Ronson Development SE

Interim Financial Report
for the nine months
ended
30 September 2019

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the 9 months ended 30 September 2019
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the 9 months ended 30 September 2019

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Introduction

Ronson Development SE ('the Company'), formerly named Ronson Europe N.V., is an 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 an 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 September 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.30% of the shares are held by the Company. The remaining 33.64% 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 September 2019 the Company held 490,682 own shares (0.30%) 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 23.

On 5 November 2019, the market price was PLN 0.820 per share giving the Company a market capitalization of PLN 134.5 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.

As at 30 September 2019, the Group has 881 units available for sale in 15 locations, of which 800 units are available for sale in ongoing projects and the remaining 81 units are in completed projects. The ongoing projects comprise a total of 1,589 units, with an aggregate floor space of 91,300 m^2. The construction of 479 units with a total area of 24,500 m^2 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 4,450 units with an aggregate floor space of approximately 276,600 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin (in addition, as a result of exercised the second call option on 7 October 2019, the Group purchased 44 units with an aggregate floor space of approximately 9,000 m^2). 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 14,300 m^2 and 1 new project comprising 54 units with a total area of 3,200 m^2 (in total 281 units with a total area of 17,500 m^2).

During the nine months ended 30 September 2019, the Group realized sales of 505 units with the total value of PLN 221.4 million (excluding 88 reservation agreements with the total value of PLN 33.9 million in Ursus Centralny I project, majority of those agreements were converted to sales agreements as at the date of publication of this report i.e. the economic sales during nine months ended 30 September 2019 amounted to 593 units with the total value of PLN 255.3 million), which compares to sales of 639 units with the total value PLN 263.7 million during the nine months ended 30 September 2018.

On 5 April 2019 and on 7 October 2019, the Company (via its subsidiary) exercised the first and second call options, based on call option agreements concluded on 10 April 2018 with Global City Holdings B.V. (hereinafter "Call Option Agreements"), as a result of those transactions the Company acquired shares in companies holding seven substages of the Nova Królikarnia project comprising 128 units with a total area of 18,200 m^2. After the execution of the mentioned two call options, the Company has the right to execute the last call option for the last substage of Nova Królikarnia project with an aggregate floor space of 3,300 m^2 for a total value of PLN 9.9 million. The option can be executed the latest in April 2020.

Overview of the Activity of the Company and the Group (cont'd)

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 September 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 September 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 *(Company with the registered office in Cyprus)*	2013	100%	100%
86.	Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
87.	Tras Sp. z o.o.	2015	100%	100%
88.	Skocznia Projekt Sp. z o.o.	2015	100%	100%
89.	District 20 Sp. z o.o.	2015	100%	100%
90.	Arkadia Development Sp. z o.o.	2015	100%	100%
91.	Królikarnia 2015 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 9.

Business highlights during the nine months ended 30 September 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 nine months ended 30 September 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 from sales and services of residential projects recognized during the nine months ended 30 September 2019 amounted to PLN 172.5 million, whereas cost of sales before write-down adjustment amounted to PLN 143.5 million, which resulted in a gross profit before write-down adjustment amounting to PLN 29.0 million with a gross margin of 16.8%. Total economic revenue from sales and services of residential projects, whereby results from joint ventures are presented on a fully consolidated basis, amounted to PLN 254.7 million, with cost of sales amounting to PLN 203.7 million, which resulted in a gross profit amounting to PLN 51.0 million with a gross margin of 20.0%.

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

	Information on the delivered units		Revenue (1)		Cost of sales (2)		Gross profit	Gross margin
Project	**Number of units**	**Area of units (m^2)**	**PLN thousands**	**%**	**PLN thousands**	**%**	**PLN thousands**	**%**
Miasto Moje I & II	151	8,537	50,893	29.5%	39,750	27.7%	11,143	21.9%
Vitalia I & II	84	4,925	29,303	17.0%	24,259	16.9%	5,044	17.2%
Nova Królikarnia 1a - 1e	18	2,433	25,476	14.8%	21,792	15.2%	3,684	14.5%
Nova Królikarnia 2a & 2b	59	4,409	45,477	26.4%	40,857	28.5%	4,620	10.2%
Chilli IV	19	1,306	4,963	2.9%	4,798	3.3%	165	3.3%
Espresso	3	168	1,231	0.7%	1,042	0.7%	189	15.4%
Moko	7	772	7,472	4.3%	5,536	3.9%	1,936	25.9%
Młody Grunwald	4	477	2,754	1.6%	2,754	1.9%	-	n.a.
Panoramika II & III	2	162	915	0.5%	915	0.6%	-	n.a.
Other	2	126	3,967	2.3%	1,787	1.3%	2,180	n.a.
Total / Average	**349**	**23,315**	**172,451**	**100%**	**143,490**	**100%**	**28,961**	**16.8%**
Write-down adjustment	n.a.	n.a.	n.a.		(1,439)		1,439	n.a.
Results after write-down adjustment	**349**	**23,315**	**172,451**		**142,051**		**30,400**	**17.6%**
City Link I & II (3)	185	8,580	82,209		61,599		20,610	25.1%
Economic results(4)	**534**	**31,895**	**254,660**		**203,650**		**51,010**	**20.0%**

(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%).

Business highlights during the nine months ended 30 September 2019 (cont'd)

B. *Results breakdown by project (cont'd)*

Miasto Moje I & II

The construction of the first and second stage of the Miasto Moje project was completed in May 2018 and February 2019, respectively. The projects were developed on a land strip located in the Białołęka district in Warsaw at Marywilska Street. The Miasto Moje I project comprises 191 apartments and 14 commercial units with an aggregate floor space of 10,900 m^2. The Miasto Moje II project comprises 145 apartments and 3 commercial units with an aggregate floor space of 8,100 m^2.

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 m^2. The second stage of this project comprises 83 apartments with an aggregate floor space of 4,800 m^2.

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 98 apartments and 8 commercial units and an aggregate floor space of 10,600 m^2.

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 m^2. The Nova Królikarnia 2b project comprises 28 units and an aggregate floor space of 2,300 m^2.

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 m^2.

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 m^2.

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 m^2.

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 m^2.

Business highlights during the nine months ended 30 September 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 m^2. The Panoramika III project comprises 122 apartments and an aggregate floor space of 5,800 m^2.

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 m^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.

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 the delivery of 2 units, parking places and storages in other projects that were completed in previous years.

Write-down adjustment

During the nine months ended 30 September 2019, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of 3.3 million, while for some other Company's residential landbank the impairment was made in the amount of PLN 1.9 million. The net impact of write-down adjustment on the gross profit amounted to PLN 1.4 million (positive).

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 m^2. The second stage of this project comprises 184 apartments and 5 commercial units with an aggregate floor space of 8,800 m^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%.

Business highlights during the nine months ended 30 September 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 nine months ended 30 September 2019:

Project name	Location	Units sold until 31 December 2018	Units sold during the 9 months ended 30 September 2019	Units for sale as at 30 September 2019	Total
Espresso (1)	Warsaw	657	3	1	661
Miasto Moje I & II (1)	Warsaw	321	25	7	353
Miasto Moje III (2)	Warsaw	-	102	94	196
Młody Grunwald (1)	Poznań	377	3	13	393
City Link III (2)	Warsaw	286	57	25	368
Miasto Marina (1)	Wrocław	76	45	30	151
Vitalia I & II (1)	Wrocław	205	16	1	222
Vitalia III (2)	Wrocław	-	21	60	81
Grunwald² (2)	Poznań	71	95	102	268
Chilli IV (1)	Poznań	24	19	2	45
Panoramika II & III (1)	Szczecin	228	1	-	229
Panoramika IV (2)	Szczecin	57	33	21	111
Panoramika V (2)	Szczecin	-	30	85	115
Moko (1)	Warsaw	342	1	2	345
Nova Królikarnia 1a -1e (1)	Warsaw	94	8	4	106
Nova Królikarnia 2a & 2b (1)	Warsaw	59	9	5	73
Nova Królikarnia 2c (2)	Warsaw	-	5	13	18
Nova Królikarnia 3b (2)	Warsaw	-	6	17	23
Ursus Centralny I (2)	Warsaw	-	11	127	138
Viva Jagodno I (2)	Wrocław	-	-	121	121
Other (old) projects		6	1	14	21
Total excluding JV		**2,803**	**491**	**744**	**4,038**
City Link I & II (1)/(3)	Warsaw	510	(1)	2	511
Wilanów Tulip (2)/(3)	Warsaw	-	15	135	150
Total including JV		**3,313**	**505**	**881**	**4,699**

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 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%.

In addition, as at 30 September 2019, the Group has 88 reservation agreements signed with the total value of PLN 33.9 million in Ursus Centralny I project in Warsaw. Majority of those agreements were converted to sales agreements as at the date of publication of this report i.e. the economic sales during nine months ended 30 September 2019 amounted to 593 units with the total value of PLN 255.3 million.

Business highlights during the nine months ended 30 September 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 m^2) 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:

		Sold during the nine months ended 30 September 2019		
Project name	**Location**	**Number of units**	**Net saleable area (m^2)**	**Value of the preliminary sales agreements (in PLN thousands)**
Espresso (1)	Warsaw	3	168	1,250
Miasto Moje I & II (1)	Warsaw	25	1,926	11,324
Miasto Moje III (2)	Warsaw	102	4,366	29,819
Młody Grunwald (1)	Poznań	3	375	2,033
City Link III (2)	Warsaw	57	3,534	37,295
Miasto Marina (1)	Wrocław	45	1,893	16,525
Vitalia I & II (1)	Wrocław	16	1,082	6,709
Vitalia III (2)	Wrocław	21	1,652	11,202
Grunwald2 (2)	Poznań	95	4,707	31,621
Chilli IV (1)	Poznań	19	1,312	4,918
Panoramika II & III (1)	Szczecin	1	91	533
Panoramika IV (2)	Szczecin	33	1,761	9,809
Panoramika V (2)	Szczecin	30	1,246	7,505
Moko (1)	Warsaw	1	116	1,230
Nova Królikarnia 1a -1e (1)	Warsaw	8	1,232	10,584
Nova Królikarnia 2a & 2b (1)	Warsaw	9	771	8,309
Nova Królikarnia 2c (2)	Warsaw	5	983	12,621
Nova Królikarnia 3b (2)	Warsaw	6	426	4,778
Ursus Centralny I (2)	Warsaw	11	562	4,254
Other (old) projects		1	56	820
Total excluding JV		**491**	**28,259**	**213,139**
City Link I & II (1)/(3)	Warsaw	(1)	-	667
Wilanów Tulip (2)/(3)	Warsaw	15	878	7,568
Total including JV		**505**	**29,137**	**221,374**

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 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	**Sold during the 9 months ended**		**Increase/(decrease)**	
In thousands of Polish Zlotys (PLN)	**30 September 2019**	**30 September 2018**	**PLN thousands**	**%**
Warsaw	129,699	180,019	(50,320)	-28%
Wrocław	34,436	32,436	2,000	6%
Szczecin	17,847	15,264	2,583	17%
Poznań	38,572	33,307	5,265	16%
Other	820	2,678	(1,858)	n.a.
Total (1)	**221,374**	**263,704**	**(42,330)**	**-16%**

(1) In addition, as at 30 September 2019, the Group has 88 reservation agreements signed with the total value of PLN 33.9 million in Ursus Centralny I project in Warsaw. Majority of those agreements were converted to sales agreements as at the date of publication of this report i.e. the economic sales during nine months ended 30 September 2019 amounted to 593 units with the total value of PLN 255.3 million.

Business highlights during the nine months ended 30 September 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 nine months ended 30 September 2019:

Project name	Location	Number of units	Area of units (m^2)
Miasto Moje III	Warsaw	196	10,200
Wilanów Tulip (1)	Warsaw	150	9,600
Ursus Centralny I	Warsaw	138	7,600
Nova Królikarnia 3b	Warsaw	23	2,300
Panoramika V	Szczecin	115	6,000
Vitalia III	Wrocław	81	6,800
Viva Jagodno I	Wrocław	121	6,200
Total		**824**	**48,700**

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

For additional information see section "Outlook for the year 2019 – B. Current projects under construction 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 m^2.

Exercise of the first and second 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 m^2. 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 was paid in October 2019 and PLN 10.0 million is to be paid in October 2020.

On 7 October 2019, the Company exercised the second call option under the Call Option Agreements for the total price of PLN 35.1 million as a result of which the Company (via its subsidiary) acquired shares in companies holding three substages of Nova Królikarnia project comprising 44 units with an aggregate floor space of around 9,000 m^2. Moreover the Company signed the annexes changing the schedule of payment of second call option in which the price is determined to be paid in three installments: PLN 8.1 million was paid in October 2019, PLN 5.0 million is to be paid in February 2020 and PLN 22.0 million is to be paid in April 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 selling 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.

Business highlights during the nine months ended 30 September 2019 (cont'd)

E. Land purchase/sale (cont'd)

Ursus - final purchase agreement

In September 2019, a subsidiary of the Company executed a final agreement, based on which it purchased the perpetual usufruct right to a land located in Warsaw, Ursus district. The above agreement relates to the last plot purchased in the implementation of preliminary and conditional purchase agreement concluded during the year 2018. In March 2018, the Company received from the seller an irrevocable power of attorney to execute all necessary actions for the development of the project on this last plot of land, including transferring its perpetual usufruct, obtaining all necessary permits and performing part of the construction work. The full price for this plot was paid to sellers at earlier stages of the transaction during previous year.

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 28 through 61 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 62 through 71 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").

Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2019 was PLN 13,190 thousand and can be summarized as follows:

	For the nine months ended 30 September	
	2019	2018
	PLN (thousands, except per share data)	
Revenue from sales and services of residential projects	172,451	253,254
Revenue from sales of land	6,500	-
Revenue	**178,951**	**253,254**
Cost of sales of residential units	(142,051)	(211,188)
Cost of sales of land	(6,312)	-
Cost of sales	**(148,363)**	**(211,188)**
Gross profit	**30,588**	**42,066**
Selling and marketing expenses	(4,003)	(3,763)
Administrative expenses	(14,008)	(14,299)
Share of profit/(loss) from joint ventures	8,962	2,645
Other income/(expenses), net	(1,488)	(1,589)
Result from operating activities	**20,051**	**25,060**
Finance income	583	499
Finance expenses	(3,772)	(4,265)
Net finance income/(expenses)	**(3,189)**	**(3,766)**
Profit/(loss) before taxation	**16,862**	**21,294**
Income tax expenses	(3,672)	(3,883)
Net profit/(loss) for the period before non-controlling interests	**13,190**	**17,411**
Non-controlling interests	-	(1,573)
Net profit/(loss) for the period attributable to the equity holders of the parent	**13,190**	**15,838**
Net earnings per share attributable to the equity holders of the parent (basic and diluted)	**0.081**	**0.097**

Overview of results (cont'd)

Revenue from sales and services of residential projects

The revenue from sales and services of residential units decreased by PLN 80.8 million (31.9%) from PLN 253.3 million during the nine months ended 30 September 2018 to PLN 172.5 million during the nine months ended 30 September 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m^2). The decrease was offset in part by the increase in average selling price per m^2.

Cost of sales of residential units

Cost of sales of residential units decreased by PLN 69.1 million (32.7%) from PLN 211.2 million during the nine months ended 30 September 2018 to PLN 142.1 million during the nine months ended 30 September 2019, which is primarily explained by a decrease in apartments delivered to the customers in terms of area size (in m^2). The decrease was offset in part by the increase in construction costs per m^2.

During the nine months ended 30 September 2019, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company's inventory was reversed in the amount of PLN 3.3 million, while for some of the Company's residential landbank an impairment write-down was made in the amount of PLN 1.9 million. The net impact of write-down adjustment on the gross profit amounted to PLN 1.4 million (positive).

Gross margin

The gross margin during the nine months ended 30 September 2019 was 17.6% which compares to 16.6% during the nine months ended 30 September 2018.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.2 million (6.4%) from PLN 3.8 million during the nine months ended 30 September 2018 to PLN 4.0 million during the nine months ended 30 September 2019, which is primarily explained by the commencement of 6 new projects/stages with a total of 674 units (excluding Wilanów Tulip) during the nine months ended 30 September 2019 compared to 2 new projects/stages with a total of 296 units commenced during the nine months ended 30 September 2018.

Administrative expenses

Administrative expenses before the impact of IFRS 15 amounted to PLN 15.6 million during the nine months ended 30 September 2019 (in comparison to PLN 14.3 million during the nine months ended 30 September 2018), i.e. increased by PLN 1.3 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 nine months ended 30 September 2019, the profit from joint ventures allocated to the Company, amounted to PLN 9.0 million which compares to a profit amounting to PLN 2.6 million during the nine months ended 30 September 2018. The increase is mainly explained by the delivery of 185 units in City Link project during the nine months ended 30 September 2019, compared to 66 units during the nine months ended 30 September 2018.

Other income/(expenses)

No material changes.

Result from operating activities

As a result of the factors described above, the Company's operating result decreased by PLN 5.0 million, from an operating profit of PLN 25.1 million for nine months ended 30 September 2018 to an operating profit of PLN 20.1 million for nine months ended 30 September 2019.

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 9 months ended 30 September 2019			
	PLN (thousands)			
	Total amount	**Amount capitalized**	**Amount capitalized (under IFRS 16)**	**Recognized as profit or loss**
Finance income	583	-	-	583
Finance expense	(10,685)	6,941	-	(3,744)
Finance expense - on lease liabilities	(1,614)	-	1,586	(28)
Net finance income/(expense)	**(11,716)**	**6,941**	**1,586**	**(3,189)**

	For the 9 months ended 30 September 2018		
	PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	499	-	499
Finance expense	(10,338)	6,073	(4,265)
Net finance income/(expense)	**(9,839)**	**6,073**	**(3,766)**

Net finance expenses before capitalization and before impact of IFRS 16 increased by PLN 0.3 million (2.7%) from PLN 9.8 million during the nine months ended 30 September 2018 to PLN 10.1 million during the nine months ended 30 September 2019.

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 September 2019**	**31 December 2018**
	PLN (thousands)	
Inventory and Residential landbank	712,933	643,154
Advances received	212,132	152,452
Loans and borrowings	194,441	243,234

Inventory and Residential landbank

The balance of Inventory and Residential landbank is PLN 712.9 million as at 30 September 2019 compared to PLN 643.2 million as at 31 December 2018. The increase is primarily explained by the Group's investments associated with direct construction costs for a total amount of PLN 128.4 million, by the purchase of land for a total amount of PLN 34.5 million (Nova Królikarnia new stages as a result of first call option exercise) and by the impact of IFRS 16 (recognition of perpetual usufruct rights of real estate properties as assets) for the amount of PLN 30.6 million. The increase was partly offset by cost of sales recognized for a total amount of PLN 142.5 million during the nine months ended 30 September 2019.

Advances received

The balance of advances received is PLN 212.1 million as at 30 September 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 nine months ended 30 September 2019 for a total amount of PLN 230.2 million. The increase is offset in part by revenues recognized from the sale of residential units for a total amount of PLN 170.6 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 194.4 million as at 30 September 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 82.2 million and repayment of bond loans for a total amount of PLN 50.0 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 50.0 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 194.4 million, an amount of PLN 43.5 million comprises facilities maturing no later than 30 September 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 September 2019 amounted to PLN 188.5 million (as at 31 December 2018: PLN 205.5 million) comprising a bond loan principal amount of PLN 187.3 million plus accrued interest of PLN 2.7 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.5 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 September 2019, loans in this category amounted to PLN 5.9 million (as at 31 December 2018: PLN 37.7 million). For additional information see Note 13 of the Interim Condensed Consolidated Financial Statements.

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 nine months ended 30 September	
	2019	2018
	PLN (thousands)	
Cash flow from/(used in) operating activities	49,109	19,983*
Cash flow from/(used in) investing activities	(3,202)	3,963*
Cash flow from/(used in) financing activities	(63,191)	25,515

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

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the nine months ended 30 September 2019 amounted to PLN 49.1 million which compares to a net cash inflow from operating activities during the nine months ended 30 September 2018 amounted to PLN 20.0 million. The increase is principally explained by:

- a net cash inflow from advances received from clients regarding sales of residential units amounting to PLN 230.2 million during the nine months ended 30 September 2019, comparing to a net cash inflow amounting to PLN 201.2 million during the nine months ended 30 September 2018;
- a net cash outflow used in connection with acquisition of the Nova Królikarnia project amounted to PLN 20.6 million during the nine months ended 30 September 2019, comparing to a net cash outflow amounting to PLN 38.1 million during the nine months ended 30 September 2018;

The above-mentioned effects were offset in part by:

- a net cash outflow used in the Group's investments associated with direct construction costs amounting to PLN 128.4 million during the nine months ended 30 September 2019, comparing to a net cash outflow amounting to PLN 107.7 million during the nine months ended 30 September 2018.

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 3.2 million during the nine months ended 30 September 2019 compared to a net cash inflow from investing activities amounted to PLN 4.0 million during the nine months ended 30 September 2018. The decrease is primarily explained by:

- a net cash outflow used in the investment in joint ventures amounting to PLN 2.3 million during the nine months ended 30 September 2019 compared to a cash inflow from investment in joint ventures amounting to PLN 4.3 million during the nine months ended 30 September 2018;

Overview of cash flow results (cont'd)

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 63.2 million during the nine months ended 30 September 2019 compared to a net cash inflow from financing activities amounted to PLN 25.5 million during the nine months ended 30 September 2018. The decrease is primarily explained by:

- net repayment of secured bank loans amounting to PLN 32.3 million during the nine months ended 30 September 2019 compared to a net proceeds from secured bank loans amounting to PLN 3.3 million during the nine months ended 30 September 2018;
- net repayment of bond loans amounting to PLN 18.4 million during the nine months ended 30 September 2019 compared to a net proceeds from bond loans amounting to PLN 22.2 million during the nine months ended 30 September 2018;
- a payment of dividend amounting to PLN 9.8 million during the nine months ended 30 September 2019 compared to PLN nil during the nine months ended 30 September 2018.

Selected financial data

Source: National Bank of Poland ("NBP") PLN/EUR	Exchange rate of Polish Zloty versus Euro: Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2019 (9 months)	**4.302**	**4.241**	**4.389**	**4.374**
2018 (9 months)	4.249	4.142	4.398	4.271
2018 (12 months)	4.262	4.142	4.398	4.300

Selected financial data	EUR		PLN	
	(thousands, except per share data)			
	For the 9 months ended 30 September			
	2019	**2018**	**2019**	**2018**
Revenues	**41,597**	59,603	**178,951**	253,254
Gross profit	**7,110**	9,900	**30,588**	42,066
Profit/(loss) before taxation	**3,920**	5,012	**16,862**	21,294
Net profit/(loss) for the period attributable to the equity holders of the parent	**3,066**	3,727	**13,190**	15,838
Cash flows from/(used in) operating activities	**11,415**	4,703	**49,109**	19,983
Cash flows from/(used in) investing activities	**(744)**	933	**(3,202)**	3,963
Cash flows from/(used in) financing activities	**(14,689)**	6,005	**(63,191)**	25,515
Increase/(decrease) in cash and cash equivalents	**(4,018)**	11,641	**(17,284)**	49,461
Average number of equivalent shares (basic)	**163,775,920**	164,010,813	**163,775,920**	164,010,813
Net earnings/(loss) per share (basic and diluted)	**0.019**	0.023	**0.081**	0.097

Selected financial data	EUR		PLN	
	(thousands)			
	As at			
	30 September 2019	**31 December 2018**	**30 September 2019**	**31 December 2018**
Inventory and Residential landbank	**163,008**	149,571	**712,933**	643,154
Total assets	**199,101**	187,237	**870,789**	805,121
Advances received	**48,503**	35,454	**212,132**	152,452
Long term liabilities	**38,860**	44,440	**169,960**	191,092
Short term liabilities (including advances received)	**81,033**	62,918	**354,406**	270,549
Equity attributable to the equity holders of the parent	**79,208**	79,879	**346,423**	343,480

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 Group expects to sell and deliver during the remainder of 2019 and 2020:

		Number of units delivered (1)			Number of units expected to be delivered (1)			
Project name	**Location**	**Until 31 December 2018**	**During the 9 months ended 30 September 2019**	**Total units delivered**	**Sold until 30 September 2019**	**For sale as at 30 September 2019**	**Total expected to be delivered**	**Total number of units**
Miasto Moje I & II	Warsaw	193	151	344	2	7	9	353
Nova Królikarnia 1a - 1e	Warsaw	80	18	98	4	4	8	106
Nova Królikarnia 2a & 2b	Warsaw	-	59	59	9	5	14	73
Espresso	Warsaw	656	3	659	1	1	2	661
Moko	Warsaw	336	7	343	-	2	2	345
Młody Grunwald	Poznań	376	4	380	-	13	13	393
Vitalia I & II	Wrocław	136	84	220	1	1	2	222
Chilli IV	Poznań	22	19	41	2	2	4	45
Panoramika II & III	Szczecin	227	2	229	-	-	-	229
Miasto Marina (3)	Wrocław	-	-	-	121	30	151	151
Other (old) projects		12	2	14	3	14	17	31
Total excluding JV		**2,038**	**349**	**2,387**	**143**	**79**	**222**	**2,609**
City Link I & II (2)	Warsaw	318	185	503	6	2	8	511
Total including JV		**2,356**	**534**	**2,890**	**149**	**81**	**230**	**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 nine months ended 30 September 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 September 2019**	**Units for sale as at 30 September 2019**	**Total units**	**Net saleable area (m^2)**	**Expected completion of construction**
City Link III	Warsaw	343	25	368	18,700	2019
Panoramika IV	Szczecin	90	21	111	5,800	2019
Panoramika V	Szczecin	30	85	115	6,000	2020
Nova Królikarnia 2c	Warsaw	5	13	18	3,600	2020
Nova Królikarnia 3b	Warsaw	6	17	23	2,300	2020
Miasto Moje III	Warsaw	102	94	196	10,200	2020
Grunwald[2]	Poznań	166	102	268	14,500	2020
Vitalia III	Wrocław	21	60	81	6,800	2020
Ursus Centralny I	Warsaw	11	127	138	7,600	2021
Viva Jagodno I	Wrocław	-	121	121	6,200	2021
Total excluding JV		**774**	**665**	**1,439**	**81,700**	
Wilanów Tulip (1)	Warsaw	15	135	150	9,600	2021
Total including JV		**789**	**800**	**1,589**	**91,300**	

(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%.

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 m^2.

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 m^2.

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 m^2.

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 m^2.

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.

Nova Królikarnia 3b

Description of project

The Nova Królikarnia 3b project is being developed on a land strip located in the Mokotów district in Warsaw at Jaśminowa Street and will comprise 23 apartments with an aggregate floor space of 2,300 m^2.

Stage of development

The construction of the Nova Królikarnia 3b project commenced in July 2019, while completion is expected in the fourth quarter of 2020.

Outlook for the remainder of 2019 (cont'd)

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

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 m^2.

Stage of development

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

Grunwald^2

Description of project

The Grunwald^2 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 m^2.

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 (and last) 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 m^2.

Stage of development

The construction of the Vitalia III project commenced in May 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 will comprise 129 apartments and 9 commercial units with an aggregate floor space of 7,600 m^2.

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.

Viva Jagodno I (previously named Matisse)

The first stage of Viva Jagodno project is being developed on a land strip located in the Jagodno district in Wrocław at Buforowa Street. The stage will comprise 121 units with an aggregate floor space of 6,200 m^2.

Stage of development

The construction of the first stage of Viva Jagodno project commenced in September 2019, while completion is expected in the second quarter of 2021.

Outlook for the remainder of 2019 (cont'd)

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

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 m^2.

Stage of development

The construction of the Wilanów Tulip project commenced in March 2019, while completion is expected in the first quarter of 2021.

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 1 new project (comprising in total 281 units with a total area of 17,500 m^2), 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

Nowe Warzymice I (previously named Chopin)

The Nowe Warzymice 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 m^2.

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 8,900 m^2. The Company is considering commencing construction of this stage during the remainder of 2019.

Nova Królikarnia 3a and 3c

The two sub-stages in the Nova Królikarnia will comprise 51 units with an aggregate floor space of 5,400 m^2. The Company is considering commencing construction of the Nova Królikarnia 3a and 3c project during the remainder of 2019.

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**
Miasto Marina	Wrocław	40,165	Completed
Nova Królikarnia 1a - 1e	Warsaw	3,256	Completed
Nova Królikarnia 2a & 2b	Warsaw	6,841	Completed
Miasto Moje I & II	Warsaw	1,463	Completed
Moko	Warsaw	90	Completed
Espresso II, III & IV	Warsaw	622	Completed
Młody Grunwald	Poznań	24	Completed
Panoramika II & III	Szczecin	29	Completed
Vitalia I & II	Wrocław	382	Completed
Chilli IV	Poznań	555	Completed
Other (old) projects		1,699	Completed
Subtotal completed projects (1)		***55,126***	
City Link III	Warsaw	168,887	2019
Panoramika IV	Szczecin	22,891	2019
Panoramika V	Szczecin	7,505	2020
Grunwald[2]	Poznań	52,154	2020
Miasto Moje III	Warsaw	29,819	2020
Nova Królikarnia 2c	Warsaw	12,621	2020
Vitalia III	Wrocław	11,202	2020
Nova Królikarnia 3b	Warsaw	4,778	2020
Ursus Centralny I	Warsaw	4,254	2021
Subtotal ongoing projects (2)		***314,111***	
City Link I & II (1)/(3)	Warsaw	5,494	Completed
Wilanów Tulip (2)/(3)	Warsaw	7,568	2021
Subtotal projects held by joint venture		***13,062***	
Total		**382,299**	

(1) For information on the completed projects see "Business highlights during the nine months ended 30 September 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%.

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as at 5 November 2019, the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

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

Votes

	As at 5 November 2019 Number of votes / % of votes	Change in votes (3)	As at 30 September 2019 Number of votes / % of votes	Change in votes (3)	As at 31 December 2018 Number of votes / % of votes
No. of votes (3):	***163,464,624***	***(55,507)***	***163,520,131***	***(490,682)***	***164,010,813***
I.T.R. Dori B.V. (1)	108,349,187	-	108,349,187	20,900,000	87,449,187
	66.28%	*0.02 p.p.*	66.26%	*12.94 p.p.*	53.32%
RN Residential B.V. (1)/(2)	-	-	-	(20,900,000)	20,900,000
	n.a.	-	n.a.	*-12.74 p.p.*	12.74%
Nationale Nederlanden Otwarty Fundusz Emerytalny	23,884,091	-	23,884,091	-	23,884,091
	14.61%	*0.00 p.p.*	14.61%	*0.05 p.p.*	14.56%
Metlife Otwarty Fundusz Emerytalny	n.a.	-	n.a.	-	n.a.
	Between 5%-10%	-	Between 5%-10%	-	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 September 2019 was equal to 490,682 shares, which constitute 0.30% of the share capital of the Company and votes at the General Meeting. As at 5 November 2019, the Company held 546,189 own shares representing 0.33% of total shares issued by the Company.

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the nine months ended 30 September 2019 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2018, 30 September 2019 and at the day preceding the publication of 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 September 2019 and as at the day preceding the publication of this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 41.85%, 41.98%, and 41.99%, respectively.

Mr Piotr Palenik, member of the Supervisory Board, as at 31 December 2018, 30 September 2019 and at the day preceding the publication of 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 nine months ended 30 September 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.

On 2 September 2019, Nir Netzer, President of the Management Board, submitted his resignation as President and member of the Management Board effective as of 30 November 2019.

On 28 October 2019, the Supervisory Board of the Company, appointed Boaz Haim to the position of President of the Management Board of the Company as of 1 December 2019. Mr. Boaz Haim was previously appointed as a Member of the Management Board for a five-year joint term of office of the Management Board, which commenced on 1 April 2019.

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.

Additional information to the report (cont'd)

Related parties transactions

There were no transactions and balances with related parties during the nine months ended 30 September 2019 other than the remuneration of the Management Board, loans granted to related parties, the reimbursement of audit review costs and an agreement with the major (indirect) shareholder, A. Luzon Group, covering costs of remuneration of two members of the Management Board and of the Chairman of the Supervisory Board for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Quarterly reporting by the Company

As a result of requirements pertaining to A. Luzon Group, the Company's controlling shareholder, whose ultimate parent company is listed on the Tel Aviv Stock Exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in Poland and listed on the Warsaw Stock Exchange, only the semi-annual report is subject to a review. The Company has agreed with A. Luzon Group that the costs for the first and third quarter review will be shared between the Company and its shareholder. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.
The Company prepared this Interim Financial Report for the nine months ended 30 September 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 nine months ended 30 September 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 contact signed by the Company's subsidiary (Grunwald[2] project). As at 30 September 2019 the loan amounted to PLN 4.8 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 agreed to grant guarantee to the General Contractor. As at 30 September 2019 the delayed payment amounted to nil.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the nine months ended 30 September 2019 was 75 compared to 76 during the nine months ended 30 September 2018. There were no personnel employed in the Company.

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.

	Exchange rate of Polish Zloty versus Euro			
PLN/EUR	**Average exchange rate**	**Minimum exchange rate**	**Maximum exchange rate**	**Period end exchange rate**
2019 (9 months)	**4.302**	**4.241**	**4.389**	**4.374**
2018 (9 months)	4.249	4.142	4.398	4.271
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 9 months ended 30 September			
	2019	**2018**	**2019**	**2018**
Revenues from management services	**1,188**	1,801	**5,112**	7,652
Financial income (Wide majority from loans granted to subsidiaries)	**1,345**	1,420	**5,785**	6,032
Financial expences (Wide majority from Interest on bonds)	**(2,012)**	(2,070)	**(8,654)**	(8,796)
Profit including results from subsidiaries	**3,066**	3,727	**13,190**	15,838
Cash flows from/(used in) operating activities	**(2,778)**	9,168	**(11,952)**	38,956
Cash flows from/(used in) investing activities	**9,135**	(12,725)	**39,297**	(54,067)
Cash flows from/(used in) financing activities	**(6,668)**	5,200	**(28,687)**	22,095
Increase/(decrease) in cash and cash equivalents	**(312)**	1,644	**(1,342)**	6,984
Average number of equivalent shares (basic)	**163,775,920**	164,010,813	**163,775,920**	164,010,813
Net earnings/(loss) per share (basic and diluted)	**0.019**	0.023	**0.081**	0.097

Selected financial data	**EUR**		**PLN**	
	(thousands)			
	Aa at			
	30 September 2019	**31 December 2018**	**30 September 2019**	**31 December 2018**
Investment in subsidiaries	**96,183**	94,723	**420,668**	407,309
Loan granted to subsidiaries	**26,148**	36,241	**114,359**	155,836
Total assets	**123,436**	131,767	**539,858**	566,599
Long term liabilities	**34,510**	35,740	**150,933**	153,683
Short term liabilities	**9,718**	16,148	**42,502**	69,436
Equity	**79,208**	79,879	**346,423**	343,480

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 nine months period ended 30 September 2019 was prepared and approved by the Management Board of the Company on 6 November 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, 6 November 2019

Interim Condensed Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	***Note***	**30 September 2019** **(Reviewed/ Unaudited)**	**31 December 2018** **(Audited)**
Assets			
Property and equipment		8,226	7,986
Investment property	*3*	9,296	8,743
Investment in joint ventures	*21*	13,259	3,439
Deferred tax assets	*15*	4,952	5,531
Residential landbank	*9*	44,321	46,227
Total non-current assets		**80,054**	**71,926**
Inventory	*9*	668,612	596,927
Land for sale	*9*	-	6,305
Trade and other receivables and prepayments		19,515	14,693
Income tax receivable		296	123
Loans granted to joint ventures	*21*	1,655	-
Other current financial assets		17,113	14,319
Cash and cash equivalents		83,544	100,828
Total current assets		**790,735**	**733,195**
Total assets		**870,789**	**805,121**
Equity and liabilities			
Equity			
Share capital		12,503	12,503
Share premium		150,278	150,278
Treasury shares		(427)	-
Retained earnings		184,069	180,699
Total equity	*10*	**346,423**	**343,480**
Liabilities			
Bond loans	*12*	150,933	153,683
Secured bank loans	*13*	-	30,061
Deferred tax liability	*15*	8,483	7,348
Trade and other payables	*11*	10,000	-
Lease liabilities related to perpetual usufruct of investment properties	*3*	544	-
Total non-current liabilities		**169,960**	**191,092**
Trade and other payables and accrued expenses	*11*	64,267	54,587
Bond loans	*12*	37,593	51,864
Secured bank loans	*13*	5,915	7,626
Advances received	*16*	212,132	152,452
Income tax payable		1,067	1,455
Provisions		2,558	2,565
Lease liabilities related to perpetual usufruct of land	*3*	30,874	-
Total current liabilities		**354,406**	**270,549**
Total liabilities		**524,366**	**461,641**
Total equity and liabilities		**870,789**	**805,121**

The notes included on pages 32 to 61 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

For the *In thousands of Polish Zlotys (PLN)*	*Note*	9 months ended 30 September 2019 (Reviewed/ Unaudited)	3 months ended 30 September 2019 (Reviewed/ Unaudited)	9 months ended 30 September 2018 (Reviewed/ Unaudited)	3 months ended 30 September 2018 (Reviewed/ Unaudited)
Revenue from the sale of residential projects	*16*	170,547	35,704	251,445	82,770
Revenue from the sale of land		6,500	-	-	-
Revenue from the sale of services		1,904	290	1,809	270
Total revenue		**178,951**	**35,994**	**253,254**	**83,040**
Cost of sales of residential projects		(142,051)	(29,867)	(211,188)	(68,585)
Cost of sales of land		(6,312)	-	-	-
Gross profit		**30,588**	**6,127**	**42,066**	**14,455**
Selling and marketing expenses		(4,003)	(1,419)	(3,763)	(1,347)
Administrative expenses		(14,008)	(4,541)	(14,299)	(4,695)
Share of profit/(loss) from joint ventures		8,962	2,481	2,645	(6)
Other expenses		(2,424)	(601)	(2,801)	(766)
Other income		936	349	1,212	277
Result from operating activities		**20,051**	**2,396**	**25,060**	**7,918**
Finance income		583	197	499	198
Finance expense		(3,772)	(1,192)	(4,265)	(1,176)
Net finance income/(expense)		**(3,189)**	**(995)**	**(3,766)**	**(978)**
Profit/(loss) before taxation		**16,862**	**1,401**	**21,294**	**6,940**
Income tax benefit/(expense)	*14*	(3,672)	(375)	(3,883)	(1,308)
Profit/(loss) for the period		**13,190**	**1,026**	**17,411**	**5,632**
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period, net of tax		**13,190**	**1,026**	**17,411**	**5,632**
Total profit/(loss) for the period attributable to:					
equity holders of the parent		13,190	1,026	15,838	5,537
non-controlling interests		-	-	1,573	95
Total profit/(loss) for the period, net of tax		**13,190**	**1,026**	**17,411**	**5,632**
Total comprehensive income/(expense) attributable to:					
equity holders of the parent		13,190	1,026	15,838	5,537
non-controlling interests		-	-	1,573	95
Total comprehensive income/(expense) for the period, net of tax		**13,190**	**1,026**	**17,411**	**5,632**
Weighted average number of ordinary shares (basic and diluted)		**163,775,920**	**163,584,415**	**164,010,813**	**164,010,813**
In Polish Zlotys (PLN)					
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		**0.081**	**0.006**	**0.097**	**0.034**

The notes included on pages 32 to 61 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	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 nine months ended 30 September 2019	-	-	-	13,190	13,190
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**13,190**	**13,190**
Repurchase of own shares (see Note 10)	-	-	(427)	-	(427)
Payment of dividends (see Note 10)	-	-	-	(9,820)	(9,820)
Balance at 30 September 2019 (Reviewed/ Unaudited)	**12,503**	**150,278**	**(427)**	**184,069**	**346,423**

(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 September 2019 amounted to PLN 1,573 thousand and was presented as a part of the retained earnings.

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total	Non-controlling interests [2]	Total equity
Balance as at 1 January 2018	**12,503**	**150,278**	**175,108**	**337,889**	**4,123**	**342,012**
Comprehensive income:						
Profit for the nine months ended 30 September 2018	-	-	15,838	15,838	1,573	17,411
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**15,838**	**15,838**	**1,573**	**17,411**
Dividend [1]			(9,841)	(9,841)	-	(9,841)
Balance at 30 September 2018 (Reviewed/ Unaudited)	**12,503**	**150,278**	**181,105**	**343,886**	**5,696**	**349,582**

(1) On 14 September 2018, during an extra-ordinary General Meeting of Shareholders, the shareholders of the Company accepted a distribution of a dividend out of the retained earnings reserve as proposed by the Board of Managing Directors and the Board of Supervisory Directors. The dividend in a total amount of PLN 9,840,649 or PLN 0.06 per ordinary share was paid on 4 October 2018. As at 30 September 2018, the dividend was included under current liabilities in the Interim Condensed Consolidated Statement of Financial Position.

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

Interim Condensed Consolidated Statement of Cash Flows

For the 9 months ended 30 September *In thousands of Polish Zlotys (PLN)*	*Note*	**2019** **(Reviewed/ unaudited)**	**2018** **(Reviewed/ Unaudited /Restated)**
Cash flows from/(used in) operating activities			
Profit/(loss) for the period		13,190	17,411
Adjustments to reconcile profit for the period to cash from operating activities			
Depreciation		738	767
Write-down/(reversal) of inventory and residential landbank		(1,439)	725
Finance expense		3,772	4,265
Finance income		(583)	(499)
Loss/(profit) on sale of property and equipment		(115)	(22)
Share of loss /(profit) from joint ventures		(8,962)	(2,645)
Income tax expense		3,672	3,883
Subtotal		***10,273***	***23,885***
Decrease/(increase) in inventory and residential landbank	*9*	11,885	92,903
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		(3,999)	(3,722)
Decrease/(increase) in other current financial assets		(2,794)	4,318
Increase/(decrease) in trade and other payables and accrued expenses		5,489	(2,024)
Increase/(decrease) in provisions		(7)	(87)
Increase/(decrease) in advances received	*16*	59,680	(50,214)
Subtotal		***59,964***	***24,219***
Interest paid		(8,745)	(7,337)
Interest received		409	6,151
Income tax received/(paid)		(2,519)	(3,050)
Net cash from/(used in) operating activities		**49,109**	**19,983***
Cash flows from/(used in) investing activities			
Acquisition of property and equipment		(978)	(377)
Net proceeds/(loans granted) to joint ventures		(10,684)	1,312
Dividend received from joint ventures		8,345	2,999
Proceeds from sale of property and equipment		115	29
Net cash from/(used in) investing activities		**(3,202)**	**3,963***
Cash flows from/(used in) financing activities			
Proceeds from bank loans, net of bank charges	*13*	49,952	46,737
Repayment of bank loans	*13*	(82,246)	(43,408)
Proceeds from bond loans issued, net of issue costs	*12*	31,560	49,346
Repayment of bond loans	*12*	(50,000)	(27,160)
Dividend paid	*10*	(9,820)	-
Payment of lease liabilities related to perpetual usufruct rights	*3*	(2,210)	-
Repurchase of own shares	*10*	(427)	-
Net cash from/(used in) financing activities		**(63,191)**	**25,515**
Net change in cash and cash equivalents		**(17,284)**	**49,461**
Cash and cash equivalents at beginning of the period		100,828	64,860
Cash and cash equivalents at end of the period**		**83,544**	**114,321**

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

*** Including restricted cash that amounted to PLN 4,885 thousand and PLN 6,889 thousand as 30 September 2019 and as 30 September 2018, respectively.*

The notes included on pages 32 to 61 are an integral part of these interim condensed consolidated financial statements

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 an 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. with statutory seat in Rotterdam. During 2018, the Company changed its name and was transformed into an 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 September 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.30% of the shares are held by the Company. The remaining 33.64% 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 September 2019 the Company held 490,682 own shares (0.30%) 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 nine months ended 30 September 2019 and contain comparative data for the nine months ended 30 September 2018 and as at 31 December 2018. The Interim Condensed Consolidated Financial Statements of the Company for the nine months ended 30 September 2019 with all its comparative data have been reviewed by the Company's external auditors.

As at 30 September 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 nine months ended 30 September 2019 were authorized for issuance by the Management Board on 6 November 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 nine months ended 30 September 2019 are included in the Management Board Report on pages 1 through 27.

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 lease 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.

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:

In thousands of Polish Zlotys (PLN)	**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**	

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 nine months period ended 30 September 2019 is presented below:

In thousands of Polish Zlotys (PLN)	**1 January 2019**	**New acquisitions**	**Depreciation charge**	**Fair value adjustment**	**Recalculation adjustment**	**Completion of projects**	**30 September 2019**
Right of use assets related to inventory	32,977	-	(332)	n.a.	(954)	(1,126)	30,565
Right of use assets related to investment property	553	-	n.a	-	-	n.a	553

In thousands of Polish Zlotys (PLN)	**1 January 2019**	**New acquisitions**	**Finance expense**	**Payments**	**Recalculation adjustment**	**Completion of projects**	**30 September 2019**
Lease liabilities related to inventory	32,977	-	1,586	(2,173)	(889)	(627)	30,874
Lease liabilities related to investment property	553	-	28	(37)	-	n.a	544

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.

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 September 2019, are presented below and on the following page.

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

(1) The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

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 September 2019	31 December 2018
b.	held indirectly by the Company (cont'd):			
48.	Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100%	100%
49.	Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k.	2009	100%	100%
50.	Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100%	100%
51.	Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100%	100%
52.	Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k.	2009	100%	100%
53.	Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100%	100%
54.	Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100%	100%
55.	Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100%	100%
56.	Ronson Espresso Sp. z o.o.	2006	100%	100%
57.	Ronson Development Apartments 2010 Sp. z o.o.	2010	100%	100%
58.	RD 2010 Sp. z o.o.	2010	100%	100%
59.	Retreat Sp. z o.o.	2010	100%	100%
60.	Ronson Development Enterprise 2010 Sp. z o.o.	2010	100%	100%
61.	Ronson Development Wrocław 2010 Sp. z o.o.	2010	100%	100%
62.	E.E.E. Development 2010 Sp. z o.o.	2010	100%	100%
63.	Ronson Development Nautica 2010 Sp. z o.o.	2010	100%	100%
64.	Gemini 2010 Sp. z o.o.	2010	100%	100%
65.	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100%	100%
66.	Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100%	100%
67.	Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100%	100%
68.	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100%	100%
69.	Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100%	100%
70.	Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100%	100%
71.	Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100%	100%
72.	Ronson Development Partner 2 Sp. z o.o. - Miasto Moje Sp. k.	2012	100%	100%
73.	Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100%	100%
74.	Ronson Development Sp. z o.o. - City 4 Sp.k.	2016	100%	100%
75.	Ronson Development Partner 2 Sp. z o.o. – Grunwald Sp.k.	2016	100%	100%
76.	Ronson Development Sp. z o.o. - Projekt 2 Sp.k.	2017	100%	100%
77.	Ronson Development Sp. z o.o. - Projekt 3 Sp.k.	2017	100%	100%
78.	Ronson Development Sp. z o.o. - Projekt 4 Sp.k.	2017	100%	100%
79.	Ronson Development Sp. z o.o. - Projekt 5 Sp.k.	2017	100%	100%
80.	Ronson Development Sp. z o.o. - Projekt 6 Sp.k.	2017	100%	100%
81.	Ronson Development Sp. z o.o. - Projekt 7 Sp.k.	2017	100%	100%
82.	Ronson Development Sp. z o.o. - Projekt 8 Sp.k.	2017	100%	100%
83.	Ursus 2017 Sp. z o.o.	2017	100%	100%
84.	Projekt City Sp. z o.o.	2017	100%	100%
85.	Bolzanus Limited *(Company with the registered office in Cyprus)*	2013	100%	100%
86.	Park Development Properties Sp. z o.o. - Town Sp.k.	2007	100%	100%
87.	Tras Sp. z o.o.	2015	100%	100%
88.	Skocznia Projekt Sp. z o.o.	2015	100%	100%
89.	District 20 Sp. z o.o.	2015	100%	100%
90.	Arkadia Development Sp. z o.o.	2015	100%	100%
91.	Królikarnia 2015 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 note 11.

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 September 2019**

	Warsaw				**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**IFRS adjustments**	**Total**
	Apartments	**Houses**	**Joint venture**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**			
Segment assets	478,858	70,059	39,340	9,296	80,676	-	86,040	-	95,805	-	-	(24,426)	835,648
Unallocated assets	-	-	-	-	-	-	-	-	-	-	35,141	-	35,141
Total assets	**478,858**	**70,059**	**39,340**	**9,296**	**80,676**	**-**	**86,040**	**-**	**95,805**	**-**	**35,141**	**(24,426)**	**870,789**
Segment liabilities	205,402	9,133	20,659	-	35,986	-	45,720	-	26,515	-	-	(20,659)	322,756
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	201,610	-	201,610
Total liabilities	**205,402**	**9,133**	**20,659**	**-**	**35,986**	**-**	**45,720**	**-**	**26,515**	**-**	**201,610**	**(20,659)**	**524,366**

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**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2019**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	118,323	15,118	82,209	552	8,230	-	35,814	-	914	-	-	(82,209)	178,951
Segment result	18,285	146	19,748	316	(1,838)	-	5,854	-	1,335	-	-	(10,786)	33,060
Unallocated result	-	-	-	-	-	-	-	-	-	-	(13,009)	-	(13,009)
Result from operating activities	**18,285**	**146**	**19,748**	**316**	**(1,838)**	**-**	**5,854**	**-**	**1,335**	**-**	**(13,009)**	**(10,786)**	**20,051**
Net finance income/ (expenses)	(55)	(12)	(156)	(28)	(21)	-	(14)	-	(14)	-	(3,045)	156	(3,189)
Profit/(loss) before tax	**18,230**	**134**	**19,593**	**288**	**(1,859)**	**-**	**5,840**	**-**	**1,321**	**-**	**(16,054)**	**(10,631)**	**16,862**
Income tax expenses													(3,672)
Profit/(loss) for the period													**13,190**
Capital expenditure	**576**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**402**	**-**	**978**

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2018**

	Warsaw				Poznań		Wrocław		Szczecin		Unallocated	IFRS adjustments	Total
	Apartments	Houses	Joint venture	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses			
Revenue	170,308	15,346	25,917	629	29,453	-	9,192	-	28,326	-	-	(25,917)	253,254
Segment result	34,537	1,908	6,773	457	(1,532)	-	1,333	-	(234)	-	-	(4,128)	39,114
Unallocated result	-	-	-	-	-	-	-	-	-	-	(14,054)	-	(14,054)
Result from operating activities	**34,537**	**1,908**	**6,773**	**457**	**(1,532)**	**-**	**1,333**	**-**	**(234)**	**-**	**(14,054)**	**(4,128)**	**25,060**
Net finance income/ (expenses)	165	10	9	-	(118)	-	(13)	-	(11)	-	(3,799)	(9)	(3,766)
Profit/(loss) before tax	**34,702**	**1,918**	**6,782**	**457**	**(1,650)**	**-**	**1,320**	**-**	**(245)**	**-**	**(17,853)**	**(4,137)**	**21,294**
Income tax expenses													(3,883)
Profit/(loss) for the period													**17,411**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**377**	**-**	**377**

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 September 2019**

	Warsaw				**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**IFRS adjustments**	**Total**
	Apartments	**Houses**	**Joint venture**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**			
Revenue	20,145	5,055	22,255	180	3,520	-	7,094	-	-	-	-	(22,255)	35,994
Segment result	1,493	(879)	5,241	90	(1,056)	-	2,173	-	1,643	-	-	(2,760)	5,945
Unallocated result	-	-	-	-	-	-	-	-	-	-	(3,549)	-	(3,549)
Result from operating activities	**1,493**	**(879)**	**5,241**	**90**	**(1,056)**	**-**	**2,173**	**-**	**1,643**	**-**	**(3,549)**	**(2,760)**	**2,396**
Net finance income/ (expenses)	(40)	(15)	(77)	(10)	(6)	-	(7)	-	(6)	-	(911)	77	(995)
Profit/(loss) before tax	**1,453**	**(894)**	**5,164**	**80**	**(1,062)**	**-**	**2,166**	**-**	**1,637**	**-**	**(4,460)**	**(2,683)**	**1,401**
Income tax expenses													(375)
Profit/(loss) for the period													**1,026**
Capital expenditure	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60**

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 September 2018**

	Warsaw				**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**IFRS adjustments**	**Total**
	Apartments	**Houses**	**Joint venture**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**			
Revenue	58,119	15,346	900	209	5,464	-	1,769	-	2,133	-	-	(900)	83,040
Segment result	11,922	1,942	150	162	(1,065)	-	113	-	(117)	-	-	(156)	12,951
Unallocated result	-	-	-	-	-	-	-	-	-	-	(5,033)	-	(5,033)
Result from operating activities	**11,922**	**1,942**	**150**	**162**	**(1,065)**	**-**	**113**	**-**	**(117)**	**-**	**(5,033)**	**(156)**	**7,918**
Net finance income/ (expenses)	62	8	11	-	(4)	-	(3)	-	(5)	-	(1,036)	(11)	(978)
Profit/(loss) before tax	**11,984**	**1,950**	**161**	**162**	**(1,069)**	**-**	**110**	**-**	**(122)**	**-**	**(6,069)**	**(167)**	**6,940**
Income tax benefit													(1,308)
Profit/(loss) for the period													**5,632**
Capital expenditure	-	-	-	-	-	-	-	-	-	-	**327**	-	**327**

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the nine months ended 30 September 2019 were as follows:

In thousands of Polish Zlotys (PLN)	As at 31 December 2018	Acquisition of Nova Królikarnia (3)	Transferred to finished units	Additions	As at 30 September 2019
Land and related expense	294,484	34,495	(43,389)	1,486	287,076
Construction costs	172,340	-	(113,906)	128,385	186,819
Planning and permits	20,359	-	(2,758)	4,531	22,132
Borrowing costs (1)	36,205	-	(6,322)	6,941	36,824
Borrowing costs on lease and deprecation of the perpetual usefruct right (2)	-	-	(52)	1,918	1,866
Other	4,772	-	(1,604)	2,080	5,248
Work in progress	**528,160**	**34,495**	**(168,031)**	**145,341**	**539,965**

In thousands of Polish Zlotys (PLN)	As at 31 December 2018		Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 September 2019
Finished goods	**78,491**		**168,031**	**(142,446)**	**104,076**

In thousands of Polish Zlotys (PLN)	As at 31 December 2018		Revaluation write-down recognized in statement of comprehensive income		As at 30 September 2019
			Reversal	Utilization	
Write-down	**(9,724)**		**3,369**	**361**	**(5,994)**

In thousands of Polish Zlotys (PLN)	As at 31 December 2018	First adoption /Recalculation adjustment of IFRS 16	Depreciation	Transfer to Other receivables	As at 30 September 2019
Perpetual usefruct rights (2)	**-**	**32,023**	**(332)**	**(1,126)**	**30,565**
Inventory, valued at lower of - cost and net realisable value	**596,927**				**668,612**

(1) Borrowing costs are capitalized to the value of inventory with 5.81% average effective capitalization interest rate.
(2) For additional information see note 3.
(3) For additional information see note 11.

During the reporting period the Group performed an inventory review with regard to its valuation to net realizable value based on the most reliable evidence available to the Group. As a result, during the nine months ended 30 September 2019 the Group reversed a write-down adjustment made during previous periods on inventory of PLN 3,369 thousand, which is included as part of cost of sales in the Consolidated Statement of Comprehensive Income. During the year ended 31 December 2018 and during nine months ended 30 September 2018, the Group made a write-down adjustment on inventory of PLN 2,937 thousand and PLN 725 thousand, respectively. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

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:

In thousands of Polish Zlotys (PLN)	As at 31 December 2017	Acquisition of Nova Królikarnia [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**

In thousands of Polish Zlotys (PLN)	As at 31 December 2017	Acquisition of Nova Królikarnia [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**

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

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

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

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

(4) See Residential landbank below.

(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).

Notes to the Interim Condensed Consolidated Financial Statements

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

Inventory (cont'd)

Movements in Inventory during the nine months ended 30 September 2018 were as follows:

In thousands of Polish Zlotys (PLN)	As at 31 December 2017	Acquisition of Nova Królikarnia (1)	Transferred to finished units	Additions	As at 30 September 2018
Land and related expense	238,700	49,753	(32,782)	85,684(2)	341,355
Construction costs	88,346	43,233	(104,869)	107,667	134,377
Planning and permits	15,383	3,904	(2,757)	4,621	21,151
Borrowing costs (3)	39,842	252	(4,368)	6,073	41,799
Other	3,244	1,351	(1,814)	2,190	4,971
Work in progress	**385,515**	**98,493**	**(146,590)**	**206,235**	**543,653**

In thousands of Polish Zlotys (PLN)	As at 31 December 2017	Acquisition of Nova Królikarnia (1)	Transferred from work in progress	Recognized in the statement of comprehensive income	As at 30 September 2018
Finished goods	**139,664**	**37,843**	**146,590**	**(211,407)**	**112,690**

In thousands of Polish Zlotys (PLN)	As at 31 December 2017		Revaluation write-down recognized in statement of comprehensive income		As at 30 September 2018
			Increase	Utilization	
Write-down	**(13,081)**		**(725)**	**1,152**	**(12,654)**
Inventory, valued at lower of cost and net realisable value	**512,098**				**643,689**

(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 in 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 5.82% average effective capitalization interest rate.

Residential landbank

In December 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.
As at 30 September 2019 the total book value of residential landbank amounted to PLN 44,321 thousand (after deduction of PLN 6,882 thousand for write-down) in comparison to PLN 46,227 thousand as at 31 December 2018 (after deduction of PLN 4,952 thousand for write-down).
During the nine months ended 30 September 2019 the Group made a write-down adjustment on Residential landbank of PLN 1,930 thousand, which is included as part of cost of sales in the Consolidated Statement of Comprehensive Income.

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 September 2019 amounted to PLN 1,573 thousand and was presented as a part of the retained earnings.

During the nine months period ended 30 September 2019, the Company acquired 490,682 own shares for a total price of PLN 427 thousand (on average PLN 0.869 per share). As at 30 September 2019, the Company held 490,682 own shares representing 0.30% of total shares issued by the Company.

Dividend

During the nine months ended 30 September 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 m^2. 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 was paid in October 2019 and PLN 10.0 million to be paid in October 2020.

As at 30 September 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:

In thousands of Polish Zlotys (PLN)	**During nine months ended 30 September 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 September 2019	**20,563**

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Bond loans

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

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 9 months ended 30 September 2018 (Reviewed/ Unaudited)
Opening balance	**205,547**	**197,308**	**197,308**
Repayment of bond loans	(50,000)	(42,160)	(27,160)
Proceeds from bond loans	32,317	50,000	50,000
Issue cost	(757)	(654)	(654)
Issue cost amortization	668	837	629
Accrued interest	7,938	10,958	8,098
Interest repayment	(7,187)	(10,742)	(6,393)
Total closing balance	**188,526**	**205,547**	**221,828**
Closing balance includes:			
Current liabilities	37,593	51,864	68,282
Non-current liabilities	150,933	153,683	153,546
Total closing balance	**188,526**	**205,547**	**221,828**

New Bond loans issued during the nine months ended 30 September 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 nine months ended 30 September 2019:

During the nine months ended 30 September 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, 15,500 series J bonds with total nominal value of PLN 15,500 thousand and 10,000 series N bonds with total nominal value of PLN 10,000 thousand (i.e in total PLN 50,000 thousand). After these repayments, the total number of outstanding bonds series I , K, J, O and N amounted to nil.

Bond loans issued before 31 December 2018:

The maturity dates and the conditions of the Bonds loans series M, 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, 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Bond loans (cont'd)

Financial ratio covenants for series M, P and Q:

Based on the conditions of bonds M, 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 *In thousands of Polish Zlotys (PLN)*	**30 September 2019** **(Reviewed/ Unaudited)**
Net debt	93,784
Equity	346,423
Net Indebtedness Ratio	**27.1%**

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 *In thousands of Polish Zlotys (PLN)*	**30 September 2019** **(Reviewed/ Unaudited)**
Net debt	93,784
Equity	346,423
Net Indebtedness Ratio	**27.1%**

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 *In thousands of Polish Zlotys (PLN)*	**30 September 2019** **(Reviewed/ Unaudited)**
Net debt	93,784
Inventory and Residential landbank [(1)]	470,236
Net Debt to Inventory Ratio	**19.9%**

(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 *In thousands of Polish Zlotys (PLN)*	**30 September 2019** **(Reviewed/ Unaudited)**
Net debt	93,784
Equity	346,423
Net Indebtedness Ratio	**27.1%**

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 9 months ended 30 September 2019, the consulting fees related to A. Luzon Group amounted to PLN 630 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.

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 nine months ended 30 September 2019, during the year ended 31 December 2018 and during the nine months ended 30 September 2018 as well as the Current and Non-currents balances as at the end of respective periods:

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2019 (Reviewed/ Unaudited)	For the year ended 31 December 2018 (Audited)	For the 9 months ended 30 September 2018 (Reviewed/ Unaudited)
Opening balance	**37,687**	**13,920**	**13,920**
New bank loan drawdown	50,692	85,168	47,280
Bank loans repayments	(82,246)	(61,805)	(43,408)
Bank charges	(740)	(543)	(543)
Bank charges amortization	563	893	619
Accrued interest/(interest repayment) on bank loans, net	(41)	54	48
Total closing balance	**5,915**	**37,687**	**17,916**
Closing balance includes:			
Current liabilities	5,915	7,626	48
Non-current liabilities	-	30,061	17,868
Total closing balance	**5,915**	**37,687**	**17,916**

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). According to Group cash flow projection, liabilities from secured bank loans as at 30 September 2019 will be repaid during the following 12 months. Liabilities from bank loans are presented as Current liabilities.

As at 30 September 2019, as at 31 December 2018 and as at 30 September 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

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2019 (Reviewed/ Unaudited)	For the 3 months ended 30 September 2019 (Reviewed/ Unaudited)	For the 9 months ended 30 September 2018 (Reviewed/ Unaudited)	For the 3 months ended 30 September 2018 (Reviewed/ Unaudited)
Current tax expense/(benefit)	**1,958**	**971**	**3,871**	**3,613**
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	2,972	(2,124)	(1,757)	(1,285)
Expense/(benefit) of tax losses recognized	(1,258)	1,528	1,769	(1,020)
Total deferred tax expense/(benefit)	**1,714**	**(596)**	**12**	**(2,305)**
Total income tax expense/(benefit)	**3,672**	**375**	**3,883**	**1,308**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – Deferred tax assets and liabilities

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

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2019	Recognized in the statement of comprehensive income	Closing balance 30 September 2019
Deferred tax assets			
Tax loss carry forward	2,058	1,258	3,316
Accrued interest	2,348	352	2,700
Accrued expense	777	(99)	678
Write-down of work in progress and residential landbank	2,788	(342)	2,446
Other	1,437	(190)	1,247
Total deferred tax assets	**9,408**	**979**	**10,387**
Deferred tax liabilities			
Difference between tax base and carrying value of inventory	9,521	2,238	11,759
Accrued interest	-	269	269
Fair value gain on investment property	890	-	890
Other	814	186	1,000
Total deferred tax liabilities	**11,225**	**2,693**	**13,918**
Deferred tax assets	9,408		10,387
Deferred tax liabilities	11,225		13,918
Offset of deferred tax assets and liabilities for individual companies	(3,877)		(5,435)
Deferred tax assets reported in the Consolidated Statement of Financial Position	**5,531**		**4,952**
Deferred tax liabilities reported in the Consolidated Statement of Financial Position	**7,348**		**8,483**

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:

In thousands of Polish Zlotys (PLN)	**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**

Notes to the Interim Condensed Consolidated Financial Statements

Note 16 – Advances received

Advances received during the nine months ended 30 September 2019 consist of customer advances for construction work in progress (deferred revenue) and comprise customer advances for the following projects:

In thousands of Polish Zlotys (PLN)	As at 31 December 2018	Revenue recognized during the 9 months ended 30 September 2019	Advances received during the 9 months ended 30 September 2019	As at 30 September 2019
City Link III	48,216	-	65,388	113,604
Nova Królikarnia 1a-1e	12,932	(25,476)	15,240	2,696
Nova Królikarnia 2a & 2b	28,408	(45,477)	20,856	3,787
Nova Królikarnia 2c	-	-	4,892	4,892
Nova Królikarnia 3b	-	-	143	143
Vitalia I & II	11,875	(29,303)	17,469	41
Vitalia III		-	2,344	2,344
Miasto Moje I & II	28,841	(50,893)	22,518	466
Miasto Moje III	-	-	5,894	5,894
Miasto Marina	10,243	-	26,153	36,396
Panoramika II & III	79	(915)	865	29
Panoramika IV	4,034	-	12,758	16,792
Panoramika V	-	-	1,780	1,780
Grunwald[2]	5,387	-	16,109	21,496
Moko	1,248	(7,472)	6,298	74
Młody Grunwald	209	(2,754)	2,569	24
Espresso	146	(1,231)	1,114	29
Chilli IV	30	(4,963)	5,488	555
Ursus Centralny I	-	-	574	574
Other	804	(2,063)	1,775	516
Total	**152,452**	**(170,547)**	**230,227**	**212,132**

Advances received during the 9 months ended 30 September 2018 consist of customer advances for construction work in progress (deferred revenue) and comprise customer advances for the following projects:

In thousands of Polish Zlotys (PLN)	As at 31 December 2017	Revenue recognized during the 9 months ended 30 September 2018	Advances received in Nova Królikarnia projects before acquisition	Advances received during the 9 months ended 30 September 2018	As at 30 September 2018
City Link III	7,050	-	-	23,165	30,215
Nova Królikarnia 1a-1e	-	(47,896)	(56,256)	19,070	27,430
Nova Królikarnia 2a & 2b	-	-	(5,924)	13,302	19,226
Vitalia I & II	2,108	(9,071)	-	12,865	5,902
Miasto Moje I & II	18,657	(51,538)	-	50,353	17,472
Miasto Marina	1,178	-	-	3,924	5,102
Panoramika II & III	15,928	(28,327)	-	12,433	34
Panoramika IV	-	-	-	1,968	1,968
Grunwald[2]	-	-	-	2,938	2,938
Moko	3,599	(20,432)	-	17,490	657
Młody Grunwald	10,587	(25,145)	-	15,632	1,074
Espresso	40,248	(60,558)	-	20,907	597
Chilli IV	1,126	(3,931)	-	2,814	9
Other	1,763	(4,547)	-	4,370	1,586
Total	**102,244**	**(251,445)**	**(62,180)**	**201,231**	**114,210**

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:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2019** (Reviewed/ Unaudited)	**As at 31 December 2018** (Audited)
Ursus Centralny I	29,304	-
Viva Jagodno I	27,418	-
City Link III	8,176	42,718
Grunwald[2]	24,541	46,835
Panoramika IV	2,341	13,016
Panoramika V	11,771	-
Vitalia III	25,592	-
Nova Królikarnia 2c	9,456	19,835
Miasto Moje III	30,203	-
Nova Królikarnia 3b	9,771	-
Miasto Marina	-	4,076
Vitalia II	-	4,150
Nova Królikarnia 2b	-	4,106
Miasto Moje II	-	993
Nova Królikarnia 2a	-	3,109
Total	**178,573**	**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:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2019** (Reviewed/ Unaudited)	**As at 31 December 2018** (Audited)
Grunwald[2]	35,490	-
Panoramika IV	7,631	21,950
Panoramika V	23,500	-
City Link III	-	78,331
Miasto Marina	-	16,278
Vitalia II	-	12,641
Miasto Moje II	-	4,666
Total	**66,621**	**133,866**

(iii) Other commitments and contingencies:

As part of the Nova Królikarnia acquisition (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2018), the Company and GCH have concluded call option agreements for a total value of PLN 78.9 million, under which the Company has been granted three call options with respect to the shares in the eight other project companies holding the remaining stages of the Nova Królikarnia project. The last option shall be executed the latest till April 2020. The exercise of the three call options will allow the Company to develop 161 units with an aggregate floor space of approximately 21,500 m^2.

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Commitments and contingencies (cont'd)

(iii) Other commitments and contingencies (cont'd):

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 m^2. 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 was paid in October 2019 and PLN 10.0 million to be paid in October 2020.

On 7 October 2019, the Company exercised the second call option under the Call Option Agreements for the total price of PLN 35.1 million as a result of which the Company (via its subsidiary) acquired shares in companies holding three substages of Nova Królikarnia project comprising 44 units with an aggregate floor space of around 9,000 m^2. Moreover the Company signed the annexes changing the schedule of payment of second call option in which the price is determined to be paid in three installments: PLN 8.1 million was paid in October 2019, PLN 5.0 million to be paid in February 2020 and PLN 22.0 million to be paid in 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. After 30 September 2019, as the result of the second call option being exercised on 7 October 2019, the amount of the fee contingency decreased to PLN 1.5 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 September 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):

In thousands of Polish Zlotys (PLN)	**As at 30 September 2019** (Reviewed/ Unaudited)	**As at 31 December 2018** (Audited)
Moko	30	5,309
Espresso II, III & IV	590	490
Młody Grunwald I-III	11	622
Panoramika II & III	-	333
Panoramika IV	6,099	9,066
Panoramika V	5,761	-
Vitalia I & II	430	605
Vitalia III	8,869	10,605
Grunwald[2]	30,657	15,146
Chilli IV	-	569
Miasto Moje I & II	992	12,350
Miasto Moje III	23,970	-
Ursus Centralny I	4,150	-
Miasto Marina	3,769	13,397
City Link III	55,299	83,378
Nova Królikarnia 1a - 1e	559	5,216
Nova Królikarnia 2a & 2b	3,056	15,600
Nova Królikarnia 2c	7,729	-
Nova Królikarnia 3b	4,725	-
Other (old) projects	1,189	1,567
Total	**157,885**	**174,253**

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. On 27 May 2019, the above claim was rejected by a court of second instance regarding the land on which the Verdis project is located, and as the obligations resulting from the above mentioned guarantees were fulfilled, the guarantees expired.

Note 18 – Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks such as 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 nine months ended 30 September 2019 as described in Notes 12 and 13.

(iii) Fair value estimation

The Investment property is valued at fair value determined by the Management.
During the nine months ended 30 September 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.

(iv) 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 nine months ended 30 September 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 20 – Impairment losses and provisions

During the nine months ended 30 September 2019, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for some of the Company’s inventory was reversed in the amount of 3,369 thousand, while for some other Company’s residential landbank the impairment was made in the amount of PLN 1,930 thousand. During the year ended 31 December 2018 and during nine months ended 30 September 2018, the Group made a write-down adjustment on inventory of PLN 2,937 thousand and PLN 725 thousand, respectively.

Note 21 – Investment in joint ventures

In thousands of Polish Zlotys (PLN)	**As at 30 September 2019**	**As at 31 December 2018**
Loans granted	11,030	-
Share in net equity value of joint ventures	3,884	3,439
The Company's carrying amount of the investment	**14,914**	**3,439**
Presented as Loans granted to joint ventures (current assets)	(1,655)	-
Investment in joint ventures	**13,259**	**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 September 2019, from the total amount of loans granted to joint ventures (amounting in total to PLN 11,030 thousand) loans in the aggregate amount of PLN 1,655 thousand are maturing no later than 30 September 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.

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

Notes to the Interim Condensed Consolidated Financial Statements

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

Bank loans

In February 2019, the Company executed a loan agreement with Santander Bank Polska S.A. related to the Grunwald[2] 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.

In September 2019, the Company executed a loan agreement with PKO Bank Polski S.A. relating to the fifth stage of the Panoramika project in Szczecin. Under this loan agreement PKO Bank Polski S.A. is to provide financing to cover the costs of construction up to a total amount of PLN 23.5 million. Under the loan agreement, the final repayment date of the loan facility is December 2021.

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 agreed to grant 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 m^2.

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 m^2, 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 m^2.

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 m^2.

In June 2019, the Company commenced the contruction work of the first stage of Ursus Centralny project comprising 138 units with an aggregate floor space of 7,600 m^2.

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 m^2.

In September 2019, the Company commenced the construction work of the first stage of Viva Jagodno project comprising 121 apartments with an aggregate floor space of 6,200 m^2.

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 m^2.

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 m^2, 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 m^2.

In April 2019, the Company completed the construction of the Vitalia II project comprising 83 units with a total area of 4,800 m^2.

Notes to the Interim Condensed Consolidated Financial Statements

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

Completions of projects

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 m^2.

In June 2019, the Company completed the construction of the Miasto Marina project comprising 151 units with an aggregate floor space of 6,200 m^2. 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 selling price was set at PLN 6.5 million increased by VAT. An advance of PLN 650 thousand was received before the end of December 2018, whereas the remaining portion of the price was received in February 2019 when the final sale agreement was signed.

Share buyback program

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

Wilanów Tulip

In March 2019, the Company, via a joint venture entity in which the Company holds a 50% interest, signed a final agreement for purchasing the right of perpetual usufruct of property located in Warsaw, Wilanów district, at Syta street. The purchase price of this project has been set at PLN 15 million and will be increased by the applicable VAT (the Group share being PLN 7.5 million). The JV Company purchased the project together with the valid building permit and part of the construction works already commenced prior to the acquisition. The project will comprise 150 units with an aggregate floor space of 9,600 m^2.

Changes in 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.

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.

On 2 September 2019, Nir Netzer, President of the Management Board, submitted his resignation as President and member of the Management Board effective as of 30 November 2019.

Notes to the Interim Condensed Consolidated Financial Statements

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

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.

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 m^2.

Changes in 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 23 – Subsequent events

Call Option Agreement

In October 2019, the Company (via its subsidiary) exercised the second call option under the Call Option Agreements as a result of which the Company acquired shares in companies holding three substages of the Nova Królikarnia project, comprising 44 units with an aggregate floor space of 9,000 m^2.

Share buyback program

From 30 September 2019 until 5 November 2019, the Company acquired 55,507 own shares for a total price of PLN 46 thousand. As at 5 November 2019, the Company held 546,189 own shares representing 0.33% of total shares issued by the Company.

Changes in the Management Board

On 28 October 2019, the Supervisory Board of the Company, appointed Boaz Haim to the position of President of the Management Board of the Company as of 1 December 2019. Mr. Boaz Haim was previously appointed as a Member of the Management Board for a five-year joint term of office of the Management Board, which commenced on 1 April 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

Krystyna Chenash
Person responsible for the accounting records

Warsaw, 6 November 2019

Interim Condensed Company Statement of Financial Positions

As at *In thousands of Polish Zlotys (PLN)*	*Note*	30 September 2019 (Reviewed/ Unaudited)	31 December 2018 (Audited)
Assets			
Investment in subsidiaries	*6*	420,668	407,309
Loans granted to subsidiaries	*7*	81,490	123,985
Deferred tax asset		684	480
Total non-current assets		**502,842**	**531,774**
Trade and other receivables and prepayments		259	187
Receivable from subsidiaries		3,083	640
Loans granted to subsidiaries	*7*	32,869	31,851
Cash and cash equivalents		805	2,147
Total current assets		**37,016**	**34,825**
Total assets		**539,858**	**566,599**
Equity			
Share capital		12,503	12,503
Share premium reserve		150,278	150,278
Treasury shares		(427)	-
Retained earnings		184,069	180,699
Total shareholders' equity	*12*	**346,423**	**343,480**
Liabilities			
Bond loans	*8*	150,933	153,683
Total long-term liabilities		**150,933**	**153,683**
Bond loans	*8*	37,593	51,864
Loans from subsidiaries		3,309	3,309
Trade and other payables and accrued expenses		1,600	14,263
Total current liabilities		**42,502**	**69,436**
Total liabilities		**193,435**	**223,119**
Total shareholders' equity and liabilities		**539,858**	**566,599**

The notes included on pages 66 to 71 are an integral part of these interim condensed company financial statements

Interim Condensed Company Statement of Comprehensive Income

For the *In thousands of Polish Zlotys (PLN)*	*Note*	9 months ended 30 September 2019 (Reviewed/ unaudited)	3 months ended 30 September 2019 (Reviewed / unaudited)	9 months ended 30 September 2018 (Reviewed/ unaudited)	3 months ended 30 September 2018 (Reviewed/ unaudited)
Revenues from consulting services		5,112	2,506	7,652	3,490
General and administrative expenses		(2,759)	(975)	(2,102)	(683)
Other expenses/(income)		159	167	(233)	(86)
Operating profit/(loss)		**2,512**	**1,698**	**5,317**	**2,721**
Result from subsidiaries after taxation	*6*	13,359	291	13,779	3,929
Operating profit after result from subsidiaries		**15,871**	**1,989**	**19,096**	**6,650**
Finance income		5,785	1,694	6,032	2,467
Finance expense		(8,654)	(2,751)	(8,796)	(3,086)
Net finance income/(expense)		**(2,869)**	**(1,057)**	**(2,764)**	**(619)**
Profit before taxation		**13,002**	**932**	**16,332**	**6,031**
Income tax benefit/(expense)	*9*	188	94	(494)	(494)
Profit for the period		**13,190**	**1,026**	**15,838**	**5,537**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		**13,190**	**1,026**	**15,838**	**5,537**
Weighted average number of ordinary shares (basic and diluted)		**163,775,920**	**163,584,415**	**164,010,813**	**164,010,813**
In Polish Zlotys (PLN)					
Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)		**0.081**	**0.006**	**0.097**	**0.034**

The notes included on pages 66 to 71 are an integral part of these interim condensed company financial statements

Interim Condensed Company Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Treasury shares	Retained earnings [1]	Total equity
Balance at 1 January 2019	**12,503**	**150,278**	**-**	**180,699**	**343,480**
Net profit for the period ended 30 September 2019	-	-	-	13,190	13,190
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**13,190**	**13,190**
Repurchase of own shares (see note 12)	-	-	(427)	-	(427)
Dividends paid (see note 12)	-	-	-	(9,820)	(9,820)
Balance at 30 September 2019 (Reviewed/ Unaudited)	**12,503**	**150,278**	**(427)**	**184,069**	**346,423**

(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 September 2019 amounted to PLN 1,573 thousand and was presented as a part of the retained earnings.

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2018	**12,503**	**150,278**	**175,108**	**337,889**
Net profit for the period ended 30 September 2018	-	-	15,838	15,838
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**15,838**	**15,838**
Dividends [1]	-	-	(9,841)	(9,841)
Balance at 30 September 2018 (Reviewed/ Unaudited)	**12,503**	**150,278**	**181,105**	**343,886**

(1) On 14 September 2018, during an extra-ordinary General Meeting of Shareholders, the shareholders of the Company accepted a distribution of a dividend out of the retained earnings reserve as proposed by the Board of Managing Directors and the Board of Supervisory Directors. The dividend in a total amount of PLN 9,840,649 or PLN 0.06 per ordinary share was paid on 4 October 2018. As at 30 September 2018, the dividend was included under current liabilities in the Interim Condensed Company Statement of Financial Position.

Interim Condensed Company Statement of Cash Flows

For the nine months period ended 30 September *In thousands of Polish Zlotys (PLN)*	*Note*	2019 (Reviewed/ Unaudited)	2018 (Reviewed / Unaudited)
Cash flows from/(used in) operating activities			
Profit for the period		13,190	15,838
Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:			
Finance income		(5,785)	(6,032)
Finance expense		8,654	8,796
Income tax expense/(benefit)	*9*	(188)	494
Share of (profit)/loss from subsidiaries	*6*	(13,359)	(13,779)
Subtotal		**2,512**	**5,317**
Decrease/(increase) in trade and other receivables and prepayments		(72)	(4)
Decrease/(increase) in receivable from subsidiaries		(2,443)	(2,674)
Increase/(decrease) in trade and other payable and accrued expense	*10*	(12,679)	42,732
Subtotal		**(12,682)**	**45,371**
Interest paid		(7,227)	(6,462)
Interest received		7,957	47
Net cash from/(used in) operating activities		**(11,952)**	**38,956**
Cash flows from/(used in) investing activities			
Loans granted to subsidiaries, net of issue cost	*7*	(32,000)	(82,000)
Proceeds from loans granted to subsidiaries	*7*	71,297	1,700
Dividend from subsidiaries	*6*	-	28,300
Investment in subsidiaries		-	(2,067)
Net cash from/(used in) investing activities		**39,297**	**(54,067)**
Cash flows from/(used in) financing activities			
Repurchase of own share	*12*	(427)	-
Proceeds from bond loans, net of issue costs	*8*	31,560	49,346
Dividend paid	*12*	(9,820)	-
Repayment of bond loans	*8*	(50,000)	(27,160)
Repayment of loans from subsidiaries		-	(91)
Net cash from/(used in) financing activities		**(28,687)**	**22,095**
Net change in cash and cash equivalents		**(1,342)**	**6,984**
Cash and cash equivalents at 1 January		2,147	252
Cash and cash equivalents at the end of the period		**805**	**7,236**

The notes included on pages 66 to 71 are an integral part of these interim condensed company financial statements

Notes to the Interim Condensed Company Financial Statements

Note 1 – General

Ronson Development SE (‘the Company’), is an 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 an 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 September 2019, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. (‘A. Luzon Group’) and 0.30% of the shares are held by the Company. The remaining 33.64% 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 September 2019 the Company held 490,682 own shares (0.30%) 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 6 November 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.

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 nine months ended 30 September 2019, during the year ended 31 December 2018 and during the nine months ended 30 September 2018:

For the *In thousands of Polish Zlotys (PLN)*	**9 months ended 30 September 2019 (Reviewed/ Unaudited)**	**12 months ended 31 December 2018 (Audited)**	**9 months ended 30 September 2018 (Reviewed / Unaudited)**
Opening balance	**407,309**	**454,422**	**454,422**
Investments in subsidiaries	-	2,071	2,067
Net results from subsidiaries during the period	13,359	11,382	13,779
Dividend from subsidiaries	-	(62,500)	(28,300)
Acquisition of non-controlling interest	-	1,934	-
Balance at end of the period	**420,668**	**407,309**	**441,968**

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.

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 directy and indirectly by the Company during the nine months ended 30 September 2019, during the year ended 31 December 2018 and during the nine months ended 30 September 2018:

For the *In thousands of Polish Zloty (PLN)*	**9 months ended 30 September 2019 (Reviewed/ Unaudited)**	**12 months ended 31 December 2018 (Audited)**	**9 months ended 30 September 2018 (Reviewed / Unaudited)**
Opening balance	**155,836**	**83,557**	**83,557**
Loans granted	32,000	82,000	82,000
Loans repayment during the period	(71,297)	(14,700)	(1,700)
Amortization of charges and fees	180	421	316
Accrued interest, (net of interest received)	(2,360)	4,558	5,669
Total closing balance	**114,359**	**155,836**	**169,842**
Closing balance includes:			
Current assets	32,869	31,851	52,481
Non-current assets	81,490	123,985	117,361
Total closing balance	**114,359**	**155,836**	**169,842**

The loans are not secured.

All new loans granted are at the similar contidions 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 nine months ended 30 September 2019, during the year ended 31 December 2018 and during the nine months ended 30 September 2018:

For the *In thousands of Polish Zlotys (PLN)*	**9 months ended 30 September 2019 (Reviewed/ Unaudited)**	**12 months ended 31 December 2018 (Audited)**	**9 months ended 30 September 2018 (Reviewed / Unaudited)**
Opening balance	**205,547**	**197,308**	**197,308**
Repayment of bond loans	(50,000)	(42,160)	(27,160)
Proceeds from bond loans	32,317	50,000	50,000
Issue cost	(757)	(654)	(654)
Issue cost amortization	668	837	629
Accrued interest	7,938	10,958	8,098
Interest repayment	(7,187)	(10,742)	(6,393)
Total closing balance	**188,526**	**205,547**	**221,828**
Closing balance includes:			
Current liabilities	37,593	51,864	68,282
Non-current liabilities	150,933	153,683	153,546
Total closing balance	**188,526**	**205,547**	**221,828**

For information about bond covenants, reference is made to Note 12 to the Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Company Financial Statements

Note 9 – Income tax

For the 9 months ended *In thousands of Polish Zlotys (PLN)*	**2019** (Reviewed/ Unaudited)	**2018** (Reviewed / Unaudited)
Current tax expense/(benefit)		
Current period	16	-
Reversal of withholding tax in the Netherlands	-	494
Current tax expense	**16**	**494**
Deferred tax expense		
Origination and reversal of temporary differences	(58)	-
Tax losses utilized/(recognized)	(146)	-
Total deferred tax expense/(benefit)	**(204)**	**-**
Total income tax expense/(benefit)	**(188)**	**494**

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 September 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 m^2.

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 m^2. 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 was paid in October 2019 and PLN 10.0 million to be paid in October 2020.

On 7 October 2019, the Company exercised the second call option under the Call Option Agreements for the total price of PLN 35.1 million as a result of which the Company (via its subsidiary) acquired shares in companies holding three substages of Nova Królikarnia project comprising 44 units with an aggregate floor space of around 9,000 m^2. Moreover the Company signed the annexes changing the schedule of payment of second call option in which the price is determined to be paid in three installments: PLN 8.1 million was paid in October 2019, PLN 5.0 million to be paid in February 2020 and PLN 22.0 million to be paid in April 2020.

Notes to the Interim Condensed Company Financial Statements

Note 10 – Commitments and contingencies (cont'd)

Nova Królikarnia – Call Option (cont'd)

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. After 30 September 2019, as the result of the second call option being exercised on 7 October 2019, the amount of the fee contingency decreased to PLN 1.5 million.

Note 11 – Related parties transactions

There were no transactions and balances with related parties during the nine months ended 30 September 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 nine months period ended 30 September 2019, the Company acquired 490,682 own shares for a total price of PLN 427 thousand (on average PLN 0.869 per share). As at 30 September 2019, the Company held 490,682 own shares representing 0.30% 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.

Notes to the Interim Condensed Company Financial Statements

Note 14 – Subsequent events

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

The Management Board

Nir Netzer
President of the Management Board

Rami Geris
Vicepresident of the Management Board, CFO

Andrzej 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, 6 November 2019

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 September 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 September 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 AUDITOR'S REPORT

ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Other matters

On 6 November 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, 6 November 2019

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 September 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 September 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

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

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

INDEPENDENT AUDITOR'S REPORT

ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

Other matters

On 6 November 2019 we also issued a review report in accordance with International Standards on Review Engagements 2410 as adopted in the National Review Standards issued by the National Council of Statutory Auditors ('NAS') in Poland and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014') on the interim condensed financial statements of the Company prepared for the same period in Polish and in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Key Certified Auditor

Marcin Zieliński

certified auditor

no in the register: 10402

on behalf of:

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

Rondo ONZ 1, 00-124 Warsaw

no on the audit firms list: 130

Warsaw, 6 November 2019