

Ronson Development SE

Interim Financial Report
for the six months
ended
30 June 2019

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the 6 months ended 30 June 2019
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the 6 months ended 30 June 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. 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 30 June 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.22% of the shares are held by the Company. The remaining 33.72% 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 30 June 2019 the Company held 353,018 own shares (0.22%) 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 9 August 2019, the market price was PLN 0.880 per share giving the Company a market capitalization of PLN 144.3 million.

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.

On 5 April 2019, the Company (via its subsidiary) exercised the first call option, based on call option agreements concluded on 10 April 2018 with Global City Holdings B.V. (hereinafter "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. After the execution of the first call option, 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 can be executed the latest in April 2020.

As at 30 June 2019, the Group has 897 units available for sale in 14 locations, of which 792 units are available for sale in ongoing projects and the remaining 105 units are in completed projects. The ongoing projects comprise a total of 1,445 units, with an aggregate floor space of 82,800 m². The construction of 479 units with a total area of 24,500 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 4,461 units with an aggregate floor space of approximately 282,300 m² for future development in Warsaw, Poznań, Wrocław and Szczecin. During the remainder of 2019, the Group is considering commencement of 3 stages of the currently running projects comprising 227 units with a total area of 14,200 m² and 2 new projects comprising 175 units with a total area of 9,400 m² (in total 402 units with a total area of 23,600 m²).

During the six months ended 30 June 2019, the Group realized sales of 345 units with the total value of PLN 148.0 million, which compares to sales of 436 units with the total value PLN 173.6 million during the six months ended 30 June 2018.

In addition during the six months ended 30 June 2019, the Group signed 70 reservation agreements in the Ursus Centralny I project for the total value of PLN 25.3 million. The reservation agreements were not converted to the preliminary purchased agreements yet.

Management Board Report

Overview of the Activity of the Company and the Group

Dividend

On 13 May 2019, the Management Board adopted a resolution on the proposal to distribute to its shareholders a dividend from the Company's net profit for year 2018 in the amount of PLN 0,06 per share (in total not more than PLN 9,840 thousands, depending on number of own shares held by the Company on the dividend day).

On 11 June 2019, the General Meeting of the Company resolved to distribute the dividend in accordance with the abovementioned proposal of the Management Board. The dividend in the total amount of PLN 9,820 thousand was paid on 25 June 2019.

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	
		30 June 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%

(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.

Management Board Report

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	
		30 June 2019	31 December 2018
b. held indirectly by the Company (cont'd):			
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%
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%
104. Darwen Sp. z o.o. ⁽²⁾	2017	100%	n.a.
105. Truro Sp. z o.o. ⁽²⁾	2017	100%	n.a.
106. Tregaron Sp. z o.o. ⁽²⁾	2017	100%	n.a.
107. Totton Sp. z o.o. ⁽²⁾	2017	100%	n.a.

(2) Acquired during execution of first call option agreement on 5 April 2019. For additional information see page 1.

Management Board Report

Business highlights during the six months ended 30 June 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 six months ended 30 June 2019:

Project name	Location	Number of units	Area of units (m ²)
Miasto Moje II	Warsaw	148	8,100
Nova Królikarnia 2a & 2b	Warsaw	73	5,500
City Link II ⁽¹⁾	Warsaw	189	8,800
Vitalia II	Wrocław	83	4,800
Miasto Marina ⁽²⁾	Wrocław	151	6,200
Total		644	33,400

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

(2) The Company received a permit for use of the buildings, while the final permit for use of the units, due to the purpose of the project, will be received after having carried minor fit-out works appropriate to the apart-hotel functionality.

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 six months ended 30 June 2019 amounted to PLN 136.5 million, whereas cost of sales amounted to PLN 112.2 million, which resulted in a gross profit amounting to PLN 24.3 million with a gross margin of 17.8%. Total economic revenue, whereby results from joint ventures are presented on a fully consolidated basis, amounted to PLN 202.9 million, with cost of sales amounting to PLN 163.4 million, which resulted in a gross profit amounting to PLN 39.5 million with a gross margin of 19.5%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the six months ended 30 June 2019 on a project by project basis:

Project	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	145	8,134	48,230	35.3%	37,510	33.4%	10,720	22.2%
Vitalia I & II	66	3,723	22,210	16.3%	18,387	16.4%	3,823	17.2%
Nova Królikarnia 1a - 1e	14	1,825	18,905	13.9%	16,148	14.4%	2,757	14.6%
Nova Królikarnia 2a & 2b	41	2,994	30,185	22.1%	27,082	24.1%	3,103	10.3%
Espresso	3	168	1,189	0.9%	1,001	0.9%	188	15.8%
Moko	7	772	7,194	5.3%	5,342	4.8%	1,852	25.7%
Chilli IV	8	550	2,096	1.5%	2,055	1.8%	41	2.0%
Młody Grunwald	3	357	2,104	1.5%	2,108	1.9%	(4)	n.a.
Panoramika II & III	2	162	915	0.7%	916	0.8%	(1)	n.a.
Other	2	126	3,429	2.5%	1,635	1.5%	1,794	n.a.
Total / Average	291	18,811	136,457	100%	112,184	100%	24,273	17.8%
Sales of land	-	-	6,500		6,312		188	n.a.
Total / Average	291	18,811	142,957		118,496		24,461	17.1%
City Link I & II ⁽³⁾	143	6,334	59,954		44,883		15,071	25.1%
Economic results ⁽⁴⁾	434	25,145	202,911		163,379		39,532	19.5%

(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%).

Management Board Report

Business highlights during the six months ended 30 June 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 Marywilaska 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.

Vitalia I & II

The construction of the first and second stages of the Vitalia project was completed in September 2017 and May 2019, respectively. The first and second stages of this project were 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. The second stage of this project comprises 83 apartments with an aggregate floor space of 4,800 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 & 2b

The construction of the Nova Królikarnia 2a and 2b was completed in March 2019 and May 2019, respectively. The projects were 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. The Nova Królikarnia 2b project comprises 28 units and an aggregate floor space of 2,300 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.

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.

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.

Management Board Report

Business highlights during the six months ended 30 June 2019 (cont'd)

B. Results breakdown by project (cont'd)

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.

Miasto Marina

The construction of the Miasto Marina project was completed in June 2019. The Miasto Marina project was developed on a land strip located in Wrocław at Na Grobli Street, and comprises 151 units with an aggregate floor space of 6,200 m². The Company received a permit for use of the buildings, while the final permit for use of the units, due to the purpose of the project, will be received after having carried minor fit-out works appropriate to the apart-hotel functionality.

Other

Other revenues are mainly associated with fee income for management services provided to joint ventures projects and with rental revenues, as well as with delivery of 2 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 six months ended 30 June 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 six months ended 30 June 2019:

Project name	Location	Units sold until 31 December 2018	Units sold during the 6 months ended 30 June 2019	Units for sale as at 30 June 2019	Total
Espresso ⁽¹⁾	Warsaw	657	2	2	661
Miasto Moje I & II ⁽¹⁾	Warsaw	321	22	10	353
Miasto Moje III ⁽²⁾	Warsaw	-	79	117	196
Młody Grunwald ⁽¹⁾	Poznań	377	3	13	393
City Link III ⁽²⁾	Warsaw	286	43	39	368
Miasto Marina ⁽¹⁾	Wrocław	76	29	46	151
Vitalia I & II ⁽¹⁾	Wrocław	205	15	2	222
Vitalia III ⁽²⁾	Wrocław	-	7	74	81
Grunwald ² ⁽²⁾	Poznań	71	64	133	268
Chilli IV ⁽¹⁾	Poznań	24	18	3	45
Panoramika II & III ⁽¹⁾	Szczecin	228	1	-	229
Panoramika IV ⁽²⁾	Szczecin	57	24	30	111
Panoramika V ⁽²⁾	Szczecin	-	14	101	115
Moko ⁽¹⁾	Warsaw	342	1	2	345
Nova Królikarnia 1a -1e ⁽¹⁾	Warsaw	94	6	6	106
Nova Królikarnia 2a & 2b ⁽¹⁾	Warsaw	59	9	5	73
Nova Królikarnia 2c ⁽²⁾	Warsaw	-	4	14	18
Ursus Centralny I ^{(2)/(4)}	Warsaw	-	-	138	138
Other (old) projects		6	1	14	21
Total excluding JV		2,803	342	749	3,894
City Link I & II ^{(1)/(3)}	Warsaw	510	(1)	2	511
Wilanów Tulip ^{(2)/(3)}	Warsaw	-	4	146	150
Total including JV		3,313	345	897	4,555

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 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 and/or on sale".

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

(4) The Group commenced the construction works in June 2019 and start presale based on reservation agreements. As at the 30 June 2019, the Company has signed reservation agreements for 70 units in this project.

Management Board Report

Business highlights during the six months ended 30 June 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:

Project name	Location	Number of units	Sold during the six months ended 30 June 2019	
			Net saleable area (m ²)	Value of the preliminary sales agreements (in PLN thousands)
Espresso ⁽¹⁾	Warsaw	2	95	629
Miasto Moje I & II ⁽¹⁾	Warsaw	22	1,723	9,967
Miasto Moje III ⁽²⁾	Warsaw	79	3,110	21,078
Młody Grunwald ⁽¹⁾	Poznań	3	375	2,016
City Link III ⁽²⁾	Warsaw	43	2,606	27,892
Miasto Marina ⁽¹⁾	Wrocław	29	1,139	10,013
Vitalia I & II ⁽¹⁾	Wrocław	15	1,026	6,307
Vitalia III ⁽²⁾	Wrocław	7	500	3,462
Grunwald ² ⁽²⁾	Poznań	64	3,038	20,286
Chilli IV ⁽¹⁾	Poznań	18	1,235	4,609
Panoramika II & III ⁽¹⁾	Szczecin	1	91	533
Panoramika IV ⁽²⁾	Szczecin	24	1,265	7,033
Panoramika V ⁽²⁾	Szczecin	14	585	3,498
Moko ⁽¹⁾	Warsaw	1	116	1,186
Nova Królikarnia 1a -1e ⁽¹⁾	Warsaw	6	1,056	8,908
Nova Królikarnia 2a & 2b ⁽¹⁾	Warsaw	9	792	8,515
Nova Królikarnia 2c ⁽²⁾	Warsaw	4	785	10,123
Other (old) projects		1	56	804
Total excluding JV		342	19,593	146,859
City Link I & II ⁽¹⁾⁽³⁾	Warsaw	(1)	(82)	(542)
Wilanów Tulip ⁽²⁾⁽³⁾	Warsaw	4	188	1,729
Total including JV		345	19,699	148,046

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 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 and/or on sale".

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

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

Location <i>In thousands of Polish Zlotys (PLN)</i>	Sold during the 6 months ended		Increase/(decrease)	
	30 June 2019	30 June 2018	In thousands of PLN	%
Warsaw*	89,485	118,366	(28,881)	-24%
Wrocław	19,782	21,684	(1,902)	-9%
Szczecin	11,064	9,547	1,517	16%
Poznań	26,911	23,237	3,674	16%
Other	804	813	(9)	n.a.
Total	148,046	173,647	(25,601)	-15%

* In addition the Group signed 70 reservation agreements in the Ursus Centralny I project for the total value of PLN 25.3 million.

Management Board Report

Business highlights during the six months ended 30 June 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 six months ended 30 June 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
Vitalia III	Wrocław	81	6,800
Ursus Centralny I ⁽²⁾	Warsaw	138	7,600
Total		680	40,200

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

(2) The Company commenced the construction works in June 2019 and start presale based on reservation agreements.

For additional information see section "Outlook for the year 2019 – B. Current projects under construction and/or on sale".

E. Land purchase/sale

Wilanów Tulip

In March 2019, the Group, via a joint venture entity in which the Group holds a 50% interest (hereinafter "JV Company"), 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.

Exercise of the first call option agreement – Nova Królikarnia

On 5 April 2019, the Company exercised the 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 was paid in April 2019, PLN 16.9 million to be paid in October 2019 and PLN 10.0 million in October 2020.

Sale of land – Matisse II

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.

Management Board Report

Business highlights during the six months ended 30 June 2019 (cont'd)

F. 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 a 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.

On 11 June 2019, the General Meeting of the Company resolved to distribute a dividend for the year 2018 in accordance with the abovementioned proposal of the Management Board. The dividend in the total amount of PLN 9,820 thousand, was paid on 25 June 2019.

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 27 through 59 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 60 through 69 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 six months ended 30 June 2019 was PLN 12,164 thousand and can be summarized as follows:

	For the six months ended	
	30 June	
	2019	2018
	PLN	
	(thousands, except per share data)	
Revenue from sales and services of residential projects	136,457	170,214
Revenue from sales of land	6,500	-
Revenue	142,957	170,214
Cost of sales of residential units	(112,184)	(142,602)
Cost of sales of land	(6,312)	-
Cost of sales	(118,496)	(142,602)
Gross profit	24,461	27,612
Selling and marketing expenses	(2,584)	(2,416)
Administrative expenses	(9,467)	(9,604)
Share of profit/(loss) from joint ventures	6,481	2,651
Other income/(expenses), net	(1,236)	(1,100)
Result from operating activities	17,655	17,143
Finance income	386	301
Finance expenses	(2,580)	(3,089)
Net finance income/(expenses)	(2,194)	(2,788)
Profit/(loss) before taxation	15,461	14,355
Income tax expenses	(3,297)	(2,575)
Net profit/(loss) for the period before non-controlling interests	12,164	11,780
Non-controlling interests	-	(1,479)
Net profit/(loss) for the period attributable to the equity holders of the parent	12,164	10,301
Net earnings per share attributable to the equity holders of the parent (basic and diluted)	0.074	0.063

Management Board Report

Overview of results (cont'd)

Revenue

The revenue from sales and services of residential units decreased by PLN 33.7 million (19.8%) from PLN 170.2 million during the six months ended 30 June 2018 to PLN 136.5 million during the six months ended 30 June 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m²). The decrease was offset in part by the increase in average selling price per m².

Cost of sales

Cost of sales of residential units decreased by PLN 30.4 million (21.3%) from PLN 142.6 million during the six months ended 30 June 2018 to PLN 112.2 million during the six months ended 30 June 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m²). The decrease was offset in part by the increase in construction cost per m².

Gross margin

The gross margin from sales of residential units during the six months ended 30 June 2019 was 17.8% which compares to 16.2% during the six months ended 30 June 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 six months ended 30 June 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

Selling and marketing expenses increased by PLN 0.2 million (7.0%) from PLN 2.4 million during the six months ended 30 June 2018 to PLN 2.6 million during the the six months ended 30 June 2019, which is primarily explained by the commencement of 4 new projects/stages with a total of 530 units (excluding Wilanów Tulip) during the the six months ended 30 June 2019 compared to 2 new projects/stages with a total of 296 units commenced during the six months ended 30 June 2018.

Administrative expenses

Administrative expenses before the impact of IFRS 15 amounted to PLN 10.6 million during the six months ended 30 June 2019 (in comparison to PLN 9.6 million during the six months ended 30 June 2018), i.e. increased by PLN 1.0 million (9.0%). The increase is primarily explained by the increase in personnel 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 six months ended 30 June 2019, the profit from joint ventures allocated to the Company, amounted to PLN 6.5 million which compares to a profit amounting to PLN 2.7 million during the six months ended 30 June 2018. The increase is mainly explained by the delivery of 143 units in City Link project during the six months ended 30 June 2019, compare to 64 units during the six months ended 30 June 2018.

Other income/(expenses)

No material changes.

Result from operating activities

As a result of the factors described above, the Company's operating result increased by PLN 0.5 million, from an operating profit of PLN 17.1 million for six months ended 30 June 2018 to an operating profit of PLN 17.6 million for six months ended 30 June 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 that 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 6 months ended 30 June 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	386	-	-	386
Finance expense	(7,207)	4,646	-	(2,561)
Finance expense - on lease liabilities	(1,101)	-	1,082	(19)
Net finance income/(expense)	(7,922)	4,646	1,082	(2,194)

	For the 6 months ended 30 June 2018			
	PLN (thousands)			
	<u>Total amount</u>	<u>Amount capitalized</u>		<u>Recognized as profit or loss</u>
Finance income	301	-		301
Finance expense	(6,659)	3,570		(3,089)
Net finance income/(expense)	(6,358)	3,570		(2,788)

Finance expenses before capitalization and before impact of IFRS 16 increased by PLN 0.4 million (7.3%) from PLN 6.4 million during the six months ended 30 June 2018 to PLN 6.8 million during the six months ended 30 June 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	30 June 2019	31 December 2018
	PLN (thousands)	
Inventory and Residential Landbank	694,650	643,154
Advances received	178,295	152,452
Loans and borrowings	213,218	243,234

Inventory and Residential landbank

The balance of Inventory and Residential landbank is PLN 694.7 million as at 30 June 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 86.0 million, by the purchase of land for a total amount of PLN 34.5 million (Nova Królikarnia new stages) and by the impact of IFRS 16 (recognition of perpetual usufruct rights of real estate properties as an assets) for the amount of PLN 30.7 million. The increase was partly offset by cost of sales recognized for a total amount of PLN 111.2 million during the six months ended 30 June 2019.

Advances received

The balance of advances received is PLN 178.3 million as at 30 June 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 six months ended 30 June 2019 for a total amount of PLN 160.7 million. The increase is offset in part by revenues recognized from the sale of residential units for a total amount of PLN 134.8 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 213.2 million as at 30 June 2019 compared to PLN 243.2 million as at 31 December 2018. The decrease in loans and borrowings is primarily explained by the effect of repayment of bank loans for a total amount of PLN 58.0 million and repayment of bond loans for a total amount of PLN 40.0 million. The decrease is offset in part by the effect of proceeds from bank loans net of bank charges for a total amount of PLN 35.5 million and proceeds from a new bond loan net of issue costs for a total amount of PLN 31.6 million. Of the mentioned PLN 213.2 million, an amount of PLN 22.1 million comprises facilities maturing no later than 30 June 2020.

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

Bond loans as at 30 June 2019 amounted to PLN 197.7 million (as at 31 December 2018: PLN 205.5 million) comprising a bond loan principal amount of PLN 197.3 million plus accrued interest of PLN 2.1 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.7 million). For additional information see Note 12 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 30 June 2019, loans in this category amounted to PLN 15.5 million (as at 31 December 2018: PLN 37.7 million). For additional information see Note 13 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 six months ended	
	30 June	
	2019	2018
	PLN (thousands)	
Cash flow from/(used in) operating activities	<u>43,703</u>	<u>10,976*</u>
Cash flow from/(used in) investing activities	<u>(5,029)</u>	<u>4,276*</u>
Cash flow from/(used in) financing activities	<u>(43,352)</u>	<u>7,150</u>

* The Company reclassified the acquisition of Nova Królikarnia project (PLN 38.1 million) during the six months ended 30 June 2018 from Cash flow used in investing activities to Cash flow used in operating activities.

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the six months ended 30 June 2019 amounted to PLN 43.7 million which compares to a net cash inflow from operating activities during the six months ended 30 June 2018 amounted to PLN 11.0 million. The increase is principally explained by:

- a net cash inflow from advances received from clients regarding sales of residential units amounting to PLN 160.7 million during the six months ended 30 June 2019, comparing to a net cash inflow amounting to PLN 133.4 million during the six months ended 30 June 2018;
- a net cash outflow used in connection with acquisition of the Nova Królikarnia project amounted to PLN 20.6 million during the six months ended 30 June 2019, comparing to a net cash outflow used amounting to PLN 38.1 million during the six months ended 30 June 2018;

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 5.0 million during the six months ended 30 June 2019 compared to a net cash inflow from investing activities amounted to PLN 4.3 million during the six months ended 30 June 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 10.9 million during the six months ended 30 June 2019 compared to nil during the six months ended 30 June 2018.

The above mentioned effect was offset in part by:

- a cash inflow from the joint ventures amounting to PLN 6.7 million (from City Link project) during the six months ended 30 June 2019 compared to PLN 4.3 during the six months ended 30 June 2018.

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 43.4 million during the six months ended 30 June 2019 compared to a net cash inflow from financing activities amounted to PLN 7.2 million during the six months ended 30 June 2018. The decrease is primarily explained by:

- net repayment of secured bank loans amounting to PLN 22.5 million during the six months ended 30 June 2019 compared to a net repayment of secured bank loans amounting to PLN 15.0 million during the six months ended 30 June 2018;
- a payment of dividend amounting to PLN 9.8 million during the six months ended 30 June 2019 compared to PLN nil during the six months ended 30 June 2018;
- net repayment bond loans amounting to PLN 8.4 million during the six months ended 30 June 2019 compared to a net proceeds from bond loans amounting to PLN 22.2 million during the six months ended 30 June 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 (6 months)	4.294	4.252	4.340	4.252
2018 (6 months)	4.220	4.142	4.362	4.362
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 6 months ended 30 June			
	2019	2018	2019	2018
Revenues	33,292	40,335	142,957	170,214
Gross profit	5,697	6,543	24,461	27,612
Profit/(loss) before taxation	3,601	3,402	15,461	14,355
Net profit/(loss) for the period attributable to the equity holders of the parent	2,833	2,441	12,164	10,301
Cash flows from/(used in) operating activities	10,178	2,601	43,703	10,976
Cash flows from/(used in) investing activities	(1,171)	1,013	(5,029)	4,276
Cash flows from/(used in) financing activities	(10,096)	1,694	(43,352)	7,150
Increase/(decrease) in cash and cash equivalents	(1,089)	5,309	(4,678)	22,402
Average number of equivalent shares (basic)	163,873,259	164,010,813	163,873,259	164,010,813
Net earnings/(loss) per share (basic and diluted)	0.017	0.015	0.074	0.063

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Inventory and Residential landbank	163,370	149,571	694,650	643,154
Total assets	203,542	187,237	865,461	805,121
Advances received	41,932	35,454	178,295	152,452
Long term liabilities	49,774	44,440	211,638	191,092
Short term liabilities (including advances received)	72,508	62,918	308,306	270,549
Equity attributable to the equity holders of the parent	81,260	79,879	345,517	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 6 months ended 30 June 2019	Total units delivered	Sold until 30 June 2019	Units for sale as at 30 June 2019	Total units expected to be delivered	
Miasto Moje I & II	Warsaw	193	145	338	5	10	15	353
Nova Królikarnia 1a - 1e	Warsaw	80	14	94	6	6	12	106
Nova Królikarnia 2a & 2b	Warsaw	-	41	41	27	5	32	73
Espresso	Warsaw	656	3	659	-	2	2	661
Moko	Warsaw	336	7	343	-	2	2	345
Młody Grunwald	Poznań	376	3	379	1	13	14	393
Vitalia I & II	Wrocław	136	66	202	18	2	20	222
Chilli IV	Poznań	22	8	30	12	3	15	45
Panoramika II & III	Szczecin	227	2	229	-	-	-	229
Miasto Marina ⁽³⁾	Wrocław	-	-	-	105	46	151	151
Other (old) projects		12	2	14	3	14	17	31
Total excluding JV		2,038	291	2,329	177	103	280	2,609
City Link I & II ⁽²⁾	Warsaw	318	143	461	48	2	50	511
Total including JV		2,356	434	2,790	225	105	330	3,120

(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%.

(3) The Company received a permit for use of the buildings, while the final permit for use of the units, due to the purpose of the project, will be received after having carried minor fit-out works appropriate to the apart-hotel functionality., therefore part of the units might be delivered during 2020.

For information on the completed projects see "Business highlights during the six months ended 30 June 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, 2020 and in 2021. The Company has obtained construction permits for all projects/stages and has commenced construction.

Project name	Location	Units sold until 30 June 2019	Units for sale as at 30 June 2019	Total units	Net saleable area (m ²)	Expected completion of construction
City Link III	Warsaw	329	39	368	18,700	2019
Panoramika IV	Szczecin	81	30	111	5,800	2019
Panoramika V	Szczecin	14	101	115	6,000	2020
Nova Królikarnia 2c	Warsaw	4	14	18	3,600	2020
Miasto Moje III	Warsaw	79	117	196	10,200	2020
Grunwald ²	Poznań	135	133	268	14,500	2020
Vitalia III	Wrocław	7	74	81	6,800	2020
Ursus Centralny I	Warsaw	-	138	138	7,600	2021
Total excluding JV		649	646	1,295	73,200	
Wilanów Tulip ⁽¹⁾	Warsaw	4	146	150	9,600	2020
Total including JV		653	792	1,445	82,800	

(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)

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.

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.

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 of the Miasto Moje III 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)

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

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 construction works in June 2018, while completion is expected in the second quarter of 2020.

Vitalia III

Description of project

The third 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 and II projects. The third stage of this project will comprise 81 apartments with an aggregate floor space of 6,800 m².

Stage of development

The construction of the Vitalia III project commenced in May 2019, while completion is expected in the fourth 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.

Ursus Centralny I

Description of project

The first stage of Ursus Centralny project is being developed on a land strip located in Warsaw, Ursus district, at Gierdziejewskiego street. The stage comprise 129 apartments and 9 commercial units with an aggregate floor space of 7,600 m².

Stage of development

The construction of the first stage of Ursus Centralny project commenced in June 2019, while completion is expected in the first quarter of 2021. The Group signed 70 reservation agreements in the Ursus Centralny I project for a total value of PLN 25.3 million. The reservation agreements were not converted to the preliminary purchase agreements yet.

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 3 stages of ongoing projects and 2 new projects (comprising in total 402 units with a total area of 23,600 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 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

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

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 and 3b

The two sub-stages in the Nova Królikarnia project (of four sub-stages that were purchased under the first call option in April 2019), will comprise 51 units with an aggregate floor space of 5,400 m². In July 2019, the Company commenced the construction work of the Nova Krolikarnia 3b project comprising 23 apartments with an aggregate floor space of 2,300 m². The Company is considering commencing construction of the Nova Królikarnia 3a project 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. 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	324	Completed
Miasto Moje I & II	Warsaw	2,768	Completed
Espresso II, III & IV	Warsaw	26	Completed
Młody Grunwald I - III	Poznań	657	Completed
Panoramika II & III	Szczecin	29	Completed
Vitalia I & II	Wrocław	7,073	Completed
Chilli IV	Poznań	3,112	Completed
Miasto Marina	Wrocław	33,653	Completed
Nova Królikarnia 1a - 1e	Warsaw	8,152	Completed
Nova Królikarnia 2a & 2b	Warsaw	22,336	Completed
Other (old) projects		504	Completed
Subtotal completed projects ⁽¹⁾		78,634	
City Link III	Warsaw	159,484	2019
Panoramika IV	Szczecin	20,115	2019
Panoramika V	Szczecin	3,498	2020
Grunwald ²	Poznań	40,819	2020
Miasto Moje III	Warsaw	21,078	2020
Nova Królikarnia 2c	Warsaw	10,123	2020
Vitalia III	Wrocław	3,462	2020
Subtotal ongoing projects ⁽²⁾		258,579	
City Link I - II ^{(1)/(3)}	Warsaw	26,568	Completed
Wilanów Tulip ^{(2)/(3)}	Warsaw	1,729	2020
Subtotal projects held by joint venture		28,297	
Total		365,510	

(1) For information on the completed projects see "Business highlights during the six months ended 30 June 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 9 August 2019, the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

	9 August 2019 Number of shares / % of shares	Change in number of shares	As at 30 June 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⁾	108,349,187 66.06%	-	108,349,187 66.06%	20,900,000 12.74 p.p.	87,449,187 53.32%
RN Residential B.V. ⁽¹⁾⁽²⁾	-	-	-	(20,900,000)	20,900,000
Nationale Nederlanden Otwarty Fundusz Emerytalny	n.a. 23,884,091 14.56%	-	n.a. 23,884,091 14.56%	-12.74 p.p. -	12.74% 23,884,091 14.56%
Metlife Otworthy Fundusz Emerytalny	n.a. Between 5%-10%	-	n.a. Between 5%-10%	-	n.a. Between 5%-10%

Votes

	As at 9 August 2019 Number of votes / % of votes	Change in votes ⁽³⁾	As at 30 June 2019 Number of votes / % of votes	Change in votes ⁽³⁾	As at 31 December 2018 Number of votes / % of votes
No. of votes ⁽³⁾:	163,587,130	(70,665)	163,657,795	(353,018)	164,010,813
I.T.R. Dori B.V. ⁽¹⁾	108,349,187 66.23%	-	108,349,187 66.20%	20,900,000 12.88 p.p.	87,449,187 53.32%
RN Residential B.V. ⁽¹⁾⁽²⁾	-	-	-	(20,900,000)	20,900,000
Nationale Nederlanden Otwarty Fundusz Emerytalny	0.00% 23,884,091 14.60%	-	n.a. 23,884,091 14.59%	-12.74 p.p. -	12.74% 23,884,091 14.56%
Metlife Otworthy Fundusz Emerytalny	n.a. Between 5%-10%	-	n.a. Between 5%-10%	-	n.a. Between 5%-10%

(1) The subsidiaries of A. Luzon Group.

(2) In June 2019 as a result of reorganization process of A. Luzon Group, RN Residential B.V. was merged into I.T.R. Dori B.V.

(3) 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.

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 30 June 2019 was equal to 353,018 shares, which constitute 0.22% of the share capital of the Company and votes at the General Meeting. As at 9 August 2019, the Company held 423,683 own shares representing 0.26% 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 six months ended 30 June 2019 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2018, 30 June 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, 30 June 2019 and as at the day of publishing this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 41.85%, 41.94%, and 41.96%, respectively.

Mr Piotr Palenik, member of the Supervisory Board, as at 31 December 2018, 30 June 2019 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 six months ended 30 June 2019 and until the date of publication of this report

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.

In March 2019, the Supervisory Board of the Company, also 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.

On 11 June 2019, the General Meeting of Shareholders of the Company decided to terminate the current joint five-year term of office of Members of the Supervisory Board and on the same date decided to re-appoint the current Members of the Supervisory Board (Amos Luzon, Alon Kadouri, Ofer Kadouri, Przemysław Kowalczyk, Shmuel Rofe and Piotr Palenik) for a subsequent joint term of office of five years.

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 and the Company.

Related parties transactions

There were no transactions and balances with related parties during the six months ended 30 June 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.

Management Board Report

Additional information to the report (cont'd)

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 six months ended 30 June 2019 in both English and Polish languages, while the Polish version is binding.

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 Raanana, Israel, 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.

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.

Guarantees provided by the Company

During the six months ended 30 June 2019, the Company granted guarantees for the total amount of PLN 29.9 million to the Santander Bank Polska S.A., with respect to the construction loan contract signed by the Company's subsidiary. As at 30 June 2019 the loan amounted to PLN 4.4 million.

In addition to the construction agreement for the development of Ursus Centralny I project signed in June 2019, the Company agreed with the General Contractor that part of the due payments from each invoice will be delayed, up to the total amount of PLN 12.0 million, and will be repaid in 2 equal installments: the first in 15 months from the due payment day of the first invoice and the second installment is one month after the first installment. The delayed payment will bear fixed interest rate of 4.9%. For securing the above mentioned 12.0 million the Company granted guarantee to the General Contractor.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the six months ended 30 June 2019 was 77 compared to 75 during the six months ended 30 June 2018. There were no personnel employed in the Company.

Management Board Report

Additional data for the Company

The Company is mainly a holding company and management services provider with respect to the development of residential projects for its subsidiaries. The majority of the Company income are from the following sources: (i) interests from loans granted to subsidiaries for the development of projects, (ii) management fee received from subsidiaries for the provision of management services, and (iii) dividend received from subsidiaries. All above revenues are being eliminated on a consolidated level.

Below section presents main data on the Company activity that were not covered in other sections of this Management Board Report.

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2019 (6 months)	4.294	4.252	4.340	4.252
2018 (6 months)	4.220	4.142	4.362	4.362
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 6 months ended 30 June			
	2019	2018	2019	2018
Revenues from management services	607	986	2,606	4,162
Financial income (Wise majority from loans granted to subsidiaries)	953	845	4,091	3,565
Financial expenses (Wise majority from Interest on bonds)	(1,375)	(1,353)	(5,903)	(5,710)
Profit including results from subsidiaries	2,833	2,441	12,164	10,301
Cash flows from/(used in) operating activities	(3,680)	9,273	(15,803)	39,131
Cash flows from/(used in) investing activities	7,664	(12,812)	32,908	(54,067)
Cash flows from/(used in) financing activities	(4,324)	5,236	(18,567)	22,095
Increase/(decrease) in cash and cash equivalents	(340)	1,696	(1,462)	7,159
Average number of equivalent shares (basic)	163,873,259	164,010,813	163,873,259	164,010,813
Net earnings/(loss) per share (basic and diluted)	0.017	0.015	0.074	0.063

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Investment in subsidiaries	98,866	94,723	420,377	407,309
Loan granted to subsidiaries	29,315	36,241	124,647	155,836
Total assets	128,805	131,767	547,677	566,599
Long term liabilities	41,313	35,740	175,664	153,683
Short term liabilities	6,231	16,148	26,496	69,436
Equity	81,260	79,879	345,517	343,480

Management Board Report

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

- a) to the best of its knowledge, the Interim Condensed Consolidated Financial Statements and Interim Condensed Company Financial Statements and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner financial position of the Company, the Group and its financial result,
- b) the Management Board Report contains a true picture of the Company's and Group's development and achievements, as well as a description of the main threats and risks;

This Management Board Report of activities of the Company and the Group during the six months period ended 30 June 2019 was prepared and approved by the Management Board of the Company on 12 August 2019.

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, 12 August 2019

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Interim Condensed Consolidated Statement of Financial Position

As at		30 June 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		8,411	7,986
Investment property	3	9,296	8,743
Investment in joint ventures	21	9,169	3,439
Deferred tax assets	15	5,884	5,531
Residential landbank	9	46,236	46,227
Total non-current assets		78,996	71,926
Inventory	9	648,414	596,927
Land for sale	9	-	6,305
Trade and other receivables and prepayments		17,975	14,693
Income tax receivable		222	123
Loans granted to joint ventures	21	5,037	-
Other current financial assets		18,667	14,319
Cash and cash equivalents		96,150	100,828
Total current assets		786,465	733,195
Total assets		865,461	805,121
Equity and liabilities			
Equity			
Share capital		12,503	12,503
Share premium		150,278	150,278
Treasury shares		(307)	-
Retained earnings		183,043	180,699
Total equity	10	345,517	343,480
Liabilities			
Bond loans	12	175,664	153,683
Secured bank loans	13	15,428	30,061
Deferred tax liability	15	10,011	7,348
Trade and other payables	11	10,000	-
Lease liabilities related to perpetual usufruct of investment properties	3	535	-
Total non-current liabilities		211,638	191,092
Trade and other payables and accrued expenses	11	75,037	54,587
Bond loans	12	22,053	51,864
Secured bank loans	13	73	7,626
Advances received	16	178,295	152,452
Income tax payable		224	1,455
Provisions		2,319	2,565
Lease liabilities related to perpetual usufruct of land	3	30,305	-
Total current liabilities		308,306	270,549
Total liabilities		519,944	461,641
Total equity and liabilities		865,461	805,121

The notes included on pages 31 to 59 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Interim Condensed Consolidated Statement of Comprehensive Income

For the		6 months ended 30 June 2019 (Reviewed/ Unaudited)	3 months ended 30 June 2019 (Reviewed/ Unaudited)	6 months ended 30 June 2018 (Reviewed/ Unaudited)	3 months ended 30 June 2018 (Reviewed/ Unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>				
Revenue from the sale of residential projects	16	134,843	76,108	168,675	89,396
Revenue from the sale of land		6,500	-	-	-
Revenue from the sale of services		1,614	826	1,539	604
Total revenue		142,957	76,934	170,214	90,000
Cost of sales of residential projects		(112,184)	(64,307)	(142,602)	(72,968)
Cost of sales of land		(6,312)	-	-	-
Gross profit		24,461	12,627	27,612	17,032
Selling and marketing expenses		(2,584)	(1,400)	(2,416)	(1,292)
Administrative expenses		(9,467)	(5,013)	(9,604)	(5,039)
Share of profit/(loss) from joint ventures		6,481	6,291	2,651	(75)
Other expenses		(1,823)	(837)	(2,035)	(1,087)
Other income		587	313	935	576
Result from operating activities		17,655	11,981	17,143	10,115
Finance income		386	182	301	156
Finance expense		(2,580)	(1,196)	(3,089)	(1,424)
Net finance income/(expense)		(2,194)	(1,014)	(2,788)	(1,268)
Profit/(loss) before taxation		15,461	10,967	14,355	8,847
Income tax benefit/(expense)	14	(3,297)	(2,287)	(2,575)	(1,498)
Profit/(loss) for the period		12,164	8,680	11,780	7,349
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		12,164	8,680	11,780	7,349
Total profit/(loss) for the period attributable to:					
equity holders of the parent		12,164	8,680	10,301	6,437
non-controlling interests		-	-	1,479	912
Total profit/(loss) for the period, net of tax		12,164	8,680	11,780	7,349
Total comprehensive income/(expense) attributable to:					
equity holders of the parent		12,164	8,680	10,301	6,437
non-controlling interests		-	-	1,479	912
Total comprehensive income/(expense) for the period, net of tax		12,164	8,680	11,780	7,349
Weighted average number of ordinary shares (basic and diluted)		163,873,259	163,743,841	164,010,813	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)		0.074	0.053	0.063	0.040

The notes included on pages 31 to 59 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Interim Condensed Consolidated Statement of Changes in Equity

<i>In thousands of Polish Zlotys (PLN)</i>	Share capital	Share premium	Treasury shares	Retained earnings ⁽¹⁾	Total equity
Balance at 1 January 2019	12,503	150,278	-	180,699	343,480
Comprehensive income:					
Profit for the six months ended 30 June 2019	-	-	-	12,164	12,164
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	12,164	12,164
Repurchase of own shares (see Note 10)	-	-	(307)	-	(307)
Payment of dividends (see Note 10)	-	-	-	(9,820)	(9,820)
Balance at 30 June 2019 (Reviewed/ Unaudited)	12,503	150,278	(307)	183,043	345,517

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) is established for an amount of PLN 2,000 thousand. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back. The amount capital reserve as at 30 June 2019 amounted to PLN 1,693 thousand and was presented as a part of the retained earnings.

<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 as at 1 January 2018	12,503	150,278	175,108	337,889	4,123	342,012
Comprehensive income:						
Profit for the six months ended 30 June 2018	-	-	10,301	10,301	1,479	11,780
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	10,301	10,301	1,479	11,780
Balance as at 30 June 2018 (Reviewed/ Unaudited)	12,503	150,278	185,409	348,190	5,602	353,792

The notes included on pages 31 to 59 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Interim Condensed Consolidated Statement of Cash Flows

For the 6 months ended 30 June		2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ unaudited)</i>	<i>(Reviewed/ Unaudited /Restated)</i>
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		12,164	11,780
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		493	509
Finance expense		2,580	3,089
Finance income		(386)	(301)
Loss/(profit) on sale of property and equipment		(90)	(15)
Share of loss /(profit) from joint ventures		(6,481)	(2,651)
Income tax expense		3,297	2,575
Subtotal		11,577	14,986
Decrease/(increase) in inventory and residential landbank	9	25,930	70,465
Acquisition of Nova Królikarnia project	11	(20,563)	(38,090)*
Decrease/(increase) in advances for land		-	(2,750)
Decrease/(increase) in trade and other receivables and prepayments		(1,111)	(3,568)
Decrease/(increase) in other current financial assets		(4,348)	2,274
Increase/(decrease) in trade and other payables and accrued expenses		14,910	5,156
Increase/(decrease) in provisions		(246)	(32)
Increase/(decrease) in advances received	16	25,843	(35,263)
Subtotal		51,992	13,178
Interest paid		(6,273)	(5,580)
Interest received		301	5,944
Income tax received/(paid)		(2,317)	(2,566)
Net cash from/(used in) operating activities		43,703	10,976*
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(918)	(50)
Net proceeds/(loans granted) to joint ventures		(10,946)	1,312
Dividend received from joint ventures		6,745	2,999
Proceeds from sale of property and equipment		90	15
Net cash from/(used in) investing activities		(5,029)	4,276*
Cash flows from/(used in) financing activities			
Proceeds from bank loans, net of bank charges	13	35,442	11,072
Repayment of bank loans	13	(57,952)	(26,108)
Proceeds from bond loans issued, net of issue costs	12	31,560	49,346
Repayment of bond loans	12	(40,000)	(27,160)
Dividend paid	10	(9,820)	-
Payment of lease liabilities related to perpetual usufruct rights	3	(2,275)	-
Repurchase of own shares	10	(307)	-
Net cash from/(used in) financing activities		(43,352)	7,150
Net change in cash and cash equivalents		(4,678)	22,402
Cash and cash equivalents at beginning of the period		100,828	64,860
Cash and cash equivalents at end of the period**		96,150	87,262

* The Company reclassified cash outflow from the acquisition of Nova Królikarnia project (PLN 38.1 million) during the six months ended 30 June 2018, from Cash flow used in investing activities to Cash flow used in operating activities.

** Including restricted cash that amounted to PLN 49,867 thousand and PLN 1,452 thousand as 30 June 2019 and as 30 June 2018, respectively.

The notes included on pages 31 to 59 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 30 June 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.22% of the shares are held by the Company. The remaining 33.72% 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 30 June 2019 the Company held 353,018 own shares (0.22%) 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 six months ended 30 June 2019 and contain comparative data for the six months ended 30 June 2018 and as at 31 December 2018. The Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 2019 with all its comparative data have been reviewed by the Company's external auditors.

As at 30 June 2019, the Groups' market capitalization was below the value of net assets. The Company's 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 six months ended 30 June 2019 were authorized for issuance by the Management Board on 12 August 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 six months ended 30 June 2019 are included in the Management Board Report on pages 1 through 26.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 Statements for the six months ended 30 June 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's 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 Statements for the six months ended 30 June 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 six months period ended 30 June 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	30 June 2019
Right of use assets related to inventory	32,977	-	(227)	n.a	(2,079)	30,671
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	30 June 2019
Lease liabilities related to inventory	32,977	-	1,082	(2,238)	(1,516)	30,305
Lease liabilities related to investment property	553	-	19	(37)	n.a	535

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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.

According to the IFRS 16 standard that was implemented by the Company the lease payments shall be discounted using the rate implicit in the lease contract, or if this rate cannot be readily determined, the Company's incremental borrowing rate. The Company decided to use incremental borrowing rate ('IBR') that was determined based on reference rate adjusted by margin. The IBR rate was built based on reference rate (30 years state bonds quotation) increased by margin which represents higher credit risk of the Company due to worse ratios, risk related to unusual length of potential financing and no possibility to establish security for such long-term financing.

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 Statements for the six months ended 30 June 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 30 June 2019, are presented below and on the following page.

Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
		30 June 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 Rady Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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	
		30 June 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 (<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%
104. Darwin Sp. z o.o. ⁽²⁾	2017	100%	n.a.
105. Truro Sp. z o.o. ⁽²⁾	2017	100%	n.a.
106. Tregaron Sp. z o.o. ⁽²⁾	2017	100%	n.a.
107. Totton Sp. z o.o. ⁽²⁾	2017	100%	n.a.

(2) Acquired during execution of first call option agreement on 5 April 2019. For additional information see note 11.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 30 June 2019

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Segment assets	491,728	71,176	56,430	9,296	76,098	-	102,844	-	82,364	-	-	(42,224)	847,712
Unallocated assets	-	-	-	-	-	-	-	-	-	-	17,749	-	17,749
Total assets	491,728	71,176	56,430	9,296	76,098	-	102,844	-	82,364	-	17,749	(42,224)	865,461
Segment liabilities	202,550	11,942	39,140	-	27,214	-	51,247	-	16,814	-	-	(39,140)	309,767
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	210,177	-	210,177
Total liabilities	202,550	11,942	39,140	-	27,214	-	51,247	-	16,814	-	210,177	(39,140)	519,944

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 Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN)

For the six months ended 30 June 2019

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	98,178	10,063	59,954	372	4,710	-	28,720	-	914	-	-	(59,954)	142,957
Segment result	16,792	1,025	14,507	226	(782)	-	3,681	-	(308)	-	-	(8,026)	27,115
Unallocated result	-	-	-	-	-	-	-	-	-	-	(9,460)	-	(9,460)
Result from operating activities	16,792	1,025	14,507	226	(782)	-	3,681	-	(308)	-	(9,460)	(8,026)	17,655
Net finance income/(expenses)	(33)	3	(79)	-	(15)	-	(7)	-	(8)	-	(2,134)	79	(2,194)
Profit/(loss) before tax	16,759	1,028	14,428	226	(797)	-	3,674	-	(316)	-	(11,594)	(7,947)	15,461
Income tax expenses													(3,297)
Profit/(loss) for the period													12,164
Capital expenditure	516	-	-	-	-	-	-	-	-	-	402	-	918

In thousands of Polish Zlotys (PLN)

For the six months ended 30 June 2018

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	112,189	-	25,017	420	23,989	-	7,423	-	26,193	-	-	(25,017)	170,214
Segment result	22,615	(34)	6,623	295	(467)	-	1,220	-	(117)	-	-	(3,972)	26,163
Unallocated result	-	-	-	-	-	-	-	-	-	-	(9,020)	-	(9,020)
Result from operating activities	22,615	(34)	6,623	295	(467)	-	1,220	-	(117)	-	(9,020)	(3,972)	17,143
Net finance income/(expenses)	103	2	(2)	-	(114)	-	(10)	-	(6)	-	(2,763)	2	(2,788)
Profit/(loss) before tax	22,718	(32)	6,621	295	(581)	-	1,210	-	(123)	-	(11,783)	(3,970)	14,355
Income tax expenses													(2,575)
Profit/(loss) for the period													11,780
Capital expenditure	-	-	-	-	-	-	-	-	-	-	50	-	50

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 30 June 2019

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	51,228	1,897	54,666	169	2,195	-	21,445	-	-	-	-	(54,666)	76,934
Segment result	7,480	118	13,410	96	(363)	-	3,510	-	(172)	-	-	(7,119)	16,960
Unallocated result	-	-	-	-	-	-	-	-	-	-	(4,979)	-	(4,979)
Result from operating activities	7,480	118	13,410	96	(363)	-	3,510	-	(172)	-	(4,979)	(7,119)	11,981
Net finance income/ (expenses)	23	(22)	(85)	-	(5)	-	5	-	(2)	-	(1,013)	85	(1,014)
Profit/(loss) before tax	7,503	96	13,325	96	(368)	-	3,515	-	(174)	-	(5,992)	(7,034)	10,967
Income tax expenses													(2,287)
Profit/(loss) for the period													8,680
Capital expenditure	516	-	-	-	-	-	-	-	-	-	139	-	655

In thousands of Polish Zlotys (PLN)

For the three months ended 30 June 2018

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	76,785	-	1,834	216	6,638	-	1,716	-	4,645	-	-	(1,834)	90,000
Segment result	14,853	(9)	347	149	(565)	-	234	-	(35)	-	-	(422)	14,552
Unallocated result	-	-	-	-	-	-	-	-	-	-	(4,437)	-	(4,437)
Result from operating activities	14,853	(9)	347	149	(565)	-	234	-	(35)	-	(4,437)	(422)	10,115
Net finance income/ (expenses)	77	3	19	-	(7)	-	(2)	-	(1)	-	(1,338)	(19)	(1,268)
Profit/(loss) before tax	14,930	(6)	366	149	(572)	-	232	-	(36)	-	(5,775)	(441)	8,847
Income tax benefit													(1,498)
Profit/(loss) for the period													7,349
Capital expenditure	-	-	-	-	-	-	-	-	-	-	50	-	50

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the six months ended 30 June 2019 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Acquisition of Nova Królikarnia ⁽³⁾	Transferred to finished units	Additions	As at 30 June 2019
Land and related expense	294,484	34,495	(43,389)	558	286,148
Construction costs	172,340	-	(113,906)	85,969	144,403
Planning and permits	20,359	-	(2,758)	3,413	21,014
Borrowing costs ⁽¹⁾	36,205	-	(6,203)	4,646	34,648
Borrowing costs on lease and deprecation of the perpetual usufruct right ⁽²⁾	-	-	(52)	1,309	1,257
Other	4,772	-	(1,604)	1,459	4,627
Work in progress	528,160	34,495	(167,912)	97,354	492,097

<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 30 June 2019
Finished goods	78,491	167,912	(111,242)	135,161

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	Revaluation write-down recognized in statement of comprehensive income		As at 30 June 2019
		Increase	Utilization	
Write-down	(9,724)	-	209	(9,515)

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2018	First adoption of IFRS 16	Depreciation	Transfer to Other receivables	As at 30 June 2019
Perpetual usufruct right ⁽²⁾	-	32,977	(227)	(2,079)	30,671
Inventory, valued at lower of - cost and net realisable value	596,927				648,414

(1) Borrowing costs are capitalized to the value of inventory with 5.63% average effective capitalization interest rate.

(2) For additional information see note 3.

(3) For additional information see note 11.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 ⁽⁵⁾	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 ⁽⁵⁾	Reclassified to Residential landbank	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 ⁽⁴⁾	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 Wrocław, 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.

(5) On 10 April 2018, the Company completed the acquisition of certain shares in and loans granted to project companies owning properties constituting the Nova Królikarnia project (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2018).

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 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 six months ended 30 June 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 ⁽¹⁾	Transferred to finished units	Additions	As at 30 June 2018
Land and related expense	238,700	49,753	(12,928)	84,903 ⁽²⁾	360,428
Construction costs	88,346	43,233	(74,272)	65,527	122,834
Planning and permits	15,383	3,904	(2,748)	2,997	19,536
Borrowing costs ⁽³⁾	39,842	252	(4,111)	3,570	39,553
Other	3,244	1,351	(1,676)	1,548	4,467
Work in progress	385,515	98,493	(95,735)	158,545	546,818

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Nova Królikarnia project as at the acquisition date ⁽¹⁾	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 June 2018
Finished goods	139,664	37,843	95,735	(143,362)	129,880

<i>In thousands of Polish Zlotys (PLN)</i>	As at 31 December 2017	Revaluation write-down recognized in statement of comprehensive income		As at 30 June 2018
		Increase	Utilization	
Write-down	(13,081)	-	732	(12,349)
Inventory, valued at lower of cost and net realisable value	512,098			664,349

(1) On 10 April 2018, the Company completed the acquisition of certain shares in and loans granted to project companies owning properties constituting the Nova Królikarnia project (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2018).

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

(3) Borrowing costs are capitalized to the value of inventory with 5.92% average effective capitalization interest rate.

Residential landbank

As at 30 June 2019 the total book value of residential landbank amounted to PLN 46,236 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 Statements for the six months ended 30 June 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 10 – Equity****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 2.0 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 (within the retained earnings) is established for an amount of PLN 2.0 million. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back, the amount capital reserve as at 30 June 2019 amounted to PLN 1,693 thousand and was presented as a part of the retained earnings.

During the six months period ended 30 June 2019, the Company acquired 353,018 own shares for a total price of PLN 307 thousand (on average PLN 0.867 per share). As at 30 June 2019, the Company held 353,018 own shares representing 0.22% of total shares issued by the Company.

Dividend

During the six months ended 30 June 2019, a dividend in the amount of PLN 9,820 thousands which represents PLN 0.06 per ordinary share, was distributed (paid on 25 June 2019). For additional information see Note 22.

Note 11 – Acquisition of 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 payments of the first call option in which the price is determined to be paid in three installments: PLN 7.0 million was paid in April 2019, PLN 16.9 million to be paid in October 2019 and PLN 10.0 million in October 2020.

As at 30 June 2019 the total payables related to acquisition of Nova Królikarnia project amount to PLN 26.9 million. The amount of PLN 16.9 millions is presented in the Interim Condensed Consolidated Statement of Financial Position as a current liability under Trade and other payables and accrued expenses, while the amount of PLN 10.0 million is presented as non-current liabilities.

The table below presents analysis of cash flows on the acquisition of Nova Królikarnia project:

<i>In thousands of Polish Zlotys (PLN)</i>	During six months ended 30 June 2019
Purchase consideration paid (Nova Królikarnia transaction)	13,000
Purchase consideration paid (Call Option I)	7,000
Transaction costs	566
Less: Net cash acquired at the transaction date	(3)
Net cash outflow through 30 June 2019	20,563

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Bond loans

The table below presents the movement in Bond loans during the six months ended 30 June 2019, during the year ended 31 December 2018 and during the six months ended 30 June 2018 as well as the Current and Non-currents balances as at the end of respective periods:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2019	For the year ended 31 December 2018	For the 6 months ended 30 June 2018
	(Reviewed/ Unaudited)	(Audited)	(Reviewed/ Unaudited)
Opening balance	205,547	197,308	197,308
Repayment of bond loans	(40,000)	(42,160)	(27,160)
Proceeds from bond loans	32,317	50,000	50,000
Issue cost	(757)	(654)	(654)
Issue cost amortization	470	837	421
Accrued interest	5,412	10,958	5,232
Interest repayment	(5,272)	(10,742)	(5,035)
Total closing balance	197,717	205,547	220,112
Closing balance includes:			
Current liabilities	22,053	51,864	56,778
Non-current liabilities	175,664	153,683	163,334
Total closing balance	197,717	205,547	220,112

New Bond loans issued during the six months ended 30 June 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 are secured with a joint mortgage of up to PLN 48,476 thousand.

Bond loans redeemed during the six months ended 30 June 2019:

During the six months ended 30 June 2019, the Company repaid all outstanding 100,000 series I bonds with total nominal value of PLN 10,000 thousand, 45,000 series K bonds with total nominal value of PLN 4,500 thousand, 10,000 series O bonds with total nominal value of PLN 10,000 thousand and 15,500 series J bonds with total nominal value of PLN 15,500 thousand. After these repayments, the total number of outstanding bonds series I, K, J and O amounted to nil.

Bond loans issued before 31 December 2018:

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

The series M, N, 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 Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Bond loans (cont'd)

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

Based on the conditions of bonds M, N, 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	30 June 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	104,199
Equity	345,517
Net Indebtedness Ratio	30.2%

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	30 June 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	104,199
Equity	345,517
Net Indebtedness Ratio	30.2%

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – 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	30 June 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	104,199
Inventory and Residential landbank ⁽¹⁾	485,684
Net Debt to Inventory Ratio	21.5%

(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	30 June 2019
<i>In thousands of Polish Zlotys (PLN)</i>	(Reviewed/ Unaudited)
Net debt	104,199
Equity	345,517
Net Indebtedness Ratio	30.2%

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 12 – 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 6 months ended 30 June 2019, the consulting fees related to A. Luzon Group amounted to PLN 420 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 Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Secured bank loans

The table below presents the movement in Secured bank loans during the six months ended 30 June 2019, during the year ended 31 December 2018 and during the six months ended 30 June 2018 as well as the Current and Non-currents balances as at the end of respective periods:

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 6 months ended 30 June 2018 (Reviewed/ Unaudited)
Opening balance	37,687	13,920	13,920
New bank loan drawdown	35,961	85,168	11,424
Bank loans repayments	(57,952)	(61,805)	(26,108)
Bank charges	(519)	(543)	(352)
Bank charges amortization	305	893	461
Accrued interest/(interest repayment) on bank loans, net	19	54	-
Classified to other receivables	-	-	655
Total closing balance	15,501	37,687	-
Closing balance includes:			
Current liabilities	73	7,626	-
Non-current liabilities	15,428	30,061	-
Total closing balance	15,501	37,687	-

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 22 Events during the period (Bank Loans).

As at 30 June 2019, as at 31 December 2018 and as at 30 June 2018, the Company has not breached any loan covenant, which would expose the Company for risk of obligatory and immediate repayment of any loan.

Note 14 – Income tax

<i>In thousands of Polish Zlotys (PLN)</i>	For the 6 months ended 30 June 2019 (Reviewed/ Unaudited)	For the 3 months ended 30 June 2019 (Reviewed/ Unaudited)	For the 6 months ended 30 June 2018 (Reviewed/ Unaudited)	For the 3 months ended 30 June 2018 (Reviewed/ Unaudited)
Current tax expense/(benefit)	987	237	258	271
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	5,096	4,062	(472)	693
Expense/(benefit) of tax losses recognized	(2,786)	(2,012)	2,789	534
Total deferred tax expense/(benefit)	2,310	2,050	2,317	1,227
Total income tax expense/(benefit)	3,297	2,287	2,575	1,498

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019
Notes to the Interim Condensed Consolidated Financial Statements
Note 15 – Deferred tax assets and liabilities

Movements in Deferred tax assets and liabilities during the six months ended 30 June 2019 were as follows:

<i>In thousands of Polish Zlotys (PLN)</i>	Opening balance 1 January 2019	Recognized in the statement of comprehensive income	Closing balance 30 June 2019
Deferred tax assets			
Tax loss carry forward	2,058	2,786	4,844
Accrued interest	2,348	37	2,385
Accrued expense	777	(39)	738
Write-down of work in progress and residential landbank	2,788	(39)	2,749
Other	1,437	(190)	1,247
Total deferred tax assets	9,408	2,555	11,963
Deferred tax liabilities			
Difference between tax base and carrying value of inventory	9,521	4,286	13,807
Accrued interest	-	447	447
Fair value gain on investment property	890	-	890
Other	814	132	946
Total deferred tax liabilities	11,225	4,865	16,090
Deferred tax assets	9,408		11,963
Deferred tax liabilities	11,225		16,090
Offset of deferred tax assets and liabilities for individual companies	(3,877)		(6,079)
Deferred tax assets reported in the Consolidated Statement of Financial Position	5,531		5,884
Deferred tax liabilities reported in the Consolidated Statement of Financial Position	7,348		10,011

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019
Notes to the Interim Condensed Consolidated Financial Statements
Note 15 – Deferred tax assets and liabilities (cont'd)

Movements in Deferred tax assets and liabilities during the year ended 31 December 2018 were as follows:

<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 Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 16 – Advances received

Advances received during the 6 months ended 30 June 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 6 months ended 30 June 2019	Advances received during the 6 months ended 30 June 2019	As at 30 June 2019
City Link III	48,216	-	43,653	91,869
Nova Królikarnia 1a-1e	12,932	(18,905)	12,202	6,229
Nova Królikarnia 2a & 2b	28,408	(30,185)	17,118	15,341
Nova Królikarnia 2c	-	-	2,150	2,150
Vitalia I & II	11,875	(22,210)	15,592	5,257
Vitalia III	-	-	124	124
Miasto Moje I & II	28,841	(48,230)	21,011	1,622
Miasto Moje III	-	-	2,943	2,943
Miasto Marina	10,243	-	14,840	25,083
Panoramika II & III	79	(915)	866	30
Panoramika IV	4,034	-	7,277	11,311
Panoramika V	-	-	609	609
Grunwald ²	5,387	-	7,998	13,385
Moko	1,248	(7,194)	6,264	318
Młody Grunwald	209	(2,104)	1,990	95
Espresso	146	(1,189)	1,081	38
Chilli IV	30	(2,096)	3,102	1,036
Ursus Centralny I	-	-	350	350
Other (old projects)	804	(1,815)	1,516	505
Total	152,452	(134,843)	160,686	178,295

Advances received during the 6 months ended 30 June 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 6 months ended 30 June 2018	Advances received during the 6 months ended 30 June 2018	As at 30 June 2018
City Link III	7,050	-	12,017	19,067
Nova Królikarnia 1a-1e	-	(18,859)	64,010	45,151
Nova Królikarnia 2a & 2b	-	-	9,300	9,300
Vitalia I & II	2,108	(7,359)	8,854	3,603
Miasto Moje I & II	18,657	(16,903)	36,041	37,795
Miasto Marina	1,178	-	1,698	2,876
Panoramika II & III	15,928	(26,194)	11,088	822
Panoramika IV	-	-	927	927
Grunwald ²	-	-	1,105	1,105
Moko	3,599	(15,841)	13,672	1,430
Młody Grunwald	10,587	(20,839)	12,582	2,330
Espresso	40,248	(56,922)	20,228	3,554
Chilli IV	1,126	(3,118)	2,309	317
Other	1,763	(2,640)	1,761	884
Total	102,244	(168,675)	195,592	129,161
Advances received in Nova Królikarnia projects before acquisition	-	-	(62,180)	-
Total	102,244	(168,675)	133,412	129,161

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – 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 30 June 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
City Link III	14,456	42,718
Grunwald ²	34,092	46,835
Panoramika IV	5,135	13,016
Panoramika V	15,402	-
Vitalia III	27,547	-
Nova Królikarnia 2c	12,586	19,835
Miasto Moje III	37,290	-
Ursus Centralny I	33,239	-
Marina Miasto	-	4,076
Vitalia II	-	4,150
Nova Królikarnia 2b	-	4,106
Miasto Moje II	-	993
Nova Królikarnia 2a	-	3,109
Total	179,747	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 30 June 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
City Link III	78,331	78,331
Miasto Marina	5,456	16,278
Panoramika IV	12,905	21,950
Vitalia II	7,572	12,641
Grunwald2	45,773	-
Miasto Moje II	-	4,666
Total	150,037	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 fourth 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 Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – 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 was paid 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 30 June 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 30 June 2019 (Reviewed/ Unaudited)	As at 31 December 2018 (Audited)
Moko	20	5,309
Espresso II, III & IV	-	490
Młody Grunwald I-III	587	622
Panoramika II & III	-	333
Panoramika IV	8,804	9,066
Panoramika V	2,918	-
Vitalia I & II	1,912	605
Vitalia III	3,427	10,605
Grunwald ²	27,434	15,146
Chilli IV	2,076	569
Miasto Moje I & II	1,147	12,350
Miasto Moje III	18,130	-
Miasto Marina	8,578	13,397
City Link III	67,642	83,378
Nova Królikarnia 1a - 1e	1,923	5,216
Nova Królikarnia 2a & 2b	7,003	15,600
Nova Królikarnia 2c	7,973	-
Other (old) projects	1,231	1,567
Total	160,805	174,253

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 17 – 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 18 – 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 Consolidated Financial Statements for the year ended 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 six months ended 30 June 2019 as described in Notes 12 and 13.

(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 six months ended 30 June 2019.

(iv) Fair value estimation

The Investment property is valued at fair value determined by the Management. During the six months ended 30 June 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 19 – Related party transactions

There were no transactions and balances with related parties during the six months ended 30 June 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 Group's Consolidated Financial Statements for the year ended 31 December 2018.

Note 20 – Impairment losses and provisions

During the six months ended 30 June 2019 and the six months ended 30 June 2018, the Group did not make a write-down adjustment on inventory and account receivables.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019**Notes to the Interim Condensed Consolidated Financial Statements****Note 21 – Investment in joint ventures**

<i>In thousands of Polish Zlotys (PLN)</i>	As at 30 June 2019	As at 31 December 2018
Loans granted	11,115	-
Share in net equity value of joint ventures	3,091	3,439
The Company's carrying amount of the investment	14,206	3,439
Presented as Loans granted to joint ventures (current assets)	(5,037)	-
Investment in joint ventures	9,169	3,439

Share of profit/(loss) of joint venture

Share of profit/(loss) from joint ventures comprise the Company's shares in four entities where the Group is holding 50% shares 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.

As at 30 June 2019, from the total amount of loans granted to joint ventures (amounting in total to PLN 11,115 thousand) loans in the aggregate amount of PLN 5,037 thousand are maturing no later than 30 June 2020. The short term loans granted to joint ventures cannot be regarded as a part of the investment in joint ventures and are presented in the Interim Condensed Consolidated Statement of the Financial Statement under current assets as Loans granted to joint ventures. The loans granted to joint venture were bear a variable rate of WIBOR 6m plus 4% margin.

Note 22 – Events during the period**Bond loans**

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 secured with a joint mortgage of up to PLN 48,476 thousand.

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.

In April 2019, the Company repaid all outstanding 15,500 series J bonds with total nominal value of PLN 15,500 thousand. After this repayment, the total number of outstanding bonds series J amounted to nil.

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

In June 2019, the Company repaid all outstanding 45,000 series K bonds with total nominal value of PLN 4,500 thousand. After this repayment, the total number of outstanding bonds series K amounted to nil.

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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 22 – Events during the period (cont'd)****Loans from third parties**

As part of the construction agreement for the development of Ursus Centralny I project signed in June 2019, the Company agreed with the General Contractor that part of the due payments from each invoice will be delayed, up to the total amount of PLN 12 million, and will be repaid in 2 equal installments: the first in 15 months from the due payment day of the first invoice and the second installment is one month after the first installment. The delayed payment will bear fixed interest rate of 4.9%. For securing the above mentioned 12.0 million the Company granted guarantee to the General Contractor.

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 construction work of the fifth stage of the Panoramika project comprising 115 apartments with an aggregate floor space of 6,000 m².

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.

In June 2019, the Company commenced the construction work of the first stage of Ursus Centralny project comprising 138 units with an aggregate floor space of 7,600 m². The Group signed 70 reservation agreements in the Ursus Centralny I project for the total value of PLN 25.3 million. The reservation agreements were not converted to the preliminary purchased agreements yet.

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.

In April 2019, the Company completed the construction of the Vitalia II project comprising 83 units with a total area of 4,800 m².

In May 2019, the Company completed the construction of the Nova Królikarnia 2b project comprising 28 units with an aggregate floor space of 2,300 m².

In June 2019, the Company completed the construction of the Miasto Marina project comprising 151 units with an aggregate floor space of 6,200 m². The Company received a permission for the use of the buildings, while the final permit for use of the units, due to the purpose of the project, will be received after carry out minor fit-out works appropriate to the apart-hotel functionality.

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.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Events during the period (cont'd)

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.

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.

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.

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.

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.

On 11 June 2019, the General Meeting of the Company resolved to distribute the net profit of the Company for year 2018 in accordance with the abovementioned proposal of the Management Board. The dividend in the total amount of PLN 9,820 thousand, was paid on 25 June 2019.

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Notes to the Interim Condensed Consolidated Financial Statements**Note 22 – Events during the period (cont'd)****Reappointment of the Supervisory Board**

On 11 June 2019, the General Meeting of Shareholders of the Company decided to terminate the current joint five-year term of office of Members of the Supervisory Board and on the same date decided to re-appoint the current Members of the Supervisory Board (Amos Luzon, Alon Kadouri, Ofer Kadouri, Przemysław Kowalczyk, Shmuel Rofe and Piotr Palenik) for a subsequent joint term of office of five years.

Note 23 – Subsequent events**Commencements of new projects**

In July 2019, the Company commenced the construction work of the Nova Królikarnia 3b project comprising 23 apartments with an aggregate floor space of 2,300 m².

Share buyback program

From 30 June 2019 until 9 August 2019, the Company acquired 70,665 own shares for a total price of PLN 62 thousand. As at 9 May 2019, the Company held 423,683 own shares representing 0.26% of total shares issued by the Company.

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

Krystyna Chenash

Person responsible for the accounting records

Warsaw, 12 August 2019

Interim Condensed Company Financial Statement for the six months ended 30 June 2019

Interim Condensed Company Statement of Financial Positions

As at		30 June 2019 (Reviewed/ Unaudited)	31 December 2018 (Audited)
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>		
Assets			
Investment in subsidiaries	6	420,377	407,309
Loans granted to subsidiaries	7	90,215	123,985
Deferred tax asset		574	480
Total non-current assets		511,166	531,774
Trade and other receivables and prepayments		335	187
Receivable from subsidiaries		1,059	640
Loans granted to subsidiaries	7	34,432	31,851
Cash and cash equivalents		685	2,147
Total current assets		36,511	34,825
Total assets		547,677	566,599
Equity			
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Treasury shares		(307)	-
Retained earnings		183,043	180,699
Total shareholders' equity	<i>12</i>	345,517	343,480
Liabilities			
Bond loans	8	175,664	153,683
Total long-term liabilities		175,664	153,683
Bond loans	8	22,053	51,864
Loans from subsidiaries		3,309	3,309
Trade and other payables and accrued expenses		1,134	14,263
Total current liabilities		26,496	69,436
Total liabilities		202,160	223,119
Total shareholders' equity and liabilities		547,677	566,599

The notes included on pages 64 to 69 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the six months ended 30 June 2019

Interim Condensed Company Statement of Comprehensive Income

For the		6 months	3 months	6 months	3 months
		ended 30 June	ended 30 June	ended 30 June	ended 30 June
		2019	2019	2018	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ unaudited)</i>	<i>(Reviewed / unaudited)</i>	<i>(Unreviewed/ unaudited)</i>	<i>(Unreviewed/ unaudited)</i>
Revenues from consulting services		2,606	1,366	4,162	2,302
General and administrative expenses		(1,784)	(971)	(1,419)	(614)
Other expenses		(8)	-	(147)	(147)
Operating profit/(loss)		814	395	2,596	1,541
Result from subsidiaries after taxation	6	13,068	9,090	9,850	5,545
Operating profit after result from subsidiaries		13,882	9,485	12,446	7,086
Finance income		4,091	1,923	3,565	2,320
Finance expense		(5,903)	(2,767)	(5,710)	(2,969)
Net finance income/(expense)		(1,812)	(844)	(2,145)	(649)
Profit before taxation		12,070	8,641	10,301	6,437
Income tax benefit/(expense)	9	94	39	-	-
Profit for the period		12,164	8,680	10,301	6,437
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		12,164	8,680	10,301	6,437
Weighted average number of ordinary shares (basic and diluted)		163,873,259	163,743,841	164,010,813	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)		0.074	0.053	0.063	0.040

The notes included on pages 64 to 69 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the six months ended 30 June 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>Retained earnings⁽¹⁾</u>	<u>Total equity</u>
Balance at 1 January 2019	12,503	150,278	-	180,699	343,480
Net profit for the period ended 30 June 2019	-	-	-	12,164	12,164
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	12,164	12,164
Repurchase of own shares (see note 12)	-	-	(307)	-	(307)
Dividends paid (see note 12)	-	-	-	(9,820)	(9,820)
Balance at 30 June 2019 (Reviewed/ Unaudited)	12,503	150,278	(307)	183,043	345,517

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) is established for an amount of PLN 2,000 thousand. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of the capital reserve as at 30 June 2019 amounted to PLN 1,693 thousand and was presented as a part of the retained earnings.

<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 30 June 2018	-	-	10,301	10,301
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	10,301	10,301
Balance at 30 June 2018 (Unreviewed / Unaudited)	12,503	150,278	185,409	348,190

The notes included on pages 64 to 69 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the six months ended 30 June 2019

Interim Condensed Company Statement of Cash Flows

For the period ended 30 June		2019	2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>Note</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Unreviewed / Unaudited)</i>
Cash flows from/(used in) operating activities			
Profit for the period		12,164	10,301
<i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i>			
Finance income		(4,091)	(3,565)
Finance expense		5,903	5,710
Income tax expense/(benefit)	9	(94)	-
Share of (profit)/loss from subsidiaries	6	(13,068)	(9,850)
Subtotal		814	2,596
Decrease/(increase) in trade and other receivables and prepayments		(148)	(106)
Decrease/(increase) in receivable from subsidiaries		(419)	(1,170)
Increase/(decrease) in trade and other payable and accrued expense	10	(13,129)	42,873
Subtotal		(12,882)	44,193
Interest paid		(5,293)	(5,092)
Interest received		2,372	30
Net cash from/(used in) operating activities		(15,803)	39,131
Cash flows from/(used in) investing activities			
Loans granted to subsidiaries, net of issue cost	7	(21,962)	(82,000)
Proceeds from loans granted to subsidiaries	7	54,870	1,700
Dividend from subsidiaries	6	-	28,300
Investment in subsidiaries		-	(2,067)
Net cash from/(used in) investing activities		32,908	(54,067)
Cash flows from/(used in) financing activities			
Repurchase of own share	12	(307)	-
Proceeds from bond loans, net of issue costs	8	31,560	49,346
Dividend paid	12	(9,820)	-
Repayment of bond loans	8	(40,000)	(27,160)
Repayment of loans from subsidiaries		-	(91)
Net cash from/(used in) financing activities		(18,567)	22,095
Net change in cash and cash equivalents		(1,462)	7,159
Cash and cash equivalents at 1 January		2,147	252
Cash and cash equivalents at the end of the period		685	7,411

The notes included on pages 64 to 69 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the six months ended 30 June 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. 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 in the Interim Condensed Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. According to publicly available information, as at 30 June 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.22% of the shares are held by the Company. The remaining 33.72% 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 30 June 2019 the Company held 353,018 own shares (0.22%) 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 IAS 34 (concerning the preparation of interim financial statements). 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 12 August 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 six months ended 30 June 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 table below presents the movement in investment in subsidiaries during the six months ended 30 June 2019, during the year ended 31 December 2018 and during the six months ended 30 June 2018:

For the	6 months ended 30 June 2019 (Reviewed/ Unaudited)	12 months ended 31 December 2018 (Audited)	6 months ended 30 June 2018 (Unreviewed / Unaudited)
<i>In thousands of Polish Zlotys (PLN)</i>			
Opening balance	407,309	454,422	454,422
Investments in subsidiaries	-	2,071	2,067
Net results from subsidiaries during the period	13,068	11,382	9,850
Dividend from subsidiaries	-	(62,500)	(28,300)
Acquisition of non-controlling interest	-	1,934	-
Balance at end of the period	420,377	407,309	438,039

The Company holds and owns (directly and indirectly) 107 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 six months ended 30 June 2019

Notes to the Interim Condensed Company Financial Statements

Note 7 – Loans granted to subsidiaries

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the six months ended 30 June 2019, during the year ended 31 December 2018 and during the six months ended 30 June 2018:

For the	6 months ended 30 June 2019 <small>(Reviewed/ Unaudited)</small>	12 months ended 31 December 2018 <small>(Audited)</small>	6 months ended 30 June 2018 <small>(Unreviewed / Unaudited)</small>
<i>In thousands of Polish Zloty (PLN)</i>			
Opening balance	155,836	83,557	83,557
Loans granted	22,000	82,000	82,000
Loans repayment during the period	(54,870)	(14,700)	(1,700)
Charges and fees	(38)	-	-
Amortization of charges and fees	156	421	209
Accrued interest, net of interest received	1,563	4,558	3,326
Total closing balance	124,647	155,836	167,392
Closing balance includes:			
Current assets	34,432	31,851	35,376
Non-current assets	90,215	123,985	132,016
Total closing balance	124,647	155,836	167,392

The loans are not secured.

All new loans granted are at the similar conditions to those presented in the Company Financial Statements for the year ended 31 December 2018. For more information see Note 11 of the Company Financial Statements for the year ended 31 December 2018.

Note 8 – Bonds loans

The table below presents the movement in Bond loans during the six months ended 30 June 2019, during the year ended 31 December 2018 and during the six months ended 30 June 2018:

For the	6 months ended 30 June 2019 <small>(Reviewed/ Unaudited)</small>	12 months ended 31 December 2018 <small>(Audited)</small>	6 months ended 30 June 2018 <small>(Unreviewed / Unaudited)</small>
<i>In thousands of Polish Zlotys (PLN)</i>			
Opening balance	205,547	197,308	197,308
Repayment of bond loans	(40,000)	(42,160)	(27,160)
Proceeds from bond loans	32,317	50,000	50,000
Issue cost	(757)	(654)	(654)
Issue cost amortization	470	837	421
Accrued interest	5,412	10,958	5,232
Interest repayment	(5,272)	(10,742)	(5,035)
Total closing balance	197,717	205,547	220,112
Closing balance includes:			
Current liabilities	22,053	51,864	56,778
Non-current liabilities	175,664	153,683	163,334
Total closing balance	197,717	205,547	220,112

Interim Condensed Company Financial Statement for the six months ended 30 June 2019

Notes to the Interim Condensed Company Financial Statements

Note 9 – Income tax

For the 6 months ended	30 June 2019	30 June 2018
<i>In thousands of Polish Zlotys (PLN)</i>	<i>(Reviewed/ Unaudited)</i>	<i>(Unreviewed / Unaudited)</i>
Current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	329	-
Tax losses utilized/(recognized)	(423)	-
Total deferred tax (benefit)/expense	(94)	-
	-	-
Total income tax expense/(benefit)	(94)	-

Note 10 – Commitments and contingencies

Nova Królikarnia transaction

On 10 April 2018, the Company completed the acquisition of certain shares in and loans granted to project companies owning properties constituting the Nova Królikarnia project for a price of PLN 83.8 million under a sale and purchase agreement with Global City Holdings B.V. ('GCH'). For more information see note 6 of the Consolidated Financial Statements for the year ended 31 December 2018.

From the above mentioned PLN 83.8 million, an amount of PLN 40.8 million has been paid by the Company to GCH until 30 June 2018, the amount of PLN 70.8 million has been paid until 31 December 2018, while the remaining PLN 13.0 million has been paid in April 2019.

Nova Królikarnia – Call Option

As part of the Nova Królikarnia acquisition as mentioned above (for additional information see Note 6 to the 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 was paid in April 2019, PLN 16.9 million will be paid 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.

Interim Condensed Company Financial Statement for the six months ended 30 June 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 six months ended 30 June 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 – Equity*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 (within retained earnings) is established for an amount of PLN 2.0 million. 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 six months period ended 30 June 2019, the Company acquired 353,018 own shares for a total price of PLN 307 thousand (on average PLN 0.867 per share). As at 30 June 2019, the Company held 353,018 own shares representing 0.22% of total shares issued by the Company.

Dividend

On 13 May 2019, the Management Board adopted a resolution on the proposal to distribute to its shareholders a dividend from the Company's net profit for year 2018 in the amount of PLN 0,06 per share (in total not more than PLN 9,840 thousands, depending on number of own shares held by the Company on the dividend day).

On 11 June 2019, the General Meeting of the Company resolved to distribute the dividend in accordance with the abovementioned proposal of the Management Board. The dividend in the total amount of PLN 9,820 thousand, was paid on 25 June 2019.

Note 13 – Events during the period

For events during the period, reference is made to Note 22 to the Interim Condensed Consolidated Financial Statements.

Note 14 – Subsequent events

For subsequent events, reference is made to Note 23 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statement for the six months ended 30 June 2019

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,
Board

Sales and Marketing Director

Boaz Haim

Member of the Management Board

Alon Haver

Member of the Management

Krystyna Chenash

Person responsible for the accounting records

Warsaw, 12 August 2019

Independent Auditors' Report

**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS****To the Shareholders and Supervisory Board of Ronson Development SE****Introduction**

We have reviewed the interim condensed consolidated financial statements of Ronson Development SE (the 'Group'), for which the holding company is Ronson Development SE (the 'Company') located in Warsaw, Av. Komisji Edukacji Narodowej 57, containing: the interim condensed consolidated statement of financial position as at 30 June 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 30 June 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 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 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 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**

Other matters

On 12 August 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, 12 August 2019

Independent Auditors' Report

**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF INTERIM CONDENSED
FINANCIAL STATEMENTS****To the Shareholders and Supervisory Board of Ronson Development SE****Introduction**

We have reviewed the interim condensed financial statements of Ronson Development SE (the 'Company') located in Warsaw, Av. Komisji Edukacji Narodowej 57, containing: the interim condensed company statement of financial positions as at 30 June 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 30 June 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 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 interim condensed financial statements based on our review.

Scope of review

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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**

Other matters

On 12 August 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

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no in the register: 10402

on behalf of:

Ernst & Young Audyty Polska spółka
z ograniczoną odpowiedzialnością sp. k.

Rondo ONZ 1, 00-124 Warsaw

no on the audit firms list: 130

Warsaw, 12 August 2019