

Ronson Development SE

(formerly named Ronson Europe N.V.)

Interim Financial Report for the three month ended 31 March 2019

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the 3 months ended 31 March 2019
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the 3 months ended 31 March 2019

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Management Board Report

Introduction

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 31 March 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.05% of the shares are held by the Company. The remaining 33.89% of the shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. There are no privileged shares issued by the Company. It shall be noted that as at 31 March 2019 the Company held 79,342 own shares (0.05%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares. For an overview of shares, voting rights and major shareholders of the Company reference is made to page 22.

On 10 May 2019, the market price was PLN 0.885 per share giving the Company a market capitalization of PLN 145.1million.

Overview of the Activity of the Company and the Group

The Company (together with its subsidiaries, 'the Group') is active in the development and sale of residential units, primarily apartments, in residential real-estate projects to individual customers in Poland. The Company has been operating through its subsidiaries on the following markets in Poland: Warsaw, Wrocław, Poznań and Szczecin.

As at 31 March 2019, the Group has 849 units available for sale in 13 locations, of which 768 units are available for sale in ongoing projects and the remaining 81 units are in completed projects. The ongoing projects comprise a total of 1,488 units, with an aggregate floor space of 81,600 m². The construction of 741 units with a total area of 37,700 m² is expected to be completed during the remainder of 2019.

The Group has a pipeline of 12 projects in different stages of preparation, representing approximately 4,596 units with an aggregate floor space of approximately 287,500 m² for future development in Warsaw, Poznań, Wrocław and Szczecin. During the remainder of 2019, the Group is considering commencement of another 2 stages of the currently running projects comprising 257 units with a total area of 15,600 m² and 3 new projects comprising 313 units with a total area of 16,700 m². In addition on 5 April 2019 the Company (via its subsidiary) exercised the first call option under the Call Option Agreements as a result of which the Company acquired shares in companies holding four substages of the Nova Królikarnia project comprising 84 units with a total area of 9,200 m². The company is planning to commence the development of 84 units during the remainder of 2019 (in total 654 units with a total area of 41,500 m²).

After the execution of the first call option, based on Call Option Agreements concluded on 10 April 2018 the Company has the right to execute the remaining two call option comprising 77 units with an aggregate floor space of 12,300 m² for a total value of PLN 45.0 million. The last option shall be executed the latest till April 2020.

During the three months ended 31 March 2019, the Group realized sales of 174 units with the total value of PLN 77.8 million, which compares to sales of 188 units with the total value PLN 71.9 million during the three months ended 31 March 2018.

Management Board Report

Description of the Company's group structure and information on the Company's organizational structure

The table below presents the structure of the Company's group and the Company's interest in the share capital:

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 March 2019	31 December 2018
a. held directly by the Company :			
1. Ronson Development Management Sp. z o.o.	1999	100%	100%
2. Ronson Development 2000 Sp. z o.o.	2000	100%	100%
3. Ronson Development Warsaw Sp. z o.o.	2000	100%	100%
4. Ronson Development Investment Sp. z o.o.	2002	100%	100%
5. Ronson Development Metropol Sp. z o.o.	2002	100%	100%
6. Ronson Development Properties Sp. z o.o.	2002	100%	100%
7. Apartments Projekt Sp. z o.o.	2003	100%	100%
8. Ronson Development Enterprise Sp. z o.o.	2004	100%	100%
9. Ronson Development Company Sp. z o.o.	2005	100%	100%
10. Ronson Development Creations Sp. z o.o.	2005	100%	100%
11. Ronson Development Buildings Sp. z o.o.	2005	100%	100%
12. Ronson Development Structure Sp. z o.o.	2005	100%	100%
13. Ronson Development Poznań Sp. z o.o.	2005	100%	100%
14. E.E.E. Development Sp. z o.o.	2005	100%	100%
15. Ronson Development Innovation Sp. z o.o.	2006	100%	100%
16. Ronson Development Wrocław Sp. z o.o.	2006	100%	100%
17. Ronson Development Capital Sp. z o.o.	2006	100%	100%
18. Ronson Development Sp. z o.o.	2006	100%	100%
19. Ronson Development Construction Sp. z o.o.	2006	100%	100%
20. City 2015 Sp. z o.o.	2006	100%	100%
21. Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	100%	100%
22. Ronson Development Conception Sp. z o.o.	2007	100%	100%
23. Ronson Development Architecture Sp. z o.o.	2007	100%	100%
24. Ronson Development Skyline Sp. z o.o.	2007	100%	100%
25. Continental Development Sp. z o.o.	2007	100%	100%
26. Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	100%	100%
27. Ronson Development Retreat Sp. z o.o.	2007	100%	100%
28. Ronson Development South Sp. z o.o.	2007	100%	100%
29. Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
30. Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
31. Ronson Development North Sp. z o.o.	2007	100%	100%
32. Ronson Development Providence Sp. z o.o.	2007	100%	100%
33. Ronson Development Finco Sp. z o.o.	2009	100%	100%
34. Ronson Development Partner 2 Sp. z o.o.	2010	100%	100%
35. Ronson Development Skyline 2010 Sp. z o.o. w likwidacji	2010	100%	100%
36. Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
37. Nova Królikarnia B.V. (Company with the registered office in the Netherlands)	2016	100%	100%
b. held indirectly by the Company:			
38. AGRT Sp. z o.o.	2007	100%	100%
39. Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
40. Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
41. Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
42. Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
43. Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
44. Destiny Sp. z o.o.	2007	100%	100%
45. Ronson Development Millenium Sp. z o.o.	2007	100%	100%
46. Ronson Development Sp. z o.o. - EEE 2011 Sp.k.	2009	100%	100%
47. Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%
48. Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
49. Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
50. Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
51. Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
52. Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
53. Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
54. Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
55. Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%

(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 Rady Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

Management Board Report

Description of the Company's group structure and information on the Company's organizational structure (cont'd)

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 March 2019	31 December 2018
b. held indirectly by the Company (cont'd):			
56. Ronson Espresso Sp. z o.o.	2006	100%	100%
57. Ronson Development Apartments 2010 Sp. z o.o.	2010	100%	100%
58. RD 2010 Sp. z o.o.	2010	100%	100%
59. Retreat Sp. z o.o.	2010	100%	100%
60. Ronson Development Enterprise 2010 Sp. z o.o.	2010	100%	100%
61. Ronson Development Wrocław 2010 Sp. z o.o.	2010	100%	100%
62. E.E.E. Development 2010 Sp. z o.o.	2010	100%	100%
63. Ronson Development Nautica 2010 Sp. z o.o.	2010	100%	100%
64. Gemini 2010 Sp. z o.o.	2010	100%	100%
65. Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
66. Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
67. Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100%	100%
68. Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
69. Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
70. Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100%	100%
71. Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
72. Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
73. Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100%	100%
74. Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
75. Ronson Development Partner 2 Sp. z o.o. - Grunwald Sp.k.	2016	100%	100%
76. Ronson Development Sp. z o.o. - Projekt 2 Sp.k.	2017	100%	100%
77. Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2017	100%	100%
78. Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
79. Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
80. Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
81. Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
82. Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
83. Ursus 2017 Sp. z o.o.	2017	100%	100%
84. Projekt City Sp. z o.o.	2017	100%	100%
85. Bolzanus Limited (<i>Company with the registered office in Cyprus</i>)	2013	100%	100%
86. Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
87. Tras Sp. z o.o.	2015	100%	100%
88. Skocznia Projekt Sp. z o.o.	2015	100%	100%
89. District 20 Sp. z o.o.	2015	100%	100%
90. Arkadia Development Sp. z o.o.	2015	100%	100%
91. Królikarnia Sp. z o.o.	2015	100%	100%
92. Tras 2016 Sp. z o.o.	2016	100%	100%
93. Pod Skocznia Projekt 2016 Sp. z o.o.	2016	100%	100%
94. District 20 - 2016 Sp. z o.o.	2016	100%	100%
95. Arkadia Development 2016 Sp. z o.o.	2016	100%	100%
96. Królikarnia 2016 Sp. z o.o.	2016	100%	100%
97. Kroli Development Sp. z o.o.	2016	100%	100%
98. Park Development Properties Sp. z o.o.	2016	100%	100%
99. Jasminova 2016 Sp. z o.o.	2016	100%	100%
100. Town 2016 Sp. z o.o.	2016	100%	100%
101. EEE Development 2016 Sp. z o.o.	2016	100%	100%
102. Enterprise 2016 Sp. z o.o.	2016	100%	100%
103. Wrocław 2016 Sp. z o.o.	2016	100%	100%

Management Board Report

Business highlights during the three months ended 31 March 2019

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 the three months ended 31 March 2019:

Project name	Location	Number of units	Area of units (m ²)
Miasto Moje II	Warsaw	148	8,100
Nova Królikarnia 2a	Warsaw	45	3,200
City Link II ⁽¹⁾	Warsaw	189	8,800
Total		382	20,100

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

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 when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit and total payment obtained. Revenue of the Group recognized from the sale of residential units during the three months ended 31 March 2019 amounted to PLN 59.5 million, whereas cost of sales amounted to PLN 47.9 million, which resulted in a gross profit amounting to PLN 11.6 million with a gross margin of 19.6%. Total economic revenue, whereby results from joint ventures are presented on a fully consolidated basis, amounted to PLN 71.3 million, with cost of sales amounting to PLN 58.1 million, which resulted in a gross profit amounting to PLN 13.2 million with a gross margin of 18.5%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the three months ended 31 March 2019 on a project by project basis:

Project name	Information on the delivered units		Revenue ⁽¹⁾		Cost of sales ⁽²⁾		Gross profit	Gross margin
	Number of units	Area of units (m ²)	PLN thousands	%	PLN thousands	%	PLN thousands	%
Miasto Moje I & II	105	5,710	33,811	56.8%	26,299	54.9%	7,512	22.2%
Nova Królikarnia 1a - 1e	10	1,309	13,908	23.4%	11,888	24.8%	2,020	14.5%
Nova Królikarnia 2a	4	310	3,069	5.2%	2,750	5.7%	319	10.4%
Espresso	3	168	1,189	2.0%	1,005	2.1%	184	15.5%
Moko	2	195	2,049	3.4%	1,512	3.2%	537	26.2%
Młody Grunwald	2	236	1,438	2.4%	1,442	3.0%	(4)	-0.3%
Panoramika II & III	2	162	915	1.5%	913	1.9%	2	0.2%
Vitalia I	1	114	775	1.3%	608	1.3%	167	21.5%
Chilli IV	2	136	565	1.0%	560	1.2%	5	0.9%
Other	1	56	1,804	3.0%	900	1.9%	904	n.a.
Total / Average	132	8,396	59,523	100%	47,877	100%	11,646	19.6%
Sales of land	-	-	6,500		6,312		188	n.a.
Total / Average	132	-	66,023		54,189		11,834	17.9%
City Link I & II ⁽³⁾	13	569	5,288		3,942		1,346	25.5%
Economic results⁽⁴⁾	145	8,965	71,311		58,131		13,180	18.5%

(1) Revenue is recognized when the performance obligations are satisfied and when the customer obtains control of the good, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer and total payment obtained.

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

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

(4) Under the assumption that the results from joint ventures are presented on a fully consolidated basis (100%).

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Business highlights during the three months ended 31 March 2019 (cont'd)

B. Results breakdown by project (cont'd)

Miasto Moje I & II

The construction of the first and second stage of the Miasto Moje project was completed in May 2018 and February 2019, respectively. The projects were developed on a land strip located in the Białołęka district in Warsaw at Marywilska Street. The Miasto Moje I project comprises 191 apartments and 14 commercial units with an aggregate floor space of 10,900 m². The Miasto Moje II project comprises 145 apartments and 3 commercial units with an aggregate floor space of 8,100 m².

Nova Królikarnia 1a - 1e

The construction of the Nova Królikarnia 1a - 1e projects were completed in 2018. The projects were developed on a land strip located in the Mokotów district in Warsaw at Jaśminowa Street. The Nova Królikarnia 1a – 1e projects comprise 106 units and an aggregate floor space of 10,600 m².

Nova Królikarnia 2a

The construction of the Nova Królikarnia 2a was completed in March 2019. The project was developed on a land strip located in the Mokotów district in Warsaw at Jaśminowa Street. The Nova Królikarnia 2a project comprises 45 units and an aggregate floor space of 3,200 m².

Espresso

The construction of the last stage of the Espresso project was completed in February 2018. The project was developed on a land strip located in Wola district in Warsaw at Jana Kazimierza Street. The project comprises four stages with a total of 625 apartments and 37 commercial units and an aggregate floor space of 33,700 m².

Moko

The construction of the last stage of the Moko project was completed in October 2016. The project was developed on a land strip located in Mokotów district in Warsaw at Magazynowa Street. The project comprises 326 apartments and 19 commercial units and an aggregate floor space of 23,700 m².

Młody Grunwald

The construction of the last stage of the Młody Grunwald project was completed in October 2017. The project was developed on a land strip located in Grunwald district in Poznań at Jeleniogórska Street. The project comprises 372 apartments and 21 commercial units and an aggregate floor space of 23,800 m².

Panoramika II & III

The construction of the second and third stage of the Panoramika project was completed in July 2016 and December 2017, respectively. The second and third stages of this project were developed on a part of land strip located in Szczecin at Duńska Street. The Panoramika II project comprises 107 apartments and an aggregate floor space of 5,900 m². The Panoramika III project comprises 122 apartments and an aggregate floor space of 5,800 m².

Vitalia I

The construction of the first stage of the Vitalia project was completed in September 2017. The project was developed on a land strip located in Krzyki district in Wrocław at Jutrzenki Street. The first stage of this project comprises 139 apartments with an aggregate floor space of 7,200 m².

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Business highlights during the three months ended 31 March 2019 (cont'd)

B. Results breakdown by project (cont'd)

Chilli IV

The construction of the fourth stage of the Chilli project was completed in December 2017. The fourth stage of the Chilli project was developed on a part of land strip located in Tulce near Poznań, and is a continuation of the Chilli I - III projects. The fourth stage of this project comprises 45 units with an aggregate floor space of 2,900 m².

Other

Other revenues are mainly associated with fee income for management services provided to joint ventures project and with rental revenues, as well as with delivery of 1 unit, parking places and storages in other projects that were completed in previous years.

Sales of land

In December 2018, a subsidiary of the Company signed a preliminary sale agreement for selling the property located in Wrocław, at Buforowa Street. The sale price was set at PLN 6.5 million increased by VAT. On 25 February 2019, the final agreement for the sale of the property was signed.

City Link I & II

The construction of the first and second stage of the City Link project was completed in September 2017 and March 2019, respectively. The project was developed on part of a land strip located in the Wola district in Warsaw at Skierniewicka Street. The first stage of this project comprises 301 apartments and 21 commercial units with an aggregate floor space of 14,700 m². The second stage of this project comprises 184 apartments and 5 commercial units with an aggregate floor space of 8,800 m². The project is presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures. The Company's share in the project is 50%.

Management Board Report

Business highlights during the three months ended 31 March 2019 (cont'd)

C. Units sold during the period

The table below presents information on the total number of units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), during the three months ended 31 March 2019:

Project name	Location	Units sold until 31 December 2018	Units sold during the 3 months ended 31 March 2019	Units for sale as at 31 March 2019	Total
Espresso ⁽¹⁾	Warsaw	657	3	1	661
Miasto Moje I & II ⁽¹⁾	Warsaw	321	17	15	353
Miasto Moje III ⁽²⁾	Warsaw	-	23	173	196
Młody Grunwald ⁽¹⁾	Poznań	377	1	15	393
City Link III ⁽²⁾	Warsaw	286	30	52	368
Miasto Marina ⁽²⁾	Wrocław	76	17	58	151
Vitalia I ⁽¹⁾	Wrocław	137	1	1	139
Vitalia II ⁽²⁾	Wrocław	68	7	8	83
Grunwald2 ⁽²⁾	Poznań	71	41	156	268
Chilli IV ⁽¹⁾	Poznań	24	2	19	45
Panoramika II & III ⁽¹⁾	Szczecin	228	1	-	229
Panoramika IV ⁽²⁾	Szczecin	57	17	37	111
Panoramika V ⁽²⁾	Szczecin	-	2	113	115
Moko ⁽¹⁾	Warsaw	342	-	3	345
Nova Królikarnia 1a -1e ⁽¹⁾	Warsaw	94	4	8	106
Nova Królikarnia 2a ⁽¹⁾	Warsaw	38	3	4	45
Nova Królikarnia 2b ⁽²⁾	Warsaw	21	1	6	28
Nova Królikarnia 2c ⁽²⁾	Warsaw	-	3	15	18
Other (old) projects		6	1	14	21
Total excluding JV		2,803	174	698	3,675
City Link I & II ⁽¹⁾⁽³⁾	Warsaw	510	-	1	511
Wilanów Tulip ⁽²⁾⁽³⁾	Warsaw	-	-	150	150
Total including JV		3,313	174	849	4,336

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2019 – B. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the year 2019 – B. Current projects under construction".

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

Management Board Report

Business highlights during the three months ended 31 March 2019 (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 m²) 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 three months ended 31 March 2019:

Project name	Location	Sold during the three months ended 31 March 2019		
		Number of units	Net saleable area (m ²)	Value of the preliminary sales agreements (in PLN thousands)
Espresso ⁽¹⁾	Warsaw	3	168	1,098
Miasto Moje I & II ⁽¹⁾	Warsaw	17	1,391	7,915
Miasto Moje III ⁽²⁾	Warsaw	23	861	5,806
Młody Grunwald ⁽¹⁾	Poznań	1	134	749
City Link III ⁽²⁾	Warsaw	30	1,788	19,341
Miasto Marina ⁽²⁾	Wrocław	17	598	5,488
Vitalia I ⁽¹⁾	Wrocław	1	69	377
Vitalia II ⁽²⁾	Wrocław	7	431	2,655
Grunwald2 ⁽²⁾	Poznań	41	1,817	11,988
Chilli IV ⁽¹⁾	Poznań	2	136	483
Panoramika II & III ⁽¹⁾	Szczecin	1	91	533
Panoramika IV ⁽²⁾	Szczecin	17	877	4,755
Panoramika V ⁽²⁾	Szczecin	2	82	503
Nova Królikarnia 1a -1e ⁽¹⁾	Warsaw	4	463	4,991
Nova Królikarnia 2a ⁽¹⁾	Warsaw	3	211	2,209
Nova Królikarnia 2b ⁽²⁾	Warsaw	1	55	616
Nova Królikarnia 2c ⁽²⁾	Warsaw	3	590	7,256
Other (old) projects		1	56	1,051
Total		174	9,818	77,814

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2019 – B. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remainder of 2019 – B. Current projects under construction".

The table below presents further information on the value of the preliminary sales agreements (with a breakdown per city, excluding VAT) executed by the Group:

Location	Sold during the 3 months ended		Increase/(decrease)	
	31 March 2019	31 March 2018	In thousands of PLN	%
<i>In thousands of Polish Zlotys (PLN)</i>				
Warsaw	49,232	49,781	(549)	-1%
Wrocław	8,520	10,177	(1,657)	-16%
Szczecin	5,791	5,387	404	7%
Poznań	13,220	6,398	6,822	107%
Other	1,051	116	935	n.a.
Total	77,814	71,859	5,955	8%

Management Board Report

Business highlights during the three months ended 31 March 2019 (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 three months ended 31 March 2019:

Project name	Location	Number of units	Area of units (m ²)
Miasto Moje III	Warsaw	196	10,200
Panoramika V	Szczecin	115	6,000
Wilanów Tulip ⁽¹⁾	Warsaw	150	9,600
Total		461	25,800

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

For additional information see section "Outlook for the year 2019 – B. Current projects under construction".

E. Land purchase

Acquisition - Wilanów Tulip

In March 2019, the Company, via a joint venture entity in which the Company holds a 50% interest, signed a final agreement for purchasing the right of perpetual usufruct of property located in Warsaw, Wilanów district, at Syta street. The purchase price of this project has been set at PLN 15 million plus the applicable VAT (the Group share PLN 7.5 million). The JV Company purchased the project together with the valid building permit where part of the construction works already commenced prior to the acquisition. The project comprises 150 units with an aggregate floor space of 9,600 m².

Performance of the first call option agreement – Nova Królikarnia

On 5 April 2019 the Company exercised first call option under the Call Option Agreements for the total price of PLN 33.9 million as a result of which the Company (via its subsidiary) acquired shares in companies holding four substages of Nova Królikarnia project comprising 84 units with an aggregate floor space of around 9,200 m². Moreover the Company signed the annex changing the schedule of payment of the first call option in which the price is determined to be paid in three installments: PLN 7.0 million in April 2019, PLN 16.9 million in October 2019 and PLN 10.0 million in October 2020.

Sale of land – Matisse II

In February 2019, a subsidiary of the Company signed a final sale agreement for selling the property located in Wrocław, at Buforowa Street. The sale price was set at PLN 6.5 million net.

Management Board Report

Business highlights during the three months ended 31 March 2019 (cont'd)

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 25 through 55 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 2018 which have been prepared in accordance with IFRS. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group’s activities, the IFRSs applied by the Group are not different from 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.

The Interim Condensed Company Financial Statements as included in this Interim Financial Report on pages 56 through 64 have been prepared in accordance with IAS 34 “Interim financial reporting”.

The Interim Condensed Company Financial Statements do not include all the information and disclosures required in annual company 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 Company’s annual financial statements for the year ended 31 December 2018 which have been prepared in accordance with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, in light of the nature of the Company’s activities, the IFRSs applied by the Company are not different from 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”).

Management Board Report

Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2019 was PLN 3,484 thousand and can be summarized as follows:

	For the three months ended	
	31 March	
	2019	2018
	PLN	
	(thousands, except per share data)	
Revenue from sales and services of residential projects	59,523	80,214
Revenue from sales of land	6,500	-
Revenue	66,023	80,214
Cost of sales of residential units	(47,877)	(69,633)
Cost of sales of land	(6,312)	-
Cost of sales	(54,189)	(69,633)
Gross profit	11,834	10,581
Selling and marketing expenses	(1,184)	(1,124)
Administrative expenses	(4,454)	(4,565)
Share of profit/(loss) from joint ventures	190	2,726
Other income/(expenses), net	(712)	(589)
Result from operating activities	5,674	7,029
Finance income	204	145
Finance expenses	(1,384)	(1,665)
Net finance income/(expenses)	(1,180)	(1,520)
Profit/(loss) before taxation	4,494	5,509
Income tax expenses	(1,010)	(1,077)
Net profit/(loss) for the period before non-controlling interests	3,484	4,432
Non-controlling interests	-	(568)
Net profit/(loss) for the period attributable to the equity holders of the parent	3,484	3,864
Net earnings per share attributable to the equity holders of the parent (basic and diluted)	0.021	0.024

Management Board Report

Overview of results (cont'd)

Revenue

The revenue from sales and services of residential units decreased by PLN 20.7 million (25.8%) from PLN 80.2 million during the three months ended 31 March 2018 to PLN 59.5 million during the three months ended 31 March 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m²).

Cost of sales

Cost of sales of residential units decreased by PLN 21.8 million (31.2%) from PLN 69.6 million during the three months ended 31 March 2018 to PLN 47.9 million during the three months ended 31 March 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m²).

Gross margin

The gross margin from sales of residential units during the three months ended 31 March 2019 was 19.6% which compares to 13.2% during the three months ended 31 March 2018. The change in gross margin relates to different mix of projects characterized by different profitability delivered to the customers during 2019 and during 2018. Apartments delivered to the customers during the period ended 31 March 2018 were mainly from projects with a margin equal to nil (Panoramika and Młody Grunwald), which translated in a lower gross margin of the Company.

Selling and marketing expenses

No material changes.

Administrative expenses

Administrative expenses before the impact of IFRS 15 amounted to PLN 5.0 million during the three months ended 31 March 2019 (in comparison to PLN 4.6 million during the three months ended 31 March 2018), i.e. increased by PLN 0.4 million (8.7%). The increase is primarily explained by the increase in personnel expenses. The Company implemented IFRS 15 during Q4 2018 and reflected in the financial statement for the entire 2018, therefore comparison of Q1 2019 and Q1 2018 in the table above do not fully reflect the real change in those expenses.

Share of profit/(loss) from joint ventures

Share of profit/(loss) from joint ventures comprise the Company's shares in four entities where the Group is holding 50% interest and voting rights in each of those entities. Ronson IS sp. z o.o. and Ronson IS Sp. z o.o. Sp.k which are running the first two stages of the City Link, as well as Coralchief Sp. z o.o. and Coralchief Sp. z o.o. – Projekt 1 Sp.k. which are running the Wilanów Tulip project.

During the three months ended 31 March 2019, the profit from joint ventures allocated to the Company, amounted to PLN 0.2 million which compares to a profit amounting to PLN 2.7 million during the three months ended 31 March 2018.

Other income/(expenses)

No material changes.

Result from operating activities

As a result of the factors described above, the Company's operating result decreased by PLN 1.3 million, from an operating profit of PLN 7.0 million for three months ended 31 March 2018 to an operating profit of PLN 5.7 million for three months ended 31 March 2019.

Management Board Report

Overview of results (cont'd)

Net finance income/(expenses)

Finance income/(expenses) 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/(expenses) not capitalized is recognized in the statement of comprehensive income.

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

	For the 3 months ended 31 March 2019			
	PLN (thousands)			
	<u>Total amount</u>	<u>Amount capitalized</u>	<u>Amount capitalized (under IFRS 16)</u>	<u>Recognized as profit or loss</u>
Finance income	204	-	-	204
Finance expense	(3,672)	2,297	-	(1,375)
Finance expense - on lease liabilities	(564)	-	555	(9)
Net finance income/(expense)	<u>(4,032)</u>	<u>2,297</u>	<u>555</u>	<u>(1,180)</u>

	For the 3 months ended 31 March 2018			
	PLN (thousands)			
	<u>Total amount</u>	<u>Amount capitalized</u>		<u>Recognized as profit or loss</u>
Finance income	145	-		145
Finance expense	(3,238)	1,573		(1,665)
Net finance income/(expense)	<u>(3,093)</u>	<u>1,573</u>		<u>(1,520)</u>

Finance expenses before capitalization increased by PLN 0.4 million (13.4%) from PLN 3.2 million during the three months ended 31 March 2018 to PLN 3.6 million during the three months ended 31 March 2019.

Management Board Report

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	31 March 2019	31 December 2018
	PLN (thousands)	
Inventory and Residential Landbank	670,319	643,154
Advances received	168,276	152,452
Loans and borrowings	250,231	243,234

Inventory and Residential landbank

The balance of Inventory and Residential landbank is PLN 670.3 million as at 31 March 2019 compared to PLN 643.2 million as at 31 December 2018. The increase in inventory is primarily explained by the Group's investments associated with direct construction costs for a total amount of PLN 38.0 million and by the impact of IFRS 16 (recognition of perpetual usufruct rights of real estate properties as an assets) for the amount of PLN 31.3 million. The increase was partly offset by cost of sales recognized for a total amount of PLN 47.4 million during the three months ended 31 March 2019.

Advances received

The balance of advances received is PLN 168.3 million as at 31 March 2019 compared to PLN 152.5 million as at 31 December 2018. The increase is primarily explained by the advances received from clients regarding sales of residential units during the three months ended 31 March 2019 for a total amount of PLN 74.6 million. The increase is offset in part by revenues recognized from the sale of residential units for a total amount of PLN 58.7 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 250.2 million as at 31 March 2019 compared to PLN 243.2 million as at 31 December 2018. The increase in loans and borrowings is primarily explained by the effect of proceeds from a new bond loan net of issue costs for a total amount of PLN 31.6 million and proceeds from bank loans net of bank charges for a total amount of PLN 19.9 million. The increase is offset in part by the effect of repayment of bond loans for a total amount of PLN 10.0 million and repayment of bank loans for a total amount of PLN 36.3 million. Of the mentioned PLN 250.2 million, an amount of PLN 53.4 million comprises facilities maturing no later than 31 March 2020.

The balance of loans and borrowings may be split into two categories: 1) Bond loans and 2) Bank loans related to residential projects which are completed or under construction.

Bond loans as at 31 March 2019 amounted to PLN 228.9 million (as at 31 December 2018: PLN 205.5 million) comprising a bond loan principal amount of PLN 227.3 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 1.8 million). For additional information see Note 11 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 sales. As at 31 March 2019, loans in this category amounted to PLN 21.3 million (as at 31 December 2018: PLN 37.7 million). For additional information see Note 12 of the Interim Condensed Consolidated Financial Statements.

Management Board Report

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 three months ended	
	31 March	
	2019	2018
	PLN (thousands)	
Cash flow from/(used in) operating activities	<u>33,838</u>	<u>19,764</u>
Cash flow from/(used in) investing activities	<u>(3,907)</u>	<u>1,297</u>
Cash flow from/(used in) financing activities	<u>3,343</u>	<u>(9,190)</u>

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the three months ended 31 March 2019 amounted to PLN 33.8 million which compares to a net cash inflow from operating activities during the three months ended 31 March 2018 amounted to PLN 19.8 million. The increase is principally explained by:

- a net cash inflow from advances received from clients regarding sales of residential units amounting to PLN 74.6 million during the three months ended 31 March 2019, comparing to a net cash inflow amounting to PLN 67.8 million during the three months ended 31 March 2018;

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 3.9 million during the three months ended 31 March 2019 compared to a net cash inflow from investing activities amounted to PLN 1.3 million during the three months ended 31 March 2018. The decrease is primarily explained by:

- a cash outflow used in the investment in joint ventures (mainly investment in Wilanów Tulip project) amounting to PLN 5.9 million during the three months ended 31 March 2019 compared to nil during the three months ended 31 March 2018.

The above mentioned effect was offset in part by:

- a cash inflow from the joint ventures amounting to PLN 2.3 million (from City Link project) during the three months ended 31 March 2019 compared to PLN 1.3 during the three months ended 31 March 2018.

Cash flow from/(used in) financing activities

The Company's net cash inflow from financing activities amounted to PLN 3.3 million during the three months ended 31 March 2019 compared to a net cash outflow used in financing activities amounted to PLN 9.2 million during the three months ended 31 March 2018. The increase is primarily explained by:

- net proceeds from bond loans amounting to PLN 21.6 million during the three months ended 31 March 2019 compared to a net repayment of bond loans amounting to PLN 5.0 million during the three months ended 31 March 2018;

The above mentioned effect was offset in part by:

- net repayment of secured bank loans amounting to PLN 16.4 million during the three months ended 31 March 2019 compared to a net repayment of secured bank loans amounting to PLN 4.2 million during the three months ended 31 March 2018.

Management Board Report

Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2019 (3 months)	4.303	4.271	4.340	4.301
2018 (3 months)	4.181	4.142	4.242	4.209
2018 (12 months)	4.262	4.142	4.398	4.300

Source: National Bank of Poland ("NBP")

Selected financial data

	EUR		PLN	
	(thousands, except per share data)			
	For the 3 months ended 31 March			
	2019	2018	2019	2018
Revenues	15,343	19,185	66,023	80,214
Gross profit	2,750	2,531	11,834	10,581
Profit/(loss) before taxation	1,044	1,318	4,494	5,509
Net profit/(loss) for the period attributable to the equity holders of the parent	810	924	3,484	3,864
Cash flows from/(used in) operating activities	7,864	4,727	33,838	19,764
Cash flows from/(used in) investing activities	(908)	310	(3,907)	1,297
Cash flows from/(used in) financing activities	777	(2,198)	3,343	(9,190)
Increase/(decrease) in cash and cash equivalents	7,733	2,839	33,274	11,871
Average number of equivalent shares (basic)	164,004,115	164,010,813	164,004,115	164,010,813
Net earnings/(loss) per share (basic and diluted)	0.005	0.006	0.021	0.024

Selected financial data

	EUR		PLN	
	(thousands)			
	As at			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Inventory and Residential landbank	155,841	149,571	670,319	643,154
Total assets	201,263	187,237	865,693	805,121
Advances received	39,122	35,454	168,276	152,452
Long term liabilities	47,954	44,440	206,265	191,092
Short term liabilities (including advances received)	72,659	62,918	312,530	270,549
Equity attributable to the equity holders of the parent	80,650	79,879	346,898	343,480

Management Board Report

Outlook for the remainder of 2019

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 2019:

Project name	Location	Number of units delivered ⁽¹⁾			Number of units expected to be delivered ⁽¹⁾			Total number of units
		Until 31 December 2018	During the 3 months ended 31 March 2019	Total units delivered	Sold until 31 March 2019	Units for sale as at 31 March 2019	Total units expected to be delivered	
Miasto moje I & II	Warsaw	193	105	298	40	15	55	353
Nova Królikarnia 1a - 1e	Warsaw	80	10	90	8	8	16	106
Nova Królikarnia 2a	Warsaw	-	4	4	37	4	41	45
Espresso	Warsaw	656	3	659	1	1	2	661
Moko	Warsaw	336	2	338	4	3	7	345
Młody Grunwald	Poznań	376	2	378	-	15	15	393
Vitalia I	Wrocław	136	1	137	1	1	2	139
Chilli IV	Poznań	22	2	24	2	19	21	45
Panoramika II & III	Szczecin	227	2	229	-	-	-	229
Other (old) projects		12	1	13	4	14	18	31
Total excluding JV		2,038	132	2,170	97	80	177	2,347
City Link I & II ⁽²⁾	Warsaw	318	13	331	179	1	180	511
Total including JV		2,356	145	2,501	276	81	357	2,858

(1) 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.

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

For information on the completed projects see "Business highlights during the three months ended 31 March 2019 - B. Results breakdown by project".

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 2019 and in 2020. The Company has obtained construction permits for all projects/stages and has commenced construction.

Project name	Location	Units sold until 31 March 2019	Units for sale as at 31 March 2019	Total units	Net saleable area (m ²)	Expected completion of construction
Nova Królikarnia 2b	Warsaw	22	6	28	2,300	2019
City Link III	Warsaw	316	52	368	18,700	2019
Miasto Marina	Wrocław	93	58	151	6,200	2019
Vitalia II	Wrocław	75	8	83	4,700	2019
Panoramika IV	Szczecin	74	37	111	5,800	2019
Panoramika V	Szczecin	2	113	115	6,000	2020
Nova Królikarnia 2c	Warsaw	3	15	18	3,600	2020
Miasto Moje III	Warsaw	23	173	196	10,200	2020
Grunwald2	Poznań	112	156	268	14,500	2020
Total excluding JV		720	618	1,338	72,000	
Wilanów Tulip ⁽¹⁾	Warsaw	-	150	150	9,600	2020
Total including JV		720	768	1,488	81,600	

(1) 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%.

Management Board Report

Outlook for the remainder of 2019 (cont'd)

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

Nova Królikarnia 2b

Description of project

The Nova Królikarnia 2b project is being developed on a land strip located in the Mokotów district in Warsaw at Jaśminowa Street and will comprise 28 apartments with an aggregate floor space of 2,300 m².

Stage of development

The construction of the Nova Królikarnia 2b project commenced in February 2018, while completion is expected in the second quarter of 2019.

City Link III

Description of project

The third (and last) stage of the City Link III project (the Company's share in the project is 100%) is being developed on a land strip located in the Wola district in Warsaw at Skierniewicka street. City Link III project will comprise 364 apartments and 4 commercial units with an aggregate floor space of 18,700 m².

Stage of development

The construction of the City Link III project commenced in June 2017, while completion is expected in the fourth quarter of 2019.

Miasto Marina

Description of project

The Miasto Marina project is being developed on a land strip located in Wrocław at Na Grobli Street. The project will comprise 151 units with an aggregate floor space of 6,200 m². Following the change in the law during 2017, the project is being developed as apart-hotel with 23% VAT instead of 8% VAT applicable on normal residential projects.

Stage of development

The construction of the Miasto Marina project commenced in July 2017, while completion is expected in the second quarter of 2019.

Vitalia II

Description of project

The second stage of the Vitalia project is being developed on a land strip located in Krzyki district in Wrocław at Jutrzenki Street, and is a continuation of the Vitalia I project. The second stage of this project will comprise 83 apartments with an aggregate floor space of 4,700 m².

Stage of development

The construction of the Vitalia II project commenced in December 2017, while the project was completed in April 2019.

Panoramika IV

Description of project

The fourth stage of the Panoramika project is being developed on a land strip located in Szczecin at Duńska Street, and is a continuation of the Panoramika I-III projects. The fourth stage of this project will comprise 111 apartments with an aggregate floor space of 5,800 m².

Stage of development

The construction of the Panoramika IV project commenced in November 2017, while completion is expected in the fourth quarter of 2019.

Management Board Report

Outlook for the remainder of 2019 (cont'd)

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

Panoramika V

Description of project

The fifth stage of the Panoramika project is being developed on a land strip located in Szczecin at Duńska Street, and is a continuation of the Panoramika I-IV projects. The fifth stage of this project will comprise 115 apartments with an aggregate floor space of 6,000 m².

Stage of development

The construction of the Panoramika V project commenced in March 2019, while completion is expected in the third quarter of 2020.

Nova Królikarnia 2c

Description of project

The Nova Królikarnia 2c project is being developed on a land strip located in the Mokotów district in Warsaw at Jaśminowa Street and will comprise 18 houses with an aggregate floor space of 3,600 m².

Stage of development

The construction of the Nova Królikarnia 2c project commenced in December 2018, while completion is expected in the third quarter of 2020.

Miasto Moje III

Description of project

The Miasto Moje III project is being developed on a land strip located in the Białołęka district in Warsaw at Marywilska Street, and is a continuation of the Miasto Moje I and II projects. The project will comprise 196 units with an aggregate floor space of 10,200 m².

Stage of development

The construction and sale of the Miasto Moje III commenced in March 2019, while completion is expected in the fourth quarter of 2020.

Grunwald²

Description of project

The Grunwald² project is being developed on a land strip located in Poznań at Świerzawska Street. The project will comprise 267 apartments and 1 commercial unit with an aggregate floor space of 14,500 m².

Stage of development

The Company commenced the pre-sale of this project in April 2018 and the construction works in June 2018, while completion is expected in the second quarter of 2020.

Wilanów Tulip

Description of project

The Wilanów Tulip project (the Company's share in the project is 50%) is being developed on a land strip located in Warsaw, Wilanów district, at Syta street. The project comprise 150 units with an aggregate floor space of 9,600 m².

Stage of development

The construction of the Wilanów Tulip project commenced in March 2019, while completion is expected in the fourth quarter of 2020.

Management Board Report

Outlook for the remainder of 2019 (cont'd)

C. Projects for which construction work is planned to commence during the remainder of 2019

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 satisfy the consumers' demand. During the remainder of 2019, the Company is considering the commencement of the 2 stages of ongoing projects and 3 new projects, as well as 4 sub-stages of Nova Królikarnia project purchased under the first call option agreement that was exercised in April 2019 (comprising in total 654 units with a total area of 41,500 m²), 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

Ursus Centralny I

The Ursus Centralny project will be developed on a land strip located in the Ursus district in Warsaw at Gierdziejewskiego Street. The Company is considering commencing construction of the first stage of this project during the remainder of 2019, the first stage will comprise 138 units with an aggregate floor space of 7,300 m².

The Company commenced pre-sale of the project in March 2019. As at the date of this report, the Company has signed reservation agreements for 42 units in this project.

Matisse I

The Matisse project will be developed on a land strip located in the Jagodno district in Wrocław at Buforowa Street. The Company is considering commencing construction of the first stage of this project during the remainder of 2019, the first stage of this project will comprise 121 units with an aggregate floor space of 6,200 m².

Chopin I

The Chopin project will be developed on a land strip located in Szczecin. The Company is considering commencing construction of the first stage of this project during the remainder of 2019, the first stage of this project will comprise 54 units with an aggregate floor space of 3,200 m².

b) New stages of ongoing projects

Vitalia III

The third and the last stage of Vitalia project that is a continuation of the Vitalia I and II projects, will comprise 81 units with an aggregate floor space of 6,800 m². The Company started the construction works on this stage in May 2019.

Miasto Moje IV

The Miasto Moje IV project is a continuation of the Miasto Moje I-III projects. The project will comprise 176 units with an aggregate floor space of 8,800 m². The Company is considering commencing construction of this stage during the remainder of 2019.

Nova Królikarnia 3a, 3b, 3c and 3d

The four sub-stages in the Nova Królikarnia project that were purchased under the first call option in April 2019, will in total comprise 84 units with an aggregate floor space of 9,200 m². The Company is considering commencing construction of the four sub-stages during the remainder of 2019.

Management Board Report

Outlook for the remainder of 2019 (cont'd)

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

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Interim Condensed Consolidated Statement of Comprehensive Income immediately but only after final settlement of the contracts with the customers (for more details see under “A – Completed projects”). The table below presents the value of the preliminary sales agreements (excluding VAT) executed with the Company’s clients in particular for units that have not been recognized in the Interim 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
Moko	Warsaw	4,456	Completed
Miasto Moje I & II	Warsaw	15,109	Completed
Espresso	Warsaw	511	Completed
Młody Grunwald	Poznań	57	Completed
Panoramika II & III	Szczecin	29	Completed
Vitalia I	Wrocław	377	Completed
Chilli IV	Poznań	518	Completed
Nova Królikarnia 1a - 1e	Warsaw	9,230	Completed
Nova Królikarnia 2a	Warsaw	26,454	Completed
Other (old) projects		2,287	Completed
Subtotal completed projects ⁽¹⁾		59,028	
Nova Królikarnia 2b	Warsaw	17,312	2019
Miasto Marina	Wrocław	29,113	2019
Vitalia II	Wrocław	24,857	2019
Panoramika IV	Szczecin	17,837	2019
City Link III	Warsaw	150,932	2019
Panoramika V	Szczecin	503	2020
Grunwald2	Poznań	32,521	2020
Miasto Moje III	Warsaw	5,806	2020
Nova Królikarnia 2c	Warsaw	7,256	2020
Subtotal ongoing projects ⁽²⁾		286,137	
City Link I & II ^{(1)/(3)}	Warsaw	82,062	Completed
Subtotal projects held by joint venture		82,062	
Total		427,227	

(1) For information on the completed projects see “Business highlights during the three months ended 31 March 2019 – B. Results breakdown by project”.

(2) For information on current projects under construction and/or on sale, see under “B”.

(3) This project is presented in the Interim Condensed Consolidated Financial Statements under Investment in joint ventures; the Company’s share in this project is 50%.

Management Board Report

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as at the day preceding publication of this report (12 May 2019), the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

	12 May 2019 Number of shares / % of shares	Change in number of shares	As at 31 March 2019 Number of shares / % of shares	Change in number of shares	As at 31 December 2018 Number of shares / % of shares
Shares issued:	164,010,813	-	164,010,813	-	164,010,813
I.T.R. Dori B.V. ⁽¹⁾	87,449,187 53.32%	-	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%	-	20,900,000 12.74%
Nationale Nederlanden Otwarty Fundusz Emerytalny	23,884,091 14.56%	-	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%	n.a.	n.a. Between 5%-10%

⁽¹⁾ The subsidiary of A. Luzon Group.

Votes

	As at 12 May 2019 Number of votes / % of votes	Change in votes ⁽¹⁾	As at 31 March 2019 Number of votes / % of votes	Change in votes ⁽¹⁾	As at 31 December 2018 Number of votes / % of votes
No. of votes ⁽¹⁾:	163,732,360	(199,111)	163,931,471	(79,342)	164,010,813
I.T.R. Dori B.V. ⁽²⁾	87,449,187 53.41%	- 0.06%	87,449,187 53.33%	- 0.03%	87,449,187 53.32%
RN Residential B.V. ⁽²⁾	20,900,000 12.76%	- 0.02%	20,900,000 12.75%	- 0.01%	20,900,000 12.74%
Nationale Nederlanden Otwarty Fundusz Emerytalny	23,884,091 14.59%	- 0.02%	23,884,091 14.57%	- 0.01%	23,884,091 14.56%
Metlife Otworthy Fundusz Emerytalny	N/A Between 5%-10%	N/A	N/A Between 5%-10%	N/A	N/A Between 5%-10%

⁽¹⁾ The overall number of votes decreased by the amount of votes resulting from own shares held by the Company, as in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

⁽²⁾ The subsidiary of A. Luzon Group

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 the own share purchase plan and authorized 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. The total number of own shares held by the Company as at 31 March 2019 was equal to 79,342 shares, which constitute 0.05% of the share capital of the Company and votes at the General Meeting. As at 12 May 2019, the Company held 278,453 own shares representing 0.17% of total shares issued by the Company.

Management Board Report

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the three months ended 31 March 2019 and until the date of publication of this report

Mr Amos Luzon as at 31 December 2018, 31 March 2019 and as at the day preceding of publishing this report held 63.99 % of the shares and voting rights in A. Luzon Group (through A. Luzon Properties and Investments Ltd., a private company owned by Mr Amos Luzon “99%”), and as a result, thus indirectly held a 41.85% of shares in the Company. Taking into account own shares held by the Company as at 31 December 2018, 31 March 2019 and as at the day of publishing this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 41.85%, 41.87%, and 41.92%, respectively.

Mr Piotr Palenik as at 31 December 2018 and as at the day of publishing this report held 0.012% of the shares and voting rights in the Company (in total 20 thousand shares). Number of shares owned by the Company did not influence the percentage of votes held by Mr. Piotr Palenik after rounding.

Changes in the Management and Supervisory Board during the three months ended 31 March 2019 and until the date of publication of this report

In 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 Supervisory Board also 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.

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.

Influence of results disclosed in the report on fulfillment of result forecasts

The Management Board of Ronson Development SE does not publish any financial forecasts concerning the Group.

Related parties transactions

There were no transactions and balances with related parties during the three months ended 31 March 2019 other than the remuneration of the Management Board, loans granted to related parties, the reimbursement of audit review costs and an agreement with the major (indirect) shareholder, A. Luzon Group, covering costs of remuneration of two members of the Management Board and of the Chairman of the Supervisory Board for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Quarterly reporting by the Company

As a result of requirements pertaining to A. Luzon Group, the Company’s controlling shareholder, 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 Poland and listed on the Warsaw Stock Exchange, only the semi-annual report is subject to a review. The Company has agreed with A. Luzon Group that the costs for the first and third quarter review will be shared between the Company and its shareholder. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

The Company prepared this Interim Financial Report for the three months ended 31 March 2019 in both English and Polish languages, while the Polish version is binding.

Management Board Report

Additional information to the report (cont'd)

Material court cases

There is no proceeding pending before a court, a complement arbitration authority or a public administration authority concerning liabilities or claims of Ronson Development SE or its subsidiaries, the value of which equaled at least 10% of the Company's equity.

Disclosure obligations of controlling shareholder

Please note that A. Luzon Group, the Company's controlling shareholder, is a company listed on the Tel Aviv Stock Exchange with the registered office in and is subject to certain disclosure obligations. Some of the documents published by A. Luzon Group in performance of such obligations, available here: <http://maya.tase.co.il> (some of which are only available in Hebrew), may contain certain information relating to the Company.

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements and Interim Condensed Company Financial Statements have been prepared in accordance with IAS 34 "Interim financial reporting". At the date of authorization of these Interim Condensed Consolidated Financial and Interim Condensed Company Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's and Company'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 and Interim Condensed Company Financial Statements give a true and fair view of the state of affairs of the Group at 31 March 2019 and of the net result for the period then ended.

The Management Board 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 three months period together with a description of the principal opportunities and risks associated with the expected development of the Group and the Company for the remaining months of the financial year. The three months management board report gives a true and fair view of the important events of the past three months 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

Nir Netzer

President of the Management Board

Rami Geris

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales and Marketing Director

Boaz Haim

Member of the Management Board

Alon Haver

Member of the Management Board

Warsaw, 13 May 2019

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Interim Condensed Consolidated Statement of Financial Position

As at		31 March 2019	31 December 2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Audited)</i>
Assets			
Property and equipment		8,000	7,986
Investment property	3	9,296	8,743
Investment in joint ventures		5,800	3,439
Deferred tax assets	14	6,794	5,531
Residential landbank	9	46,233	46,227
Total non-current assets		76,123	71,926
Inventory	9	624,086	596,927
Land for sale		-	6,305
Trade and other receivables and prepayments		16,138	14,693
Income tax receivable		96	123
Loans granted to joint ventures		1,524	-
Other current financial assets		13,624	14,319
Cash and cash equivalents		134,102	100,828
Total current assets		789,570	733,195
Total assets		865,693	805,121
Equity			
Share capital		12,503	12,503
Share premium		150,278	150,278
Treasury shares	10	(66)	-
Capital reserve	10	1,934	-
Retained earnings		182,249	180,699
Total equity		346,898	343,480
Liabilities			
Bond loans	11	175,558	153,683
Secured bank loans	12	21,311	30,061
Deferred tax liability	14	8,871	7,348
Lease liabilities related to perpetual usufruct of investment properties	3	525	-
Total non-current liabilities		206,265	191,092
Trade and other payables and accrued expenses		57,486	54,587
Bond loans	11	53,296	51,864
Secured bank loans	12	66	7,626
Advances received	15	168,276	152,452
Income tax payable		738	1,455
Provisions		2,347	2,565
Lease liabilities related to perpetual usufruct of land	3	30,321	-
Total current liabilities		312,530	270,549
Total liabilities		518,795	461,641
Total equity and liabilities		865,693	805,121

The notes included on pages 29 to 55 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Interim Condensed Consolidated Statement of Comprehensive Income

For the 3 months ended 31 March		2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Reviewed/ Unaudited)</i>
Revenue from the sale of residential projects	15	58,735	79,279
Revenue from the sale of land		6,500	-
Revenue from the sale of services		788	935
Total Revenue		66,023	80,214
Cost of sales of residential projects		(47,877)	(69,633)
Cost of sales of land		(6,312)	-
Gross profit		11,834	10,581
Selling and marketing expenses		(1,184)	(1,124)
Administrative expenses		(4,454)	(4,565)
Share of profit/(loss) from joint ventures		190	2,726
Other expenses		(986)	(948)
Other income		274	359
Result from operating activities		5,674	7,029
Finance income		204	145
Finance expense		(1,384)	(1,665)
Net finance income/(expense)		(1,180)	(1,520)
Profit/(loss) before taxation		4,494	5,509
Income tax benefit/(expense)	13	(1,010)	(1,077)
Profit/(loss) for the period		3,484	4,432
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period, net of tax		3,484	4,432
Total profit/(loss) for the period attributable to:			
equity holders of the parent		3,484	3,864
non-controlling interests		-	568
Total profit/(loss) for the period, net of tax		3,484	4,432
Total comprehensive income/(expense) attributable to:			
equity holders of the parent		3,484	3,864
non-controlling interests		-	568
Total comprehensive income/(expense) for the period, net of tax		3,484	4,432
Weighted average number of ordinary shares (basic and diluted)		164,004,115	164,010,813
<i>In Polish Zlotys (PLN)</i>			
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		0.021	0.024

The notes included on pages 29 to 55 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Interim Condensed Consolidated Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Capital reserve	Retained earnings	Total equity
Balance at 1 January 2019	12,503	150,278	-	-	180,699	343,480
Comprehensive income:						
Profit for the three months ended 31 March 2019	-	-	-	-	3,484	3,484
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	3,484	3,484
Capital reserve⁽¹⁾ (see Note 10)	-	-	-	2,000	(2,000)	-
Repurchase of own shares (see Note 10)	-	-	(66)	(66)	66	(66)
Balance at 31 March 2019 (Reviewed/ Unaudited)	12,503	150,278	(66)	1,934	182,249	346,898

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve is established for an amount of PLN 2.0 million, which amount has been transferred to the capital reserve from the Company's retained earnings reserve. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back.

<i>In thousands of Polish Zlotys (PLN)</i>	Attributable to the Equity holders of parent				Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Total		
Balance at 1 January 2018	12,503	150,278	175,108	337,889	4,123	342,012
Comprehensive income:						
Profit for the three months ended 31 March 2018	-	-	3,864	3,864	568	4,432
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	3,864	3,864	568	4,432
Balance at 31 March 2018 (Reviewed/ Unaudited)	12,503	150,278	178,972	341,753	4,691	346,444

The notes included on pages 29 to 55 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Interim Condensed Consolidated Statement of Cash Flows

For the 3 months ended 31 March		2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>		(Reviewed) / (unaudited)	(Reviewed/ Unaudited)
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		3,484	4,432
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		249	241
Finance expense		1,384	1,665
Finance income		(204)	(145)
Loss/(profit) on sale of property and equipment		(32)	15
Share of loss /(profit) from joint ventures		(190)	(2,726)
Income tax expense/(benefit)		1,010	1,077
Subtotal		5,701	4,559
Decrease/(increase) in inventory and residential landbank	9	13,377	34,277
Decrease/(increase) in advances for land		-	(2,750)
Decrease/(increase) in trade and other receivables and prepayments		147	(2,052)
Decrease/(increase) in other current financial assets		695	(6,261)
Increase/(decrease) in trade and other payables and accrued expenses		1,383	480
Increase/(decrease) in provisions		(218)	-
Increase/(decrease) in advances received	15	15,824	(11,508)
Subtotal		36,909	16,745
Interest paid		(1,816)	(1,772)
Interest received		185	4,791
Income tax received/(paid)		(1,440)	-
Net cash from/(used in) operating activities		33,838	19,764
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(263)	-
Net proceeds/(loans granted) to joint ventures		(5,926)	1,312
Dividend received from joint ventures		2,250	-
Proceeds from sale of property and equipment		32	(15)
Net cash from/(used in) investing activities		(3,907)	1,297
Cash flows from/(used in) financing activities			
Proceeds from bank loans, net of bank charges	12	19,877	6,010
Repayment of bank loans	12	(36,296)	(10,200)
Proceeds from bond loans issued, net of issue costs	11	31,560	-
Repayment of bond loans	11	(10,000)	(5,000)
Payment of lease liabilities related to perpetual usufruct rights	3	(1,732)	-
Repurchase of own shares	10	(66)	-
Net cash from/(used in) financing activities		3,343	(9,190)
Net change in cash and cash equivalents		33,274	11,871
Cash and cash equivalents at beginning of the period		100,828	64,860
Cash and cash equivalents at end of the period *		134,102	76,731

* Including restricted cash that amounted to PLN 26,990 thousand and PLN 11,665 thousand as 31 March 2019 and as 31 March 2018, respectively. The notes included on pages 29 to 55 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 1 – General and principal activities**

Ronson Development SE ('the Company'), previously Ronson Europe N.V., 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 (together with its subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland.

The Company was incorporated in the Netherlands on 18 June 2007 as Ronson Europe N.V. in the Netherlands with statutory seat in Rotterdam, the Netherlands. During 2018, the Company changed its name and was transformed into a European Company (SE) and transferred its registered office of the Company from the Netherlands to Poland.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007.

According to publicly available information, as at 31 March 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.05% of the shares are held by the Company. The remaining 33.89% of the shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. There are no privileged shares issued by the Company. It shall be noted that as at 31 March 2019 the Company held 79,342 own shares (0.05%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the three months ended 31 March 2019 and contain comparative data for the three months ended 31 March 2018 and as at 31 December 2018. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2019 with all its comparative data have been reviewed by the Company's external auditors.

As at 31 March 2019, the Groups' market capitalization was below the value of net assets. Management took appropriate steps to review the accounts in respect if there is any additional impairment 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 three months ended 31 March 2019 were authorized for issuance by the Management Board on 13 May 2019 in both English and Polish languages, while the Polish version is binding.

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 2018 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 nature of the Group's activities, the IFRSs applied by the Group are not different from 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 2018 are available upon request from the Company's registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland 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. Further explanation and analyzes on significant changes in financial position and performance of the Company during the three months ended 31 March 2019 are included in the Management Board Report on pages 1 through 24.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

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 2018.

The following standards and amendments became effective as of 1 January 2019:

- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- 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;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement* (issued on 7 February 2018) – effective for financial years beginning on or after 1 January 2019;
- *Annual Improvements to IFRS Standards 2015-2017 Cycle* (issued on 12 December 2017) – effective for financial years beginning on or after 1 January 2019.

Except for IFRS 16 discussed below, these standards, amendments and improvements do not have any material impact on the consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

Implementation of IFRS 16

IFRS 16 introduces a unitary model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. Based on the assessment made of the impact of the application of IFRS 16 on the accounting principles (policy) applied by the Group, the Management Board concludes that the only material agreements to which new recognition method applies, are the rights of perpetual usufruct of real estate properties. Other lease agreements identified were excluded from the recalculation based on the recognition exemptions.

The method of valuation and presentation of leasing in the Group's financial statements

The Group decided to apply the standard using the modified retrospective approach with 1 January 2019 being initial application date. Accordingly, the Group recognizes a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group recognizes the respective right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized immediately before the date of initial application. This method of application did not result in any adjustment to retained earnings on the date of initial application (1 January 2019).

The Group has decided to present right-of-use assets under the same item in the Consolidated Statement of Financial Position, under which the relevant underlying assets would be presented if they were owned by the Group. The lease liabilities are presented separately from other liabilities in long term liabilities with respect to lease of investment properties and short term liabilities with respect to lease of inventory.

The right of perpetual usufruct of land related to residential projects:

Assets - was recognized in the Consolidated Statement of Financial Position under "Inventory".

Liabilities - was presented in the Consolidated Statement of Financial Position as a short term under "Lease liabilities related to perpetual usufruct of land".

Costs - the Group depreciates the right of use asset on straight line basis over the lease period. On the other hand the Group recognizes finance expense to reflect interest expense on lease liability. Those Costs are capitalized to Inventory as long as development project qualifies for capitalization.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies (cont'd)

Implementation of IFRS 16 (cont'd)

Derecognition – at the moment the project is completed and occupancy permit is issued the Group becomes the owner of the land (based on The Act of July 20, 2018 on transformation of the right of perpetual usufruct of land built for housing purposes into the ownership right of these lands). Since then the Group is no longer liable for perpetual usufruct fees but pays conversion fees. The Group is legally released from the obligation to pay conversion fees only upon signing the final notary deed for transferring the ownership of unit together with share in the land to the client. At the moment occupancy permit is issued carrying amounts of right of use asset and lease liability are reclassified to other receivables and other payables and are presented under "Trade and other receivables and prepayments" and "Trade and other payables and accrued expenses" respectively. Carrying amounts of receivables and payables are derecognized from Consolidated Statement of Financial Position once notary deeds are signed with clients.

Despite the fact that based on the Group core business the operating cycle of inventory is on average 5 years i.e. plots of land are purchased for the purpose of the development of residential projects and transferring the ownership of the units together with share in the land to the client. Under IFRS 16 the Group is not allowed to consider the period for which the Group expects to be the usufructuary despite the fact that the period is quite precisely known. Therefore once lease liabilities are recognized, the Group is required to discount all future payments resulting from the right of perpetual usufruct for the period for which the right is granted to individual properties (it can be up to 99 years). Following the requirements of IFRS 16 the Group recognize lease liabilities of which majority will not be paid by the Group.

Based on the Management Board expectations and forecast prepared taking into account expected completion dates of projects and sale results out of PLN 31.8 million of liability (PLN 30.3 million recognized as Lease liability related to right of use of land in perpetual usufruct and PLN 1.5 million recognized as Trade and other payables and accrued expenses) as much as PLN 6 up to 7 million will be paid by the Group and remaining amount will be transferred to the clients.

The right of perpetual usufruct of investment properties:

Assets - was recognized in the balance sheet under "Investment properties".

Liabilities - was presented in the balance sheet as a long term under "Lease liabilities related to perpetual usufruct of investment property".

Costs - the Group fair values the right of use asset at each balance sheet date and recognizes finance expense to reflect interest expense on lease liability.

The impact of implementing IFRS 16 on the Consolidated Financial Statement resulted in an increase in total assets of PLN 33,530 thousand and an increase in total liabilities of PLN 33,530 thousand as at 1 January 2019, as presented in the table below:

<i>In thousands of Polish Zlotys (PLN)</i>	Approved financial statements 31 December 2018	IFRS 16 adjustments	1 January 2019
Investment properties	8,743	553	9,296
Inventory	596,927	32,977	629,904
Total assets		33,530	
Lease liability related to right of use of land in perpetual usufruct		553	553
Total non-current liabilities		553	
Lease liability related to right of use of land in perpetual usufruct		32,977	32,977
Total current liabilities		32,977	
Total liabilities		33 530	

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 3 – Summary of significant accounting policies (cont'd)****Implementation of IFRS 16 (cont'd)**

The movement on the right of use assets and lease liabilities in the three months period ended 31 March 2019 is presented below:

<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2019	New acquisitions	Depreciation charge	Fair value adjustment	Completion of projects	31 March 2019
Right of use assets related to inventory	32,977	-	(115)	n.a	(1,592)	31,270
Right of use assets related to investment property	553	-	n.a	-	n.a	553
<i>In thousands of Polish Zlotys (PLN)</i>	1 January 2019	New acquisitions	Finance expense	Payments	Completion of projects	31 March 2019
Lease liabilities related to inventory	32,977	-	555	(1,695)	(1,516)	30,321
Lease liabilities related to investment property	553	-	9	(37)	n.a	525

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**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 2018.

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.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

The details of the companies whose financial statements have been included in these Interim Condensed Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly held or indirectly by the Company as at 31 March 2019, are presented below and on the following page.

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		31 March 2019	31 December 2018
a. held directly by the Company :			
1. Ronson Development Management Sp. z o.o.	1999	100%	100%
2. Ronson Development 2000 Sp. z o.o.	2000	100%	100%
3. Ronson Development Warsaw Sp. z o.o.	2000	100%	100%
4. Ronson Development Investment Sp. z o.o.	2002	100%	100%
5. Ronson Development Metropol Sp. z o.o.	2002	100%	100%
6. Ronson Development Properties Sp. z o.o.	2002	100%	100%
7. Apartments Projekt Sp. z o.o.	2003	100%	100%
8. Ronson Development Enterprise Sp. z o.o.	2004	100%	100%
9. Ronson Development Company Sp. z o.o.	2005	100%	100%
10. Ronson Development Creations Sp. z o.o.	2005	100%	100%
11. Ronson Development Buildings Sp. z o.o.	2005	100%	100%
12. Ronson Development Structure Sp. z o.o.	2005	100%	100%
13. Ronson Development Poznań Sp. z o.o.	2005	100%	100%
14. E.E.E. Development Sp. z o.o.	2005	100%	100%
15. Ronson Development Innovation Sp. z o.o.	2006	100%	100%
16. Ronson Development Wrocław Sp. z o.o.	2006	100%	100%
17. Ronson Development Capital Sp. z o.o.	2006	100%	100%
18. Ronson Development Sp. z o.o.	2006	100%	100%
19. Ronson Development Construction Sp. z o.o.	2006	100%	100%
20. City 2015 Sp. z o.o.	2006	100%	100%
21. Ronson Development Village Sp. z o.o. ⁽¹⁾	2007	100%	100%
22. Ronson Development Conception Sp. z o.o.	2007	100%	100%
23. Ronson Development Architecture Sp. z o.o.	2007	100%	100%
24. Ronson Development Skyline Sp. z o.o.	2007	100%	100%
25. Continental Development Sp. z o.o.	2007	100%	100%
26. Ronson Development Universal Sp. z o.o. ⁽¹⁾	2007	100%	100%
27. Ronson Development Retreat Sp. z o.o.	2007	100%	100%
28. Ronson Development South Sp. z o.o.	2007	100%	100%
29. Ronson Development Partner 5 Sp. z o.o.	2007	100%	100%
30. Ronson Development Partner 4 Sp. z o.o.	2007	100%	100%
31. Ronson Development North Sp. z o.o.	2007	100%	100%
32. Ronson Development Providence Sp. z o.o.	2007	100%	100%
33. Ronson Development Finco Sp. z o.o.	2009	100%	100%
34. Ronson Development Partner 2 Sp. z o.o.	2010	100%	100%
35. Ronson Development Skyline 2010 Sp. z o.o. w likwidacji	2010	100%	100%
36. Ronson Development Partner 3 Sp. z o.o.	2012	100%	100%
37. Nova Królikarnia B.V. (Company with the registered office in the Netherlands)	2016	100%	100%
b. held indirectly by the Company:			
38. AGRT Sp. z o.o.	2007	100%	100%
39. Ronson Development Partner 4 Sp. z o.o. – Panoramika Sp.k.	2007	100%	100%
40. Ronson Development Sp z o.o. - Estate Sp.k.	2007	100%	100%
41. Ronson Development Sp. z o.o. - Home Sp.k.	2007	100%	100%
42. Ronson Development Sp z o.o. - Horizon Sp.k.	2007	100%	100%
43. Ronson Development Partner 3 Sp. z o.o. - Sakura Sp.k.	2007	100%	100%
44. Destiny Sp. z o.o.	2007	100%	100%
45. Ronson Development Millenium Sp. z o.o.	2007	100%	100%
46. Ronson Development Sp. z o.o. - EEE 2011 Sp.k.	2009	100%	100%
47. Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100%	100%

⁽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.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

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	
		31 March 2019	31 December 2018
b. held indirectly by the Company (cont'd):			
48. Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
49. Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
50. Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
51. Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
52. Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
53. Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
54. Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
55. Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
56. Ronson Espresso Sp. z o.o.	2006	100%	100%
57. Ronson Development Apartments 2010 Sp. z o.o.	2010	100%	100%
58. RD 2010 Sp. z o.o.	2010	100%	100%
59. Retreat Sp. z o.o.	2010	100%	100%
60. Ronson Development Enterprise 2010 Sp. z o.o.	2010	100%	100%
61. Ronson Development Wrocław 2010 Sp. z o.o.	2010	100%	100%
62. E.E.E. Development 2010 Sp. z o.o.	2010	100%	100%
63. Ronson Development Nautica 2010 Sp. z o.o.	2010	100%	100%
64. Gemini 2010 Sp. z o.o.	2010	100%	100%
65. Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
66. Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
67. Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100%	100%
68. Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
69. Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
70. Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100%	100%
71. Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
72. Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
73. Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100%	100%
74. Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
75. Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
76. Ronson Development Sp. z o.o. - Projekt 2 Sp.k.	2017	100%	100%
77. Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2017	100%	100%
78. Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
79. Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
80. Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
81. Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
82. Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
83. Ursus 2017 Sp. z o.o.	2017	100%	100%
84. Projekt City Sp. z o.o.	2017	100%	100%
85. Bolzanus Limited (Company with the registered office in Cyprus)	2013	100%	100%
86. Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
87. Tras Sp. z o.o.	2015	100%	100%
88. Skocznia Projekt Sp. z o.o.	2015	100%	100%
89. District 20 Sp. z o.o.	2015	100%	100%
90. Arkadia Development Sp. z o.o.	2015	100%	100%
91. Królikarnia Sp. z o.o.	2015	100%	100%
92. Tras 2016 Sp. z o.o.	2016	100%	100%
93. Pod Skocznia Projekt 2016 Sp. z o.o.	2016	100%	100%
94. District 20 – 2016 Sp. z o.o.	2016	100%	100%
95. Arkadia Development 2016 Sp. z o.o.	2016	100%	100%
96. Królikarnia 2016 Sp. z o.o.	2016	100%	100%
97. Kroli Development Sp. z o.o.	2016	100%	100%
98. Park Development Properties Sp. z o.o.	2016	100%	100%
99. Jasminova 2016 Sp. z o.o.	2016	100%	100%
100. Town 2016 Sp. z o.o.	2016	100%	100%
101. EEE Development 2016 Sp. z o.o.	2016	100%	100%
102. Enterprise 2016 Sp. z o.o.	2016	100%	100%
103. Wrocław 2016 Sp. z o.o.	2016	100%	100%

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

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. The segment reporting method requires also the Company to present separately joint venture within Warsaw segment.

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 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 31 March 2019

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	468,749	65,346	96,179	9,296	72,680	-	104,639	-	76,869	-	-	(88,855)	804,903
Unallocated assets	-	-	-	-	-	-	-	-	-	-	60,790	-	60,790
Total assets	468,749	65,346	96,179	9,296	72,680	-	104,639	-	76,869	-	60,790	(88,855)	865,693
Segment liabilities	188,537	9,753	83,384	-	15,938	-	51,261	-	12,963	-	-	(83,384)	278,452
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	240,343	-	240,343
Total liabilities	188,537	9,753	83,384	-	15,938	-	51,261	-	12,963	-	240,343	(83,384)	518,795

In thousands of Polish Zlotys (PLN)

As at 31 December 2018

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	460,810	68,847	75,727	8,743	65,217	-	109,219	-	72,028	-	-	(72,288)	788,303
Unallocated assets	-	-	-	-	-	-	-	-	-	-	16,818	-	16,818
Total assets	460,810	68,847	75,727	8,743	65,217	-	109,219	-	72,028	-	16,818	(72,288)	805,121
Segment liabilities	155,832	12,169	68,848	-	12,400	-	56,929	-	8,062	-	-	(68,848)	245,392
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	216,249	-	216,249
Total liabilities	155,832	12,169	68,848	-	12,400	-	56,929	-	8,062	-	216,249	(68,848)	461,641

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

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 31 March 2019

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Joint venture			Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
	Apartments	Houses											
Revenue	46,950	8,166	5,288	203	2,515	-	7,275	-	914	-	-	(5,288)	66,023
Segment result	9,312	907	1,097	130	(419)	-	171	-	(136)	-	-	(907)	10,155
Unallocated result	-	-	-	-	-	-	-	-	-	-	(4,481)	-	(4,481)
Result from operating activities	9,312	907	1,097	130	(419)	-	171	-	(136)	-	(4,481)	(907)	5,674
Net finance income/(expenses)	(56)	25	7	-	(10)	-	(12)	-	(6)	-	(1,121)	(7)	(1,180)
Profit/(loss) before tax	9,256	932	1,104	130	(429)	-	159	-	(142)	-	(5,602)	(914)	4,494
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	(1,010)
Profit/(loss) for the period													3,484
Capital expenditure	-	-	-	-	-	-	-	-	-	-	263	-	263

In thousands of Polish Zlotys (PLN)

For the three months ended 31 March 2018

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Joint venture			Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
	Apartments	Houses											
Revenue	35,404	-	23,183	204	17,351	-	5,707	-	21,548	-	-	(23,183)	80,214
Segment result	7,762	(25)	6,276	146	98	-	986	-	(82)	-	-	(3,550)	11,611
Unallocated result	-	-	-	-	-	-	-	-	-	-	(4,582)	-	(4,582)
Result from operating activities	7,762	(25)	6,276	146	98	-	986	-	(82)	-	(4,582)	(3,550)	7,029
Net finance income/(expenses)	26	(1)	(21)	-	(107)	-	(8)	-	(5)	-	(1,425)	21	(1,520)
Profit/(loss) before tax	7,788	(26)	6,255	146	(9)	-	978	-	(87)	-	(6,007)	(3,529)	5,509
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	(1,077)
Profit/(loss) for the period													4,432
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the three months ended 31 March 2019 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Transferred to finished units	Additions	As at 31 March 2019
Land and related expense	294,484	(13,592)	183	281,075
Construction costs	172,340	(50,306)	38,063	160,097
Planning and permits	20,359	(1,130)	1,302	20,531
Borrowing costs ⁽¹⁾	36,205	(999)	2,297	37,503
Borrowing costs on lease and depreciation of the perpetual usufruct right ⁽²⁾	-	(32)	670	638
Other	4,772	(735)	620	4,657
Work in progress	528,160	(66,794)	43,135	504,501

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 31 March 2019
Finished goods	78,491	66,794	(47,357)	97,928

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Revaluation write-down recognized in statement of comprehensive income		As at 31 March 2019
		Increase	Utilization	
Write-down	(9,724)	-	111	(9,613)

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	First adoption of IFRS 16 ⁽²⁾	Depreciation	Transfer to Other receivables	As at 31 March 2019
Perpetual usufruct right ⁽²⁾	-	32,977	(115)	(1,592)	31,270

Inventory, valued at lower of - cost and net realisable value	596,927				624,086
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(1) Borrowing costs are capitalized to the value of inventory with 5.66% average effective capitalization interest rate.

(2) For additional information see note 3.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank (cont'd)

Inventory (cont'd)

Movements in Inventory during the year ended 31 December 2018 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Nova Królikarnia project as at the acquisition date	Reclassified to Residential landbank ⁽⁴⁾	Reclassified to Land for sale ⁽³⁾	Transferred to finished units	Additions	As at 31 December 2018
Land and related expense	238,700	49,753	(41,515)	(5,777)	(32,782)	86,105 ⁽¹⁾	294,484
Construction costs	88,346	43,233	-	-	(104,869)	145,630	172,340
Planning and permits	15,383	3,904	(1,446)	(10)	(2,757)	5,285	20,359
Borrowing costs ⁽²⁾	39,842	252	(7,871)	(401)	(4,368)	8,751	36,205
Other	3,244	1,351	(347)	(117)	(1,814)	2,455	4,772
Work in progress	385,515	98,493	(51,179)	(6,305)	(146,590)	248,226	528,160

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Nova Królikarnia project as at the acquisition date	Reclassified to Residential landbank ⁽³⁾	Reclassified to Land for sale	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 31 December 2018
Finished goods	139,664	37,843	-	-	146,590	(245,606)	78,491

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Reclassified to Residential landbank ⁽³⁾	Reclassified to Land for sale	Revaluation write-down recognized in statement of comprehensive income		As at 31 December 2018
				Increase	Utilization	
Write-down	(13,081)	4,952	-	(2,937)	1,342	(9,724)
Inventory, valued at lower of cost and net realisable value	512,098					596,927

(1) The increase is mainly related to the reclassification of Ursus land from Advances for land to Inventory.

(2) Borrowing costs are capitalized to the value of inventory with 5.94% average effective capitalization interest rate.

(3) In December 2018, a subsidiary of the Company concluded an agreement for the sale of a property right located in Wroclaw, at Buforowa Street to an unrelated entity. The sale price was set at PLN 6.5 million increased by VAT.

(4) See Residential landbank below.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank (cont'd)

Inventory (cont'd)

Movements in Inventory during the three months ended 31 March 2018 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Transferred to finished units	Additions	As at 31 March 2018
Land and related expense	238,700	(7,223)	83,442 ⁽¹⁾	314,919
Construction costs	88,346	(35,083)	33,097	86,360
Planning and permits	15,383	(1,205)	992	15,170
Borrowing costs ⁽²⁾	39,842	(2,924)	1,573	38,491
Other	3,244	(780)	649	3,113
Work in progress	385,515	(47,215)	119,753	458,053

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 31 March 2018
Finished goods	139,664	47,215	(70,202)	116,677

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Revaluation write-down recognized in statement of comprehensive income		As at 31 March 2018
		Increase	Utilization	
Write-down	(13,081)	-	555	(12,526)

Inventory, valued at lower of – cost and net realisable value	512,098	562,204
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(1) The increase is mainly related to the reclassification of Ursus land from Advances for land to Inventory.

(2) Borrowing costs are capitalized to the value of inventory with 5,87% average effective capitalization interest rate.

Residential landbank

As at 31 March 2019 the total book value of residential landbank amounted to PLN 46,233 thousand in comparison to PLN 46,227 thousand as at 31 December 2018 (after deduction of PLN 4,952 thousand for write-down). In 2018, plots of land purchased for development purposes on which construction is not planned within a period of three years has been reclassified as Residential landbank presented within Non-current assets.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 10 – Treasury shares**

During the Extraordinary General Meeting of Shareholders held on 24 January 2019, the shareholders of the Company resolved to approve a share buyback program and the establishment of a capital reserve for the purpose of such program, whereby the Management Board of the Company is authorized to purchase ordinary bearer shares in the Company subject to certain terms and conditions which among others include the following:

- the Company may purchase own shares with an aggregate nominal value representing no more than 1,53% of the share capital of the Company, i.e. up to 2,500,000 shares;
- the purchase price for one share cannot be:
 - a) lower than the nominal value of one share in the Company, i.e. EUR 0.02 per share, and
 - b) higher than the book value of the Company per one share (calculated on a basis of audited financial statement for year 2017), i.e. PLN 2.10 per share;
- the maximum amount allocated for the purchase of own shares shall not be higher than PLN 2 million;
- the authorization granted to the Management Board for the purchase of own shares shall cover a period lasting until 24 January 2020, however not longer than expiration of the amount allocated for the purchase of own shares.

In order to fund the purchase of own shares under the buyback program a capital reserve is established for an amount of PLN 2 million, which amount has been transferred to the capital reserve from the Company's retained earnings reserve. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back.

During the three months period ended 31 March 2019, the Company acquired 79,342 own shares for a total price of PLN 66 thousand (on average PLN 0.827 per share). As at 31 March 2019, the Company held 79,342 own shares representing 0.05% of total shares issued by the Company.

Note 11 – Bond loans

The table below presents the movement in Bond loans during the three months ended 31 March 2019, during the year ended 31 December 2018 and during the three months ended 31 March 2018:

	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 3 months ended 31 March 2018 (Reviewed/ Unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>			
Opening balance	205,547	197,308	197,308
Repayment of bond loans	(10,000)	(42,160)	(5,000)
Proceeds from bond loans	32,317	50,000	-
Issue cost	(757)	(654)	-
Issue cost amortization	327	837	212
Accrued interest	2,783	10,958	2,498
Interest repayment	(1,363)	(10,742)	(1,447)
Total closing balance	228,854	205,547	193,571
Closing balance includes:			
Current liabilities	53,296	51,864	49,894
Non-current liabilities	175,558	153,683	143,677
Total closing balance	228,854	205,547	193,571

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 11 – Bond loans (cont'd)****New Bond loans issued during the three months ended 31 March 2019:**

On 31 January 2019, the Company issued 32,317 series U bonds with a total nominal value of PLN 32,317 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series U bonds shall be redeemed on 31 January 2023. In addition, the series U bonds will be subject to mandatory depreciation at the end of the 4th and the 6th interest period (on 31 January 2021 and 31 January 2022, respectively) by reducing the nominal value of each Bond each time in the amount of PLN 150 for each bond. The series U bonds bear interest at a variable rate based on the WIBOR rate for six-month deposits increased by a margin of 3.5%. Interest is payable semi-annually in January and July until redemption date. The series U bonds were issued as unsecured bonds but will ultimately be secured with a joint mortgage to be established by subsidiaries of the Company on real estate being owned or in perpetual usufruct by those entities. Those entities made a declaration of establishment of a joint mortgage of up to PLN 48,476 thousand.

Bond loans redeemed during the three months ended 31 March 2019:

During the three months ended 31 March 2019, the Company repaid all outstanding 100,000 series I bonds with total nominal value of PLN 10,000 thousand. After these repayments, the total number of outstanding bonds series I amounted to nil.

Bond loans issued before 31 December 2018:

The maturity dates and the conditions of the Bonds loans series I, J, K, M, N, O, P, Q, R, S and T have been presented in the annual consolidated financial statements for the year ended 31 December 2018.

The series I, J, K, M, N, O, P, Q, S and T bonds are not secured. The series R bonds are secured with a joint mortgage established by the subsidiaries of the Company up to PLN 75,000 thousand.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 – Bond loans (cont'd)

Financial ratio covenants for series J, K, M, N, O, P and Q:

Based on the conditions of bonds J, K, M, N, O, P, and Q in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “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 (as well as payment guarantees) 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	31 March 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	108,303
Equity	346,898
Net Indebtedness Ratio	31.2%

Financial ratio covenants for series R and S:

Based on the conditions of bonds R and S in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “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 (as well as payment guarantees) 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; the limit is PLN 40 million).

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.

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	31 March 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	108,303
Equity	346,898
Net Indebtedness Ratio	31.2%

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 11 – Bond loans (cont'd)****Financial ratio covenants for series R and S (cont'd):**

In addition to the above, based on the conditions of bonds S, in each reporting period the Company shall test the Net debt to Inventory Ratio (hereinafter “Net Debt to Inventory Ratio”). The Ratio shall not exceed 60% 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 (as well as payment guarantees) less the consolidated value of cash and cash equivalents 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; the limit is PLN 40 million).

Inventory - shall mean the consolidated balance sheet value of the inventory (including Residential landbank) of the Company less advances received from the customers.

Check date – last day of each calendar quarter.

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

As at	31 March 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	108,303
Inventory and Residential landbank ⁽¹⁾	470,690
Net Debt to Inventory Ratio	23.0%

(1) See below “Impact of the implementation of IFRS 16 on financial ratios in bond covenants”

Financial ratio covenants for series T and U:

Based on the conditions of bonds T and U in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “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 (as well as payment guarantees) 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	31 March 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	108,303
Equity	346,898
Net Indebtedness Ratio	31.2%

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 11 – Bond loans (cont'd)****Other covenants (series R, S, T and U):**

Based on the conditions of bonds R, S, T and U, transactions with related-parties (shareholders holding more than 25% of the shares in the Company “within the meaning of IAS 24” or with related parties “including with entities controlling the Company whether jointly or individually, whether directly or indirectly or with their subsidiaries which are not members of the Group) shall not exceed the aggregate amount of PLN 1.0 million during any given calendar year. During the 3 months ended 31 March 2019, the consulting fees related to A. Luzon Group amounted to PLN 210 thousand.

Impact of the implementation of IFRS 16 on financial ratios in bond covenants:

Terms and conditions of issuance of Bonds of the Company (“T&C’s”) provide that only certain, specified types of financial indebtedness should be taken into account when determining the level of financial indebtedness for the purpose of calculating financial ratios in accordance with T&C’s. In particular, certain T&C’s require that financial indebtedness resulting from finance lease agreements (*in Polish: umowy leasingu finansowego*) should be included in calculation of the financial indebtedness. Those T&C’s do not provide that the indebtedness resulting from finance lease agreements shall also include other financial indebtedness which is recognized as lease liability in accordance with IFRS 16.

Given the above, and taking into the account the type of activities carried out by the Group, despite changes in the IFRS in this respect, the Company concluded that inclusion of other type of financial indebtedness, in particular liabilities from annual fees for perpetual usufruct, for the purposes of calculations of financial ratios would not be in line with T&C’s and therefore the Company does not include such finance lease alike items in such calculations (including, in order to ensure consistency of those calculations, for the purpose of calculation of Inventory for the purpose of Net Debt to Inventory Ratio under T&C of bonds S).

For additional information about IFRS 16 see Note 3.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the three months ended 31 March 2019, during the year ended 31 December 2018 and during the three months ended 31 March 2018:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 3 months ended 31 March 2018 (Reviewed/ Unaudited)
Opening balance	37,687	13,920	13,920
New bank loan drawdown	20,396	85,168	6,129
Bank loans repayments	(36,296)	(61,805)	(10,200)
Bank charges	(519)	(543)	(119)
Bank charges amortization	97	893	203
Accrued interest/(interest repayment) on bank loans, net	12	54	-
Total closing balance	21,377	37,687	9,933
Closing balance includes:			
Current liabilities	66	7,626	9,933
Non-current liabilities	21,311	30,061	-
Total closing balance	21,377	37,687	9,933

The maturity dates of the loans have been presented in the consolidated financial statements for the year ended 31 December 2018. For more details, see Note 20 Events during the period (Bank Loans).

As at 31 March 2019, as at 31 December 2018 and as at 31 March 2018, 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.

Note 13 – Income tax

<i>In thousands of Polish Zlotys (PLN)</i>	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the 3 months ended 31 March 2018 (Reviewed/ Unaudited)
Current tax expense/(benefit)	750	(13)
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	1,034	(1,165)
Expense/(benefit) of tax losses recognized	(774)	2,255
Total deferred tax expense/(benefit)	260	1,090
Total income tax expense/(benefit)	1,010	1,077

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Deferred tax assets and liabilities**

Deferred tax assets and liabilities as at the beginning and end of the financial periods are attributable to the following:

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2019	Recognized in the statement of comprehensive income	Closing balance 31 March 2019
Deferred tax assets			
Tax loss carry forward	2,058	774	2,832
Accrued interest	2,348	877	3,225
Accrued expense	777	(36)	741
Write-down of work in progress and residential landbank	2,788	(21)	2,767
Other	1,437	-	1,437
Total deferred tax assets	9,408	1,594	11,002
Deferred tax liabilities			
Difference between tax base and carrying value of inventory	9,521	1,223	10,744
Accrued interest	-	495	495
Fair value gain on investment property	890	-	890
Other	814	136	950
Total deferred tax liabilities	11,225	1,854	13,079
Deferred tax assets	9,408		11,002
Deferred tax liabilities	11,225		13,079
Offset of deferred tax assets and liabilities for individual companies	(3,877)		(4,208)
Deferred tax assets reported in the Consolidated Statement of Financial Position	5,531		6,794
Deferred tax liabilities reported in the Consolidated Statement of Financial Position	7,348		8,871

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Deferred tax assets and liabilities (cont'd)

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2018	Recognized in the statement of comprehensive income	Acquisition of Nova Królikarnia Project	Closing balance 31 December 2018
Deferred tax assets				
Tax loss carry forward	3,673	(2,384)	769	2,058
Accrued interest	1,848	500	-	2,348
Accrued expense	454	19	304	777
Write-down of inventory and residential landbank	2,400	388	-	2,788
Other	431	1,006	-	1,437
Total deferred tax assets	8,806	(471)	1,073	9,408
Deferred tax liabilities				
Difference between tax base and carrying value of inventory	13,646	(4,318)	193	9,521
Accrued interest	1,066	(1,066)	-	-
Fair value gain on investment property	890	-	-	890
Other	627	187	-	814
Total deferred tax liabilities	16,229	(5,197)	193	11,225
Deferred tax assets	8,806			9,408
Deferred tax liabilities	16,229			11,225
Offset of deferred tax assets and liabilities for individual companies	(4,781)			(3,877)
Deferred tax assets reported in the Consolidated Statement of Financial Position	4,025			5,531
Deferred tax liabilities reported in the Consolidated Statement of Financial Position	11,448			7,348

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Advances received

Advances received during the 3 months ended 31 March 2019 consist of customer advances for construction work in progress (deferred revenue) and comprise customer advances for the following projects:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Revenue recognized during the 3 months ended 31 March 2019	Advances received during the 3 months ended 31 March 2019	As at 31 March 2019
City Link III	48,216	-	21,286	69,502
Nova Królikarnia 1a-1e	12,932	(13,908)	6,089	5,113
Nova Królikarnia 2a	17,643	(3,069)	7,366	21,940
Nova Królikarnia 2b	10,765	-	3,130	13,895
Nova Królikarnia 2c	-	-	553	553
Vitalia I	279	(775)	531	35
Vitalia II	11,596	-	3,327	14,923
Miasto Moje I & II	28,841	(33,811)	14,593	9,623
Miasto Moje III	-	-	235	235
Miasto Marina	10,243	-	2,606	12,849
Panoramika II & III	79	(915)	865	29
Panoramika IV	4,034	-	2,955	6,989
Panoramika V	-	-	40	40
Grunwald2	5,387	-	3,474	8,861
Moko	1,248	(2,049)	3,463	2,662
Młody Grunwald	209	(1,438)	1,283	54
Espresso	146	(1,189)	1,103	60
Chilli IV	30	(565)	587	52
Other	804	(1,017)	1,074	861
Total	152,452	(58,735)	74,559	168,276

Advances received during the 3 months ended 31 March 2018 consist of customer advances for construction work in progress (deferred revenue) and comprise customer advances for the following projects:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Revenue recognized during the 3 months ended 31 March 2018	Advances received during the 3 months ended 31 March 2018	As at 31 March 2018
Panoramika I-III	15,928	(21,550)	7,807	2,185
Panoramika IV	-	-	469	469
Sakura	848	(522)	87	413
Chilli	1,126	(2,695)	1,600	31
Kamienica Jezyce	27	(32)	33	28
Vitalia I	2,001	(5,644)	3,980	337
Vitalia II	107	-	1,405	1,512
Moko	3,599	(9,313)	7,405	1,691
Espresso	40,248	(24,122)	17,963	34,089
Młody Grunwald	10,587	(14,624)	6,931	2,894
Marina miasto	1,178	-	497	1,675
City Link III	7,050	-	5,309	12,359
Miasto Moje I	18,454	-	12,089	30,543
Miasto Moje II	203	-	1,463	1,666
Other	888	(777)	733	844
Total	102,244	(79,279)	67,771	90,736

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 16 – Commitments 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:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 March 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
City Link III	30,254	42,718
Grunwald2	41,945	46,835
Panoramika IV	8,851	13,016
Miasto Marina	2,058	4,076
Vitalia II	1,430	4,150
Nova Królikarnia 2b	1,642	4,106
Nova Królikarnia 2c	16,027	19,835
Miasto Moje III	43,566	-
Panoramika V	17,296	-
Miasto Moje II	-	993
Nova Królikarnia 2a	-	3,109
Total	163,069	138,838

(ii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Group 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 Group:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 March 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
City Link III	78,331	78,331
Miasto Marina	7,242	16,278
Panoramika IV	16,390	21,950
Vitalia II	8,770	12,641
Grunwald2	52,155	-
Miasto Moje II	-	4,666
Total	162,888	133,866

(iii) Other commitments and contingencies:

As part of the Nova Królikarnia acquisition (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2018), 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.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 16 – Commitments and contingencies (cont'd)****(iii) Other commitments and contingencies (cont'd):**

The first call option was exercised in April 2019 for an amount of PLN 33.9 million to be paid in three installments: PLN 7.0 million in April 2019, PLN 16.9 million in October 2019 and PLN 10.0 million in October 2020. 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. As the result of the first call option being exercised, the amount of the fee contingency decreased to PLN 6.8 million.

(iv) 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 31 March 2019 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 March 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
Moko	1,828	5,309
Espresso	490	490
Młody Grunwald	54	622
Panoramika II & III	-	333
Panoramika IV	10,848	9,066
Panoramika V	503	-
Vitalia I	430	605
Vitalia II	9,934	10,605
Grunwald2	23,679	15,146
Chilli IV	465	569
Miasto Moje I & II	5,523	12,350
Miasto Moje III	5,751	-
Miasto Marina	16,264	13,397
City Link III	81,446	83,378
Nova Królikarnia 1a - 1e	4,117	5,216
Nova Królikarnia 2a	4,513	9,669
Nova Królikarnia 2b	3,417	5,931
Nova Królikarnia 2c	6,803	-
Other (old) projects	1,445	1,567
Total	177,510	174,253

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 16 – Commitments and contingencies (cont'd)****(v) Guarantees granted by the Company**

The Company granted 121 sureties 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. Sureties 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.

Note 17 – 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 2018 (Note 38). 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 three months ended 31 March 2019 as described in Notes 11 and 12.

(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 three months ended 31 March 2019.

(iv) Fair value estimation

The Investment property is valued at fair value determined by the Management. During the three months ended 31 March 2019 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

Except of bonds series P that amounted to PLN 10.0 million, the Group did not 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. Short-term receivables and payables are not exposed to interest rate risk.

Note 18 – Related party transactions

There were no transactions and balances with related parties during the three months ended 31 March 2019 other than remuneration of Management Board, loans granted to related parties, the reimbursement of audit review costs and an agreement with major (indirect) shareholder, A. Luzon Group, covering costs of remuneration of two members of the Board of Managing Directors and of Chairman of the Board of Supervisory Directors for total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All these transactions were already disclosed in the 2018 annual accounts.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 19 – Impairment losses and provisions**

During the three months ended 31 March 2019 and the three months ended 31 March 2018, the Group did not make a write-down adjustment on inventory and account receivables.

Note 20 – Events during the period**Bond loans**

In January 2019, the Company repaid all outstanding 100,000 series I bonds with total nominal value of PLN 10,000 thousand. After this repayment, the total number of outstanding bonds series I amounted to nil.

On 31 January 2019, the Company issued 32,317 series U bonds with a total nominal value of PLN 32,317 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series U bonds shall be redeemed on 31 January 2023. In addition, the series U bonds will be subject to mandatory depreciation at the end of the 4th and the 6th interest period (on 31 January 2021 and 31 January 2022, respectively) by reducing the nominal value of each Bond each time in the amount of PLN 150 for each bond. The series U bonds bear interest at a variable rate based on the WIBOR rate for six-month deposits increased by a margin of 3.5%. The series U bonds were issued as unsecured bonds but will ultimately be secured with a joint mortgage to be established by subsidiaries of the Company on real estate being owned or in perpetual usufruct by those entities. Those entities made a declaration of establishment of a joint mortgage of up to PLN 48,476 thousand.

Bank loans

In February 2019, the Company executed a loan agreement with Santander Bank Polska S.A. related to the Grunwald² project in Poznań. Under this loan agreement Santander Bank Polska S.A. is to provide financing and re-financing to cover the costs of construction up to a total amount of PLN 57.7 million. Under the loan agreement, the final repayment date is November 2021.

Commencements of new projects

In March 2019, the Company commenced the construction work of the third stage of the Miasto Moje project comprising 196 apartments with an aggregate floor space of 10,200 m².

In March 2019, the Company commenced the construction work of the Wilanów Tulip project comprising 150 apartments with an aggregate floor space of 9,600 m², via joint venture entity in which the Company holds a 50% interest.

In March 2019, the Company commenced the presale and construction work of the fifth stage of the Panoramika project comprising 115 apartments with an aggregate floor space of 6,000 m².

Completions of projects

In February 2019, the Company completed the construction of the second stage of the Miasto Moje project comprising 145 apartments and 3 commercial units with an aggregate floor space of 8,100 m².

In March 2019, the Company completed the construction of the second stage of the City Link project comprising 184 apartments and 5 commercial units with an aggregate floor space of 8,800 m², via a joint venture entity in which the Company holds a 50% interest.

In March 2019, the Company completed the construction of the Nova Królikarnia 2a project comprising 45 units with an aggregate floor space of 3,200 m².

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 20 – Events during the period (cont'd)****Sale of land**

In February 2019, a subsidiary of the Company signed a final sale agreement for selling the property located in Wrocław, at Buforowa Street. The sale price was set at PLN 6.5 million increased by VAT. An advance of PLN 650 thousand was received before the end of December 2018, whereas the remaining portion of the price was received in February 2019 when the final sale agreement was signed.

Share buyback program

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 authorized 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.

Wilanów Tulip

In March 2019, the Company, via a joint venture entity in which the Company holds a 50% interest, signed a final agreement for purchasing the right of perpetual usufruct of property located in Warsaw, Wilanów district, at Syta street. The purchase price of this project has been set at PLN 15 million and will be increased by the applicable VAT (the Group share being PLN 7.5 million). The JV Company purchased the project together with the valid building permit and part of the construction works already commenced prior to the acquisition. The project will comprise 150 units with an aggregate floor space of 9,600 m².

Appointment of new Member of the Management Board

In 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

In 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.

Note 21 – Subsequent events**Commencements of new projects**

In May 2019, the Company commenced the construction work of the third (and the last) stage of the Vitalia project comprising 81 apartments with an aggregate floor space of 6,800 m².

Completions of projects

In April 2019, the Company completed the construction of the Vitalia II project comprising 83 units with a total area of 4,700 m².

Share buyback program

From 31 March 2019 until 12 May 2019, the Company acquired 199,111 own shares for a total price of PLN 176 thousand (on average PLN 0.88 per share). As at 12 May 2019, the Company held 278,453 own shares representing 0.17% of total shares issued by the Company.

Interim Condensed Consolidated Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 21 – Subsequent events (cont'd)****Call Option Agreement**

In April 2019, the Company (via its subsidiary) exercised the first call option under the Call Option Agreements as a result of which the Company acquired shares in companies holding four substages of the Nova Królikarnia project, comprising 84 units with an aggregate floor space of 9,200 m². The Company is planning to commence construction of all 84 units during the remainder of 2019.

Dividend

On 13 May 2019, the Management Board adopted a resolution on the proposal to distribute the net profit of the Company for year 2018 in the amount of PLN 13,497 thousands in a following way:

- to allocate for the dividend payment to the shareholders of the Company the amount of PLN 0,06 (six groszy) per share, with the total amount depending on the number of own shares (where there is no right to dividend) held by the Company on the dividend record date and such total amount not exceeding, in any case, PLN 9,840 thousands,
- to allocate the remaining portion of the net profit of the Company for year 2018 to retained earnings of the Company.

The Management Board proposed to set the dividend record date for 18 June 2019 and the date of dividend payment for 25 June 2019.

The Management Board's proposal was positively evaluated by the Supervisory Board.

The Management Board

Nir Netzer
 President of the Management Board

Rami Geris
 Vicepresident of the Management Board, CFO

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

Boaz Haim
 Member of the Management Board

Alon Haver
 Member of the Management Board

Warsaw, 13 May 2019

Interim Condensed Company Financial Statement for the three months ended 31 March 2019

Interim Condensed Company Statement of Financial Positions

As at		31 March 2019 (Reviewed/ Unaudited)	31 December 2018 (Audited)
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Assets			
Investment in subsidiaries	6	411,287	407,309
Loan granted to subsidiaries	7	94,819	123,985
Deferred tax asset		535	480
Total non-current assets		506,641	531,774
Trade and other receivables and prepayments		190	187
Receivable from subsidiaries		1,917	640
Loan granted to subsidiaries	7	57,613	31,851
Cash and cash equivalents		26,961	2,147
Total current assets		86,681	34,825
Total assets		593,322	566,599
Equity			
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Treasury shares		(66)	-
Capital reserve		1,934	-
Retained earnings		182,249	180,699
Total shareholders' equity		346,898	343,480
Liabilities			
Bond loans	8	175,558	153,683
Total long-term liabilities		175,558	153,683
Bond loans	8	53,296	51,864
Loans from subsidiaries		3,309	3,309
Trade and other payables and accrued expenses		14,261	14,263
Total current liabilities		70,866	69,436
Total liabilities		246,424	223,119
Total shareholders' equity and liabilities		593,322	566,599

The notes included on pages 60 to 64 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2019
Interim Condensed Company Statement of Comprehensive Income

For the three months ended		31 March 2019	31 March 2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	(Reviewed/ Unaudited)	(Not reviewed/ Unaudited)
Revenues from consulting services		1,240	1,860
General and administrative expense		(813)	(805)
Share of profit/(loss) from subsidiaries	6	3,978	4,305
Other expenses		(8)	-
Operating profit/(loss)		4,397	5,360
Finance income		2,168	1,245
Finance expense		(3,136)	(2,741)
Net finance income/(expense)		(968)	(1,496)
Profit/(loss) before taxation		3,429	3,864
Income tax benefit/(expense)	9	55	-
Profit/(loss) for the period		3,484	3,864

The notes included on pages 60 to 64 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2019**Interim Condensed Company Statement of Changes in Equity**

<i>In thousands of Polish Zlotys (PLN)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Capital reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2019	12,503	150,278	-	-	180,699	343,480
Net profit for the period ended 31 March 2019	-	-	-	-	3,484	3,484
Capital reserves	-	-	-	2,000	(2,000)	-
Repurchase of own shares	-	-	(66)	(66)	66	(66)
Balance at 31 March 2019 (Reviewed/ Unaudited)	12,503	150,278	(66)	1,934	182,249	346,898

Repurchase of own shares

During the Extraordinary General Meeting of Shareholders held on 24 January 2019, the shareholders of the Company resolved to approve a share buyback program and the establishment of a capital reserve for the purpose of such program, whereby the Management Board of the Company is authorized to purchase ordinary bearer shares in the Company. In order to fund the purchase of own shares under the buyback program a capital reserve is established for an amount of PLN 2.0 million, which amount has been transferred to the capital reserve from the Company's retained earnings reserve. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back (for additional information see Note 10 to the Interim Condensed Consolidated Financial Statements).

During the three months period ended 31 March 2019, the Company acquired 79,342 own shares for a total price of PLN 66 thousand (on average PLN 0.827 per share). As at 31 March 2019, the Company held 79,342 own shares representing 0.05% of total shares issued by the Company.

<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 period ended 31 March 2018	-	-	3,864	3,864
Balance at 31 March 2018 (Not reviewed / Unaudited)	12,503	150,278	178,972	341,753

The notes included on pages 60 to 64 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2019

Interim Condensed Company Statement of Cash Flows

For the period ended 31 March		2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Not reviewed / Unaudited)</i>
Cash flows from operating activities			
Profit for the period		3,484	3,864
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>			
Finance income		(2,168)	(1,245)
Finance expense		3,136	2,741
Income tax expense/(benefit)	9	(55)	-
Share of profit/(loss) from subsidiaries	6	(3,978)	(4,305)
Subtotal		419	1,055
Decrease/(increase) in trade and other receivables and prepayments		(3)	(60)
Decrease/(increase) in receivable from subsidiaries		(1,277)	(365)
Increase/(decrease) in trade and other payable and accrued expense		(2)	(127)
Subtotal		(863)	503
Interest paid		(1,389)	(1,477)
Interest received		42	-
Net cash used in operating activities		(2,210)	(974)
Cash flows from investing activities			
Loans granted to subsidiaries, net of issue cost	7	(14,962)	-
Proceeds from loans granted to subsidiaries	7	20,492	1,700
Dividend from subsidiary	6	-	4,500
Net cash used in investing activities		5,530	6,200
Cash flows from financing activities			
Repurchase of own share		(66)	-
Proceeds from bond loans, net of issue costs	8	31,560	-
Repayment of bond loans	8	(10,000)	(5,000)
Net cash from financing activities		21,494	(5,000)
Net change in cash and cash equivalents		24,814	226
Cash and cash equivalents at 1 January		2,147	252
Cash and cash equivalents at the end of the period		26,961	478

The notes included on pages 60 to 64 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Company Financial Statements**Note 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. During 2018, the Company changed its name and was transformed into a European Company (SE) and, effectively as of 31 October 2018, transferred its registered office of the Company 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 which financial data are included in the Interim Condensed Consolidated Financial Statements reference is made to Note 7.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 31 March 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.05% of the shares are held by the Company. The remaining 33.89% of the shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. There are no privileged shares issued by the Company. It shall be noted that as at 31 March 2019 the Company held 79,342 own shares (0.05%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

Note 2 – Basis of preparation of Interim Condensed Company Statements

These Interim Condensed Company Financial Statements of Ronson Development SE have been prepared in accordance with IFRS, in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRSs adopted by the EU. The Interim Condensed Company Financial Statements do not include all the information and disclosures required in annual financial statements prepared in accordance with the IFRS and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018, which have been prepared in conformity with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, the IFRSs applied by the Company are not different from 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 Company 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.

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 13 May 2019 in both English and Polish languages, while the Polish version is binding.

For additional information about significant accounting policy and the influence of the new accounting standard, see note 3 of the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Company Financial Statements****Note 3 – 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 Company 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 2018.

Note 4 – 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.

Note 5 – Seasonality

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

Note 6 – Investment in subsidiaries

The subsidiaries of the Company are valued with equity methods:

The movements in subsidiaries are as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the 12 months ended 31 December 2018 (Audited)	For the 3 months ended 31 March 2018 (Not reviewed/ Unaudited)
Balance at beginning of the period	407,309	454,422	454,422
Investments in subsidiaries	-	2,071	-
Net result subsidiaries during the period	3,978	11,382	4,305
Dividend from subsidiaries	-	(62,500)	(4,500)
Acquisition of non-controlling interest	-	1,934	-
Balance at end of the period	411,287	407,309	454,227

The Company holds and owns (directly and indirectly) 103 companies. 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. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Company Financial Statements

Note 7 – Loan granted to subsidiaries

Movements in loans granted to subsidiaries are as follows:

<i>In thousands of Polish Zloty (PLN)</i>	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the 12 months ended 31 December 2018 (Audited)	For the 3 months ended 31 March 2018 (Not reviewed/ Unaudited)
Opening balance	155,836	83,557	83,557
Loans granted	15,000	82,000	-
Loans repayment during the period	(20,492)	(14,700)	(1,700)
Loans transferred by sale to the shareholder	-	(3,429)	-
Charges and fees	(38)	-	-
Amortization of charges and fees	84	421	104
Accrued interest	2,042	7,987	1,140
Total closing balance	152,432	155,836	83,101
Closing balance includes:			
Current liabilities	57,613	31,851	25,198
Non-current liabilities	94,819	123,985	57,903
Total closing balance	152,432	155,836	83,101

The loans are not secured.

Note 8 – Bonds loans

The table below presents the movement in Bond loans during the three months ended 31 March 2019, during the year ended 31 December 2018 and during the three months ended 31 March 2018:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 3 months ended 31 March 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 3 months ended 31 March 2018 (Not reviewed/ Unaudited)
Opening balance	205,547	197,308	197,308
Repayment of bond loans	(10,000)	(42,160)	(5,000)
Proceeds from bond loans	32,317	50,000	-
Issue cost	(757)	(654)	-
Issue cost amortization	327	837	212
Accrued interest	2,783	10,958	2,498
Interest repayment	(1,363)	(10,742)	(1,447)
Total closing balance	228,854	205,547	193,571
Closing balance includes:			
Current liabilities	53,296	51,864	49,894
Non-current liabilities	175,558	153,683	143,677
Total closing balance	228,854	205,547	193,571

Interim Condensed Company Financial Statement for the three months ended 31 March 2019**Notes to the Interim Condensed Company Financial Statements****Note 9 – Income tax**

For the 3 months ended	2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Not reviewed/ Unaudited)</i>
Current tax expense		
Current period	-	-
Taxes in respect of previous periods	-	-
Total current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	93	-
Tax losses utilized/(recognized)	(148)	-
Total deferred tax (benefit)/expense	(55)	-
Total income tax expense/(benefit)	(55)	-

Note 10 – Commitments and contingencies**Nova Królikarnia transaction**

As part of the Nova Królikarnia acquisition (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2018), 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 was exercised (via its subsidiary) in April 2019 for an amount of PLN 33.9 million to be paid in three installments: PLN 7.0 million in April 2019, PLN 16.9 million in October 2019 and PLN 10.0 million in October 2020. 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. As the result of the first call option being exercised, the amount of the fee contingency decreased to PLN 6.8 million.

Guarantees granted by the Company

The Company granted 121 sureties 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. Sureties 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.

Interim Condensed Company Financial Statement for the three months ended 31 March 2019

Notes to the Interim Condensed Company Financial Statements**Note 11 – Related parties transactions**

There were no transactions and balances with related parties during the three months ended 31 March 2019 other than the remuneration of the Management Board, loans granted to related parties, the reimbursement of audit review costs and an agreement with the major (indirect) shareholder, A. Luzon Group, covering costs of remuneration of two members of the Management Board and of the Chairman of the Supervisory Board for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Note 12 – Events during the period

For events during the period, reference is made to Note 20 to the Interim Condensed Consolidated Financial Statements.

Note 13 – Subsequent events

For subsequent events, reference is made to Note 21 to the Interim Condensed Consolidated Financial Statements.

The Management Board

Nir Netzer

President of the Management Board

Rami Geris

Vicepresident of the Management Board, CFO

Andrzej GutowskiVicepresident of the Management Board,
Sales and Marketing Director

Boaz Haim

Member of the Management Board

Alon Haver

Member of the Management Board

Warsaw, 13 May 2019

Independent Auditors' Report

**Independent Auditor's Report
on review of interim condensed consolidated financial statements
for the 3 months period ended 31 March 2019****To the Shareholders and Supervisory Board of Ronson Development SE***Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Development SE (the 'Group'), with its parent company Ronson Development SE (the 'Company') located in Warsaw, Av. Komisji Edukacji Narodowej 57, as of 31 March 2019 including: the interim condensed consolidated statement of financial position as at 31 March 2019, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the period from 1 January 2019 to 31 March 2019 and the notes to the interim condensed consolidated financial statements (the 'interim condensed consolidated financial statements').

The Company's Management is responsible for the preparation and presentation of the accompanying interim condensed consolidated financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards 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.

Conclusion

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 the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Independent Auditors' Report

Independent Auditor's Report on review of interim condensed consolidated financial statements for the 3 months period ended 31 March 2019

Other matters

On 13 May 2019 we also issued a review report in accordance with International Standards on Review Engagements 2410 as adopted in the National Review Standards issued by the National Council of Statutory Auditors ('NAS') in Poland and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014') on the interim condensed consolidated financial statements of the Group prepared for the same period in Polish and in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Key Certified Auditor

Marcin Zieliński
certified auditor
no in the register: 10402

on behalf of:
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130

Warsaw, 13 May 2019

Independent Auditors' Report

**Independent Auditor's Report
on review of interim condensed financial statements
for the 3 months period ended 31 March 2019****To the Shareholders and Supervisory Board of Ronson Development SE***Introduction*

We have reviewed the accompanying interim condensed financial statements of Ronson Development SE (the 'Company') with registered office located in Warsaw, Av. Komisji Edukacji Narodowej 57, as of 31 March 2019, including: the interim condensed company statement of financial positions as at 31 March 2019, the interim condensed company statement of comprehensive Income, the interim condensed company statement of changes in equity, the interim condensed company statement of cash flows for the period from 1 January 2019 to 31 March 2019 and the notes to the interim condensed company financial statements (the 'interim condensed financial statements').

The Company's Management is responsible for the preparation and presentation of the accompanying interim condensed financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the accompanying interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Independent Auditors' Report

Independent Auditor's Report on review of interim condensed financial statements for the 3 months period ended 31 March 2019

Other matters

On 13 May 2019 we also issued a review report in accordance with International Standards on Review Engagements 2410 as adopted in the National Review Standards issued by the National Council of Statutory Auditors ('NAS') in Poland and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014') on the interim condensed financial statements of the Company prepared for the same period in Polish and in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Key Certified Auditor

Marcin Zieliński
certified auditor
no in the register: 10402

on behalf of:
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130

Warsaw, 13 May 2019