



INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and the Supervisory Board of Ronson Development SE

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Ronson Development SE (formerly: Ronson Europe NV) (the 'Company') located in Warsaw at Al. Komisji Edukacji Narodowej 57 containing: the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period from 1 January 2018 to 31 December 2018 and notes to the financial statements (the 'financial statements').

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the period from 1 January 2018 to 31 December 2018 in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union ('IFRS') and the adopted accounting policies.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the consolidated financial statements*' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Valuation of investments in subsidiaries and loans granted to subsidiaries</p> <p>As at 31 December 2018, the investments in subsidiaries amounting to 407 million zloty and the loans granted to subsidiaries amounting to 156 million zloty presented in the financial statements of the Company constitute 99% of total assets. The investments in subsidiaries are accounted for using the equity method, initially stated at cost and adjusted subsequently for the post-acquisition changes in the Company's share of the net assets of subsidiaries. The loans granted are measured at amortized cost less impairment.</p> <p>The accounting for the investments in subsidiaries as well as loans granted to these entities, is significant to our audit as the carrying value of investments in subsidiaries and the share in their results constitute major elements of the Company's financial statements. Furthermore, in determining financial results of subsidiaries, certain judgements need to be applied which refer mainly to the inventory write-offs recognized at the level of subsidiaries.</p> <p>Considering the significant impact on the Company's assets as well as dependency on the estimates and judgements, we consider valuation of investments in subsidiaries and loans granted to them as a key audit matter.</p>	<p>We have gained understanding of the Company's processes and accounting policies related to the accounting for its investments in subsidiaries. We discussed and documented methods used by the Company for the purpose of identification of impairment indicators in respect of investments and loans granted to subsidiaries as well as their assessment and calculation. We obtained and discussed with the Company the equity pick-up and impairment test calculation performed by Ronson on an annual basis to account for net investments in subsidiaries as of 31 December 2018.</p> <p>We evaluated the judgments made and assumptions used when assessing the impairment. We reconciled the source data of respective subsidiaries, such as net result and net assets, to the financial data of subsidiaries being subject to our audit procedures. We also checked for mathematical accuracy and recalculated the equity pick-up analysis performed by the Company. We also compared the subsidiaries' structure, and the Company's share in net assets of subsidiaries to the prior period. We discussed significant changes with the Company's representatives and reconciled them to the supporting documentation.</p> <p>Furthermore, we have also evaluated the adequacy of disclosures related to investments in subsidiaries and loans presented in Notes 10 and 11 of the Company's financial statements.</p>

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with ISAs will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these financial statements.

The scope of the audit does not include assurance on the future profitability of the Company nor effectiveness of conducting business matters now and in the future by the Company's Management.

Throughout the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of the Company's Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the members of the Company's Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the members of the Company's Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

We also issued an auditor's report in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards 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 financial statements of the Company for the same period prepared in Polish and in accordance with International Financial Reporting Standards approved by the European Union and the adopted accounting policies.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2018 to 31 December 2018, the representation on the corporate governance and the Annual Report for the period from 1 January 2018 to 31 December 2018 (the 'Annual Report'), (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act').

Auditor's responsibility

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements.

In addition, we are required to inform whether the Company has prepared the representation on non-financial information and to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Company has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree on current and periodic information included in the representation on application of corporate governance is in accordance with applicable laws and information included in the financial statements.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we represent that services other than audits of the financial statements, which we have provided to the Company, are compliant with the laws and regulations applicable in Poland, and that we have not provided non-audit services, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors. The non-audit services, which we have provided to the Company and its subsidiaries in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Company's financial statements based on the resolution of the Supervisory Board dated 17 December 2018. The consolidated financial statements of the Group have been audited by us as Ernst & Young network for the last 10 consecutive years starting from the financial year ended on 31 December 2009, however the consolidated financial statements for the previous years were audited by another firm from our network i.e. Ernst & Young Accountants LLP due to the fact that the registered seat of the Company until 31 October 2018 was based in Rotterdam in the Netherlands.

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, 14 March 2019