management Board,
Sales and Marketing Director

Alon Haver
Member of the Management Board