

Ronson Development SE

Interim Financial Report
for the three months
ended
31 March 2020

Including the Interim Condensed Consolidated Financial Statements of Ronson Development SE
for the 3 months ended 31 March 2020
and the Interim Condensed Company Financial Statements of Ronson Development SE
for the 3 months ended 31 March 2020

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Management Board Report

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 31 March 2020, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.45% of the shares are held by the Company. The remaining 33.49% of the outstanding shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 31 March 2020, the Company held 734,522 own shares (0.45%) 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 12 May 2020, the market price was PLN 0.86 per share giving the Company a market capitalization of PLN 141 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.

During the three months ended 31 March 2020, the Group realized sales of 277 units with the total value of PLN 126.0 million, which compares to sales of 174 units with the total value PLN 77.8 million during the three months ended 31 March 2019.

As at 31 March 2020, the Group has 883 units available for sale in 12 locations, of which 801 units are in ongoing projects and the remaining 82 units are in completed projects. The ongoing projects comprise a total of 1,645 units, with an aggregate floor space of 97,900 m². The construction of 701 units with a total area of 43,400 m² is expected to be completed during remaining period of 2020.

The Group has a pipeline of 12 projects in different stages of preparation, representing approximately 4,000 units with an aggregate floor space of approximately 256,000 m² for future development in Warsaw, Poznań, Wrocław and Szczecin. During the remaining period of 2020, the Group is considering commencement of 4 stages of the currently running projects comprising 407 units with a total area of 21,700 m².

On 31 March 2020, the Company (via its subsidiary) entered into a preliminary agreement concerning the purchase of the ownership right of an undeveloped property located in Poznań, Grunwald district. The project will comprise 80 units with an aggregate floor space of 3,400 m². The final agreement was signed on 28 of April 2020, while the price of the property has been fixed at PLN 3.0 million and paid.

On 9 April 2020, the Company (via its subsidiary) exercised the last call option, based on call option agreements concluded on 10 April 2018 with Global City Holdings B.V. (hereinafter "Call Option Agreements"), as a result of this transaction the Company acquired shares in company holding one substage of the Nova Królikarnia project with an aggregate floor space of 3,300 m² for a total value of PLN 9.9 million.

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Overview of the Activity of the Company and the Group

The Company's group structure and information on the Company's organizational structure

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

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|--|-----------------------|--|------------------|
| | | 31 March 2020 | 31 December 2019 |
| 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. ⁽²⁾ | 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. ⁽²⁾ | 2002 | 100% | 100% |
| 7 Apartments Projekt Sp. z o.o. ⁽²⁾ | 2003 | 100% | 100% |
| 8 Ronson Development Enterprise Sp. z o.o. ⁽²⁾ | 2004 | 100% | 100% |
| 9 Ronson Development Company Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 10 Ronson Development Creations Sp. z o.o. | 2005 | 100% | 100% |
| 11 Ronson Development Buildings Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 12 Ronson Development Structure Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 13 Ronson Development Poznań Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 14 E.E.E. Development Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 15 Ronson Development Innovation Sp. z o.o. ⁽²⁾ | 2006 | 100% | 100% |
| 16 Ronson Development Wrocław Sp. z o.o. ⁽²⁾ | 2006 | 100% | 100% |
| 17 Ronson Development Capital Sp. z o.o. ⁽²⁾ | 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. ⁽²⁾ | 2007 | 100% | 100% |
| 23 Ronson Development Architecture Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 24 Ronson Development Skyline Sp. z o.o. | 2007 | 100% | 100% |
| 25 Continental Development Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 26 Ronson Development Universal Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 27 Ronson Development Retreat Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 28 Ronson Development South Sp. z o.o. ⁽²⁾ | 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 ⁽²⁾ | 2010 | 100% | 100% |
| 36 Ronson Development Partner 3 Sp. z o.o. | 2012 | 100% | 100% |
| 37 Nova Królikarnia B.V. <i>(Company with the registered office in the Netherlands)</i> | 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. ⁽³⁾ | 2007 | 100% | 100% |
| 45 Ronson Development Millenium Sp. z o.o. | 2007 | 100% | 100% |
| 46 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k. <i>(Formerly Ronson Development sp. z o.o. - EEE 2011 Sp.k)</i> | 2009 | 100% | 100% |
| 47 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k. | 2009 | 100% | 100% |
| 48 Ronson Development Sp. z o.o. - Idea Sp.k. | 2009 | 100% | 100% |
| 49 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k. | 2009 | 100% | 100% |
| 50 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k. | 2009 | 100% | 100% |
| 51 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k. | 2009 | 100% | 100% |
| 52 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k. | 2009 | 100% | 100% |
| 53 Ronson Development Sp. z o.o. - 2011 Sp.k. | 2009 | 100% | 100% |
| 54 Ronson Development Sp. z o.o. - Gemini 2 Sp.k. | 2009 | 100% | 100% |
| 55 Ronson Development Sp. z o.o. - Verdis Sp.k. | 2009 | 100% | 100% |
| 56 Ronson Espresso Sp. z o.o. | 2006 | 100% | 100% |

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Overview of the Activity of the Company and the Group

The Company's group structure and information on the Company's organizational structure

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|--|-----------------------|--|------------------|
| | | 31 March 2020 | 31 December 2019 |
| b. held indirectly by the Company: | | | |
| 57 Ronson Development Apartments 2010 Sp. z o.o. | 2010 | 100% | 100% |
| 58 RD 2010 Sp. z o.o. ⁽⁴⁾ | 2010 | 100% | 100% |
| 59 Retreat Sp. z o.o. | 2010 | 100% | 100% |
| 60 Enterprise 2010 Sp. z o.o. | 2010 | 100% | 100% |
| 61 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 Partner 3 sp. z o.o. - Nowe Warzymice Sp. k. <i>(Formerly Ronson Development sp. z o.o. - Continental 2011 Sp.k.)</i> | 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 Partner 5 Sp. z o.o. - Miasto Marina Sp.k. | 2011 | 100% | 100% |
| 71 Ronson Development Partner 5 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. - Ursus Centralny sp. k. <i>(Formerly Ronson Development sp. z o.o. - City 3 sp.k.)</i> | 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. ⁽³⁾ | 2017 | 100% | 100% |
| 84 Projekt City Sp. z o.o. ⁽⁴⁾ | 2017 | 100% | 100% |
| 85 Bolzanus Limited <i>(Company with the registered office in Cyprus)</i> | 2013 | 100% | 100% |
| 86 Park Development Properties Sp. z o.o. - Town Sp.k. | 2007 | 100% | 100% |
| 87 Tras Sp. z o.o. | 2015 | 100% | 100% |
| 88 Pod Skocznią 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. ⁽⁵⁾ | 2016 | 100% | 100% |
| 93 Pod Skocznią Projekt 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 94 District 20 - 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 95 Arkadia Development 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 96 Królikarnia 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 97 Kroli Development Sp. z o.o. ⁽⁵⁾ | 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 E.E.E. 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. | 2017 | 100% | 100% |
| 105 Truro Sp. z o.o. | 2017 | 100% | 100% |
| 106 Tregaron Sp. z o.o. | 2017 | 100% | 100% |
| 107 Totton Sp. z o.o. | 2017 | 100% | 100% |
| 108 Tring Sp. z o.o. | 2017 | 100% | 100% |
| 109 Thame Sp. z o.o. | 2017 | 100% | 100% |
| 110 Troon Sp. z o.o. | 2017 | 100% | 100% |

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

(2) Currently the company is a subject of merger (of 18 companies) - as a result 17 companies will be absorbed by Ronson Development South Sp. z o.o.

(3) Currently the company is a subject of merger (of 2 companies) - as a result 1 company will be absorbed by Destiny sp. z o.o.

(4) Currently the company is a subject of merger (of 2 companies) - as a result 1 company will be absorbed by RD 2010 sp. z o.o.

(5) Currently the company is a subject of merger (of 6 companies) - as a result 5 companies will be absorbed by Tras 2016 sp. z o.o.

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Business highlights during the three months ended 31 March 2020

A. Projects completed

During the three months ended 31 March 2020, none of the Company's projects have been recorded as completed.

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 three months ended 31 March 2020 amounted to PLN 167.2 million, whereas cost of sales amounted to PLN 121.4 million, that resulted in a gross profit amounting to PLN 45.8 million representing a gross margin of 27.4%. Total economic revenue from sales and services of residential projects, when results from joint ventures are presented on a fully consolidated basis, amounted to PLN 168.9 million, whereas cost of sales amounting to PLN 122.6 million, that resulted in a gross profit amounting to PLN 46.3 million, representing a gross margin of 27.4%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the three months ended 31 March 2020 on a project by project basis:

| Project | Information on the delivered units | | Revenue ⁽¹⁾ | | Cost of sales ⁽²⁾ | | Gross profit | Gross margin |
|--|------------------------------------|---------------------------------|------------------------|-------------|------------------------------|-------------|---------------|--------------|
| | Number of units | Area of units (m ²) | PLN thousands | % | PLN thousands | % | PLN thousands | % |
| City Link III | 234 | 11,045 | 114,491 | 68.5% | 70,260 | 57.9% | 44,231 | 38.6% |
| Panoramika IV | 84 | 4,169 | 22,530 | 13.5% | 22,317 | 18.4% | 213 | 0.9% |
| Miasto Marina ⁽⁵⁾ | 59 | 2,332 | 21,166 | 12.7% | 21,166 | 17.4% | - | n.a. |
| Miasto moje I & II | 1 | 56 | 435 | 0.3% | 344 | 0.3% | 91 | 20.9% |
| Nova Królikarnia 1a - 1e | 3 | 327 | 3,331 | 2.0% | 2,793 | 2.3% | 538 | 16.2% |
| Nova Królikarnia 2a & 2b | 3 | 367 | 4,075 | 2.4% | 3,657 | 3.0% | 418 | 10.3% |
| Other | 1 | 45 | 1,199 | 0.6% | 843 | 0.7% | 356 | n.a. |
| Total / Average | 385 | 18,341 | 167,227 | 100% | 121,380 | 100% | 45,847 | 27.4% |
| City Link I & II ⁽³⁾ | 2 | 116 | 1,666 | | 1,220 | | 446 | 26.8% |
| Economic results ⁽⁴⁾ | 387 | 18,457 | 168,893 | | 122,600 | | 46,293 | 27.4% |

(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 total expected revenue of the project.

(3) The project presented in the 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%).

(5) The final permit for use is subject to additional minor fit-out works appropriate to the apart-hotel functionality. During the three months ended 31 March 2020 the Company completed such fit out works for 59 units.

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Business highlights during the three months ended 31 March 2020

B. Results breakdown by project

City Link III

The construction of the third (and last) stage of the City Link III project (the Company's share in the project is 100%) was completed in November 2019. The project was developed on a land strip located in the Wola district in Warsaw at Skierniewicka Street. City Link III project comprises 364 apartments and 4 commercial units with an aggregate floor space of 18,700 m². During the three months ended 31 March 2020, the company delivered 234 units (during the three months ended 31 March 2019: nil) and recognized sale revenue of PLN 114.5 million (during the three months ended 31 March 2019: nil).

Panoramika IV

The construction of the fourth stage of the Panoramika project was completed in December 2019. The fourth stage of the Panoramika project was developed on a part of land strip located in Szczecin at Duńska Street and is a continuation of the Panoramika I - III projects. The Panoramika IV project comprises 111 apartments and an aggregate floor space of 5,800 m². During the three months ended 31 March 2020, the company delivered 84 units (during the three months ended 31 March 2019: nil) and recognized sale revenue of PLN 22.5 million (during the three months ended 31 March 2019: nil).

Miasto Marina

The construction of the Miasto Marina project was completed in June 2019. The Miasto Marina project was developed on a land strip located in Wrocław at Na Grobli Street, and comprises 151 units with an aggregate floor space of 6,200 m². The Company received a permit for use of the buildings, while the final permit for use of the units, due to the purpose of the project, will be received after completion of minor fit-out works appropriate to the apart-hotel functionality. During the three months ended 31 March 2020, the Company completed such fit-out works for 59 units (during the three months ended 31 March 2019: nil) and recognized sale revenue of PLN 21.2 million (during the three months ended 31 March 2019: nil).

Miasto Moje I & II

The construction of the first and second stage of the Miasto Moje project was completed in May 2018 and February 2019, respectively. The projects were developed on a land strip located in the Białołęka district in Warsaw at Marywilska Street. The Miasto Moje I project comprises 191 apartments and 14 commercial units with an aggregate floor space of 10,900 m². The Miasto Moje II project comprises 145 apartments and 3 commercial units with an aggregate floor space of 8,100 m². During the three months ended 31 March 2020, the company delivered 1 unit (during the three months ended 31 March 2019: 105 units) and recognized sale revenue of PLN 0.4 million (during the three months ended 31 March 2019: PLN 33.8 million).

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 near to Jaśminowa Street. The Nova Królikarnia 1a - 1e projects comprise 98 apartments and 8 commercial units and an aggregate floor space of 10,600 m². During the three months ended 31 March 2020, the company delivered 3 units (during the three months ended 31 March 2019: 10 units) and recognized sale revenue of PLN 3.3 million (during the three months ended 31 March 2019: PLN 13.9 million).

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Business highlights during the three months ended 31 March 2020

B. Results breakdown by project

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 near Jaśminowa Street. The Nova Królikarnia 2a project comprises 45 apartments and an aggregate floor space of 3,200 m². The Nova Królikarnia 2b project comprises 28 apartments and an aggregate floor space of 2,300 m². During the three months ended 31 March 2020, the company delivered 3 units (during the three months ended 31 March 2019: 4 units) and recognized sale revenue of PLN 4.1 million (during the three months ended 31 March 2019: PLN 3.1 million).

Other (old) projects

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

City Link I & II

The construction of the first and second stage of the City Link project was completed in September 2017 and March 2019, respectively. The project was developed on part of a land strip located in the Wola district in Warsaw at Skierniewicka Street. The first stage of this project comprises 301 apartments and 21 commercial units with an aggregate floor space of 14,700 m². The second stage of this project comprises 184 apartments and 5 commercial units with an aggregate floor space of 8,800 m². The project is presented in the Interim Condensed Consolidated Financial Statements under investment in joint ventures. The Company's share in the project is 50%. During the three months ended 31 March 2020, the company delivered 2 units (during the three months ended 31 March 2019: 13 units) and recognized sale revenue of PLN 1.7 million (during the three months ended 31 March 2019: PLN 5.3 million).

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Business highlights during the three months ended 31 March 2020

C. Units sold during the period

The table below presents information on the total number of units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), during the three months ended 31 March 2020:

| Project name | Location | Units sold during | | Units for sale as at 31 March 2020 | Total |
|---|----------|--------------------------------------|--|--|--------------|
| | | Units sold until 31 December 2019 | the 3 months ended 31 March 2020 | | |
| Miasto Moje I & II ⁽¹⁾ | Warsaw | 346 | 1 | 6 | 353 |
| Miasto Moje III ⁽²⁾ | Warsaw | 123 | 31 | 42 | 196 |
| Miasto Moje IV ⁽²⁾ | Warsaw | 33 | 33 | 110 | 176 |
| Nova Królikarnia 1a -1e ⁽¹⁾ | Warsaw | 104 | - | 2 | 106 |
| Nova Królikarnia 2a & 2b ⁽¹⁾ | Warsaw | 72 | - | 1 | 73 |
| Nova Królikarnia 2c ⁽²⁾ | Warsaw | 5 | - | 13 | 18 |
| Nova Królikarnia 3a ⁽²⁾ | Warsaw | - | 13 | 18 | 31 |
| Nova Królikarnia 3b ⁽²⁾ | Warsaw | 14 | 2 | 7 | 23 |
| Nova Królikarnia 3c ⁽²⁾ | Warsaw | - | - | 23 | 23 |
| Ursus Centralny Ia ⁽²⁾ | Warsaw | 98 | 15 | 25 | 138 |
| Ursus Centralny IIa ⁽²⁾ | Warsaw | - | 84 | 167 | 251 |
| City Link III ⁽¹⁾ | Warsaw | 350 | 4 | 14 | 368 |
| Młody Grunwald ⁽¹⁾ | Poznań | 381 | - | 12 | 393 |
| Grunwald2 ⁽²⁾ | Poznań | 195 | 17 | 56 | 268 |
| Miasto Marina ⁽¹⁾ | Wrocław | 126 | 5 | 20 | 151 |
| Vitalia III ⁽²⁾ | Wrocław | 32 | 12 | 37 | 81 |
| Viva Jagodno I ⁽²⁾ | Wrocław | 8 | 7 | 106 | 121 |
| Panoramika IV ⁽¹⁾ | Szczecin | 94 | 4 | 13 | 111 |
| Panoramika V ⁽²⁾ | Szczecin | 53 | 29 | 33 | 115 |
| Nowe Warzymice I ⁽²⁾ | Szczecin | - | 4 | 50 | 54 |
| Other (old) projects | | - | - | 14 | 14 |
| Total excluding JV | | 2,034 | 261 | 769 | 3,064 |
| Wilanów Tulip ⁽²⁾⁽³⁾ | Warsaw | 20 | 16 | 114 | 150 |
| Total including JV | | 2,054 | 277 | 883 | 3,214 |

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2020 – B. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2020 – 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%.

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Business highlights during the three months ended 31 March 2020

C. Units sold during the period

The table below presents further information on the units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m²) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company:

| Project name | Location | Number of units | Sold during the three months ended 31 March 2020 | |
|------------------------------------|----------|-----------------|--|--|
| | | | Net saleable area (m ²) | Value of the preliminary sales agreements (in PLN thousands) |
| Miasto Moje I & II ⁽¹⁾ | Warsaw | 1 | 56 | 397 |
| Miasto Moje III ⁽²⁾ | Warsaw | 31 | 1,861 | 12,777 |
| Miasto Moje IV ⁽²⁾ | Warsaw | 33 | 1,288 | 9,837 |
| Nova Królikarnia 3b ⁽²⁾ | Warsaw | 2 | 225 | 2,587 |
| Nova Królikarnia 3a ⁽²⁾ | Warsaw | 13 | 1,222 | 14,356 |
| Ursus Centralny Ia ⁽²⁾ | Warsaw | 15 | 915 | 7,238 |
| Ursus Centralny IIa ⁽²⁾ | Warsaw | 84 | 4,503 | 34,880 |
| City Link III ⁽¹⁾ | Warsaw | 4 | 470 | 5,469 |
| Grunwald2 ⁽²⁾ | Poznań | 17 | 969 | 6,873 |
| Miasto Marina ⁽¹⁾ | Wrocław | 5 | 239 | 1,984 |
| Vitalia III ⁽²⁾ | Wrocław | 12 | 1,020 | 6,851 |
| Viva Jagodno I ⁽²⁾ | Wrocław | 7 | 306 | 2,250 |
| Panoramika IV ⁽¹⁾ | Szczecin | 4 | 271 | 1,649 |
| Panoramika V ⁽²⁾ | Szczecin | 29 | 1,519 | 8,901 |
| Nowe Warzymice I ⁽²⁾ | Szczecin | 4 | 154 | 995 |
| Other (old) projects | | - | - | 322 |
| Total excluding JV | | 261 | 15,018 | 117,366 |
| Wilanów Tulip ^{(2)/(3)} | Warsaw | 16 | 986 | 8,625 |
| Total including JV | | 277 | 16,004 | 125,991 |

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2020 – B. Results breakdown by project".

(2) For information on current projects under construction, see "Outlook for the remaining period of 2020 – 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 3 months ended | | Increase/(decrease) | |
|--|--------------------------------|---------------|---------------------|------------|
| | 31 March 2020 | 31 March 2019 | PLN thousands | % |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | | |
| Warsaw | 96,166 | 49,232 | 46,934 | 95% |
| Wrocław | 11,085 | 8,520 | 2,565 | 30% |
| Szczecin | 11,545 | 5,791 | 5,754 | 99% |
| Poznań | 6,873 | 13,220 | (6,347) | -48% |
| Other | 322 | 1,051 | (729) | n.a. |
| Total | 125,991 | 77,814 | 48,177 | 62% |

Management Board Report

Business highlights during the three months ended 31 March 2020

D. Commencements of new projects

During the three months ended 31 March 2020, the Company commenced the sales process of the Ursus Centralny IIa project in Warsaw, comprising 243 apartments and 8 commercial units with an aggregate floor space of 13,500 m². For additional information see section “Outlook for the remaining period of 2020 – B. Current projects under construction and/or on sale”.

E. Agreements significant for the business activity of the Group

Exercise of the third call option agreement – Nova Królikarnia

On 9 April 2020, the Company exercised the third (last) call option under the Call Option Agreements for the total price of PLN 9.9 million as a result of which the Company (via its subsidiary) acquired shares in company holding substage of Nova Królikarnia project comprising an aggregate floor space of around 3,300 m². The total price for the third option was paid in April 2020.

Agreement of purchase of plot in Poznań

On 31 March 2020, the Company (via its subsidiary) entered into a preliminary agreement concerning the purchase of the ownership right of an undeveloped property located in Poznań, Grunwald district. According to the valid zoning conditions, the plot is designated for development of residential multifamily project. The project will comprise 80 units with an aggregate floor space of 3,400 m². The final agreement was signed on 28 of April 2020, while the price of the property has been fixed at PLN 3.0 million and paid.

Management Board Report

Business highlights during the three months ended 31 March 2020

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 28 through 62 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 2019 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 63 through 72 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 2019 which have been prepared in accordance with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, in light of the nature of the Company’s activities, the IFRSs applied by the Company are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

Management Board Report

Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2020 was PLN 29,388 thousand and can be summarized as follows:

| | For the three months ended | |
|--|------------------------------------|-----------------|
| | 31 March | |
| | 2020 | 2019 |
| | PLN | |
| | (thousands, except per share data) | |
| Revenue from sales and services of residential projects | 167,227 | 59,523 |
| Revenue from sales of land | - | 6,500 |
| Revenue | 167,227 | 66,023 |
| Cost of sales of residential units | (121,380) | (47,877) |
| Cost of sales of land | - | (6,312) |
| Cost of sales | (121,380) | (54,189) |
| Gross profit | 45,847 | 11,834 |
| Selling and marketing expenses | (1,441) | (1,184) |
| Administrative expenses | (5,694) | (4,454) |
| Share of profit/(loss) from joint ventures | (46) | 190 |
| Other income/(expenses), net | (425) | (712) |
| Result from operating activities | 38,241 | 5,674 |
| Finance income | 240 | 204 |
| Finance expenses | (1,058) | (1,384) |
| Net finance income/(expenses) | (818) | (1,180) |
| Profit/(loss) before taxation | 37,423 | 4,494 |
| Income tax expenses | (8,035) | (1,010) |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 29,388 | 3,484 |
| Net earnings per share attributable to the equity holders of the parent (basic and diluted) | 0.180 | 0.021 |

Management Board Report

Overview of results

Revenue from sales and services of residential projects

The revenue from sales and services of residential units increased by PLN 107.7 million (180.9%) from PLN 59.5 million during the three months ended 31 March 2019 to PLN 167.2 million during the three months ended 31 March 2020, is primarily explained by the delivery of 385 units to the customers during the three months ended 31 March 2020, comparing to the 132 units delivered during the three months ended 31 March 2019.

Cost of sales of residential units

Cost of sales of residential units increased by PLN 73.5 million (153.5%) from PLN 47.9 million during the three months ended 31 March 2019 to PLN 121.4 million during the three months ended 31 March 2020, is primarily explained by an increase of 253 apartments delivered to the customers in fully owned projects from 132 units delivered during the three months ended 31 March 2019 to 385 units delivered the three months ended 31 March 2020.

Gross margin

The gross margin from sales and services of residential units during the three months ended 31 March 2020 was 27.4% which compares to 19.6% during the three months ended 31 March 2019. The change in gross margin relates to a different mix of projects delivered to the customers characterized by a different profitability during the three months ended 31 March 2020 compared to the mix of projects delivered to customers during the three months ended 31 March 2019. The most profitable project, which significantly impacted revenues and profitability of the Group was project City Link III in Warsaw (with a gross profit margin of 38.6%).

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.2 million (21.7%) from PLN 1.2 million during the three months ended 31 March 2019 to PLN 1.4 million during the three months ended 31 March 2020, is primarily explained by the commencement of 3 new locations during the last months of 2019 that still required higher involvement of selling and marketing expenses during first quarter of 2020.

Administrative expenses

Administrative expenses increased by PLN 1.2 million (27.8%) from PLN 4.5 million during the three months ended 31 March 2019 to PLN 5.7 million during the three months ended 31 March 2020. The increase is primarily explained by higher personnel expenses as well as higher expenses due to changes in Management Board.

Result from operating activities

As a result of the factors described above, the Company's operating result increased by PLN 32.5 million, from an operating profit of PLN 5.7 million for three months ended 31 March 2019 to an operating profit of PLN 38.2 million for three months ended 31 March 2020.

Management Board Report

Overview of results

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 3 months ended 31 March 2020 | | | |
|--|--------------------------------------|---------------------------|---|-------------------------------------|
| | PLN (thousands) | | | |
| | <u>Total amount</u> | <u>Amount capitalized</u> | <u>Amount capitalized (under IFRS 16)</u> | <u>Recognized as profit or loss</u> |
| Finance income | 240 | - | - | 240 |
| Finance expense | (3,253) | 2,204 | - | (1,049) |
| Net finance income/(expense) | (3,013) | 2,204 | - | (809) |
| Finance expense - on lease liabilities | (247) | - | 238 | (9) |
| Net finance income/(expense) | (3,260) | 2,204 | 238 | (818) |
| | For the 3 months ended 31 March 2019 | | | |
| | PLN (thousands) | | | |
| | <u>Total amount</u> | <u>Amount capitalized</u> | <u>Amount capitalized (under IFRS 16)</u> | <u>Recognized as profit or loss</u> |
| Finance income | 204 | - | - | 204 |
| Finance expense | (3,672) | 2,297 | - | (1,375) |
| Net finance income/(expense) | (3,468) | 2,297 | - | (1,171) |
| Finance expense - on lease liabilities | (564) | - | 555 | (9) |
| Net finance income/(expense) | (4,032) | 2,297 | 555 | (1,180) |

Net finance expenses before capitalization and before impact of IFRS 16 decreased by PLN 0.5 million (13.1%) from PLN 3.5 million during the three months ended 31 March 2019 to PLN 3.0 million during the three months ended 31 March 2020. The decrease is primarily a result of decrease in the average net debt position during the period from PLN 129.3 million during the three months ended 31 March 2019 to PLN 98.1 million during the three months ended 31 March 2020.

Management Board Report

Overview of selected details from the Interim Condensed Consolidated Statement of Financial Position

The following table presents selected details from the Interim Condensed Consolidated Statement of Financial Position in which material changes had occurred.

| As at | 31 March 2020 | 31 December 2019 |
|------------------------------------|-----------------|------------------|
| | PLN (thousands) | |
| Inventory and Residential landbank | 687,732 | 762,381 |
| Advances received | 173,264 | 254,970 |
| Loans and borrowings | 188,181 | 200,844 |

Inventory and Residential landbank

The balance of Inventory and Residential landbank is PLN 687.7 million as at 31 March 2020 compared to PLN 762.4 million as at 31 December 2019. The decrease is primarily explained by cost of sales recognized for a total amount of PLN 119.8 million during the three months ended 31 March 2020. The decrease was partly offset by the Group's investments associated with direct construction costs for a total amount of PLN 46.5 million during the three months ended 31 March 2020.

Advances received

The balance of advances received is PLN 173.3 million as at 31 March 2020 compared to PLN 255.0 million as at 31 December 2019. The decrease is primarily explained by the revenues recognized from the sale of residential units for a total amount of PLN 167.0 million during the three months ended 31 March 2020. The decrease is offset in part by the advances received from clients regarding sales of residential units for a total amount PLN 85.3 million

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 188.2 million as at 31 March 2020 compared to PLN 200.8 million as at 31 December 2019. The decrease in loans and borrowings is primarily explained by the effect of repayment of bank loans for a total amount of PLN 18.6 million and repayment of bond loans for a total amount of PLN 10.0 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 15.0 million. Of the mentioned PLN 188.2 million, an amount of PLN 41.8 million comprises facilities maturing no later than 31 March 2021.

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

Bond loans as at 31 March 2020 amounted to PLN 178.8 million (as at 31 December 2019: PLN 188.0 million) comprising a bond loan principal amount of PLN 177.3 million plus accrued interest of PLN 2.6 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.1 million). For additional information see Note 13 of the Interim Condensed Consolidated Financial Statements.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and sales. As at 31 March 2020, loans in this category amounted to PLN 9.4 million (as at 31 December 2019: PLN 12.9 million). For additional information see Note 14 of the Interim Condensed Consolidated Financial Statements.

Management Board Report

Overview of cash flow results

The Group funds its day-to-day operations principally from cash flow provided by its operating activities, loans and borrowings under its loan facilities.

The following table sets forth the cash flow on a consolidated basis:

| | For the three months ended 31 March | |
|---|--|---------|
| | 2020 | 2019 |
| | PLN (thousands) | |
| Cash flow from/(used in) operating activities | 22,357 | 33,838 |
| Cash flow from/(used in) investing activities | (56) | (3,907) |
| Cash flow from/(used in) financing activities | (13,704) | 3,343 |

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the three months ended 31 March 2020 amounted to PLN 22.4 million which compares to a net cash inflow from operating activities during the three months ended 31 March 2019 amounted to PLN 33.8 million. The decrease is primarily explained by:

- a net cash outflow used in connection with acquisition of the Nova Królikarnia project amounted to PLN 5.0 million as well as outflow used in advances for land amounting to PLN 3.0 million during the three months ended 31 March 2020, comparing to the period during the three months ended 31 March 2019 where the company did not purchase any new lands;
- a net cash outflow used in the Group's investments associated with direct construction costs amounting to PLN 46.5 million during the three months ended 31 March 2020, comparing to a net cash outflow amounting to PLN 38.1 million during the three months ended 31 March 2019.

The above-mentioned effects were offset in part by:

- a net cash inflow from advances received from clients regarding sales of residential units amounting to PLN 85.3 million during the three months ended 31 March 2020, comparing to a net cash inflow amounting to PLN 74.6 million during the three months ended 31 March 2019.

Cash flow from/(used in) investing activities

The Company's net cash outflow used in investing activities amounted to PLN 0.1 million during the three months ended 31 March 2020 compared to a net cash outflow from investing activities amounted to PLN 3.9 million during the three months ended 31 March 2019. The increase is primarily explained by:

- no significant net cash outflow related to the investment in joint ventures during the three months ended 31 March 2020 compared to a net cash outflow related to the investment in joint ventures amounting to PLN 3.7 million during the three months ended 31 March 2019.

Management Board Report

Overview of cash flow results

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 13.7 million during the three months ended 31 March 2020 compared to a net cash inflow from financing activities amounted to PLN 3.3 million during the three months ended 31 March 2019. The decrease is primarily explained by:

- repayment of bond loans amounting to PLN 10.0 million during the three months ended 31 March 2020 compared to a net proceeds from bond loans amounting to PLN 21.6 million during the three months ended 31 March 2019;

The above-mentioned effect was offset in part by:

- net repayment of secured bank loans amounting to PLN 3.7 million during the three months ended 31 March 2020 compared to a net repayment of secured bank loans amounting to PLN 16.4 million during the three months ended 31 March 2019.

Management Board Report

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 |
| 2020 (3 months) | 4.326 | 4.228 | 4.604 | 4.552 |
| 2019 (3 months) | 4.303 | 4.271 | 4.340 | 4.301 |
| 2019 (12 months) | 4.299 | 4.241 | 4.389 | 4.259 |

Selected financial data

| | EUR | | PLN | |
|---|------------------------------------|-------------|-------------|-------------|
| | (thousands, except per share data) | | | |
| | For the 3 months ended 31 March | | | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues | 38,656 | 15,343 | 167,227 | 66,023 |
| Gross profit | 10,598 | 2,750 | 45,847 | 11,834 |
| Profit/(loss) before taxation | 8,651 | 1,044 | 37,423 | 4,494 |
| Net profit/(loss) for the period attributable to the equity holders of the parent | 6,793 | 810 | 29,388 | 3,484 |
| Cash flows from/(used in) operating activities | 5,168 | 7,864 | 22,357 | 33,838 |
| Cash flows from/(used in) investing activities | (13) | (908) | (56) | (3,907) |
| Cash flows from/(used in) financing activities | (3,168) | 777 | (13,704) | 3,343 |
| Increase/(decrease) in cash and cash equivalents | 1,987 | 7,733 | 8,597 | 33,274 |
| Average number of equivalent shares (basic) | 163,285,842 | 164,004,115 | 163,285,842 | 164,004,115 |
| Net earnings/(loss) per share (basic and diluted) | 0.042 | 0.005 | 0.180 | 0.021 |

Selected financial data

| | EUR | | PLN | |
|---|---------------|------------------|---------------|------------------|
| | (thousands) | | | |
| | As at | | | |
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Inventory and Residential landbank | 151,074 | 179,005 | 687,732 | 762,381 |
| Total assets | 192,715 | 221,456 | 877,297 | 943,183 |
| Advances received | 38,061 | 59,866 | 173,264 | 254,970 |
| Long term liabilities | 35,821 | 37,861 | 163,069 | 161,248 |
| Short term liabilities (including advances received) | 73,456 | 101,301 | 334,396 | 431,441 |
| Equity attributable to the equity holders of the parent | 83,437 | 82,295 | 379,832 | 350,494 |

Management Board Report

Outlook for the remaining period of 2020

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 remaining period of 2020:

| Project name | Location | Number of units delivered ⁽¹⁾ | | | Number of units expected to be delivered ⁽¹⁾ | | | Total number of units |
|---------------------------------|----------|--|---|-----------------------|---|------------------------------|--------------------------------|-----------------------|
| | | Until 31 December 2019 | During the 3 months ended 31 March 2020 | Total units delivered | Sold until 31 March 2020 | For sale as at 31 March 2020 | Total expected to be delivered | |
| Miasto moje I & II | Warsaw | 346 | 1 | 347 | - | 6 | 6 | 353 |
| City Link III | Warsaw | 66 | 234 | 300 | 54 | 14 | 68 | 368 |
| Nova Królikarnia 1a - 1e | Warsaw | 101 | 3 | 104 | - | 2 | 2 | 106 |
| Nova Królikarnia 2a & 2b | Warsaw | 67 | 3 | 70 | 2 | 1 | 3 | 73 |
| Miasto Marina ⁽²⁾ | Wrocław | 21 | 59 | 80 | 51 | 20 | 71 | 151 |
| Młody Grunwald | Poznań | 381 | - | 381 | - | 12 | 12 | 393 |
| Panoramika IV | Szczecin | 9 | 84 | 93 | 5 | 13 | 18 | 111 |
| Other (old) projects | | - | 1 | 1 | 3 | 14 | 17 | 18 |
| Total excluding JV | | 991 | 385 | 1,376 | 115 | 82 | 197 | 1,573 |
| City Link I & II ⁽³⁾ | Warsaw | 509 | 2 | 511 | - | - | - | 511 |
| Total including JV | | 1,500 | 387 | 1,887 | 115 | 82 | 197 | 2,084 |

(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 final permit for use is subject to additional minor fit-out works appropriate to the apart-hotel functionality. During the three months ended 31 March 2020, the Company completed such fit-out works for 59 units.

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

For information on the completed projects see "Business highlights during the three months ended 31 March 2020 - 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 remaining period of 2020 and in 2021. The Company has obtained construction permits for all projects/stages and has commenced construction and /or sales.

| Project name | Location | Units sold until 31 March 2020 | Units for sale as at 31 March 2020 | Total units | Net saleable | Expected completion of |
|------------------------------|----------|--------------------------------|------------------------------------|--------------|---------------|------------------------|
| Panoramika V | Szczecin | 82 | 33 | 115 | 6,000 | 2020 |
| Miasto Moje III | Warsaw | 154 | 42 | 196 | 10,200 | 2020 |
| Grunwald2 | Poznań | 212 | 56 | 268 | 14,500 | 2020 |
| Vitalia III | Wrocław | 44 | 37 | 81 | 6,800 | 2020 |
| Nova Królikarnia 2c | Warsaw | 5 | 13 | 18 | 3,600 | 2020 |
| Nova Królikarnia 3b | Warsaw | 16 | 7 | 23 | 2,300 | 2020 |
| Nova Królikarnia 3a | Warsaw | 13 | 18 | 31 | 3,200 | 2021 |
| Nova Królikarnia 3c | Warsaw | - | 23 | 23 | 2,300 | 2021 |
| Miasto Moje IV | Warsaw | 66 | 110 | 176 | 8,900 | 2021 |
| Ursus Centralny Ia | Warsaw | 113 | 25 | 138 | 7,600 | 2021 |
| Ursus Centralny IIa | Warsaw | 84 | 167 | 251 | 13,500 | 2021 |
| Viva Jagodno I | Wrocław | 15 | 106 | 121 | 6,200 | 2021 |
| Nowe Warzymice I | Szczecin | 4 | 50 | 54 | 3,200 | 2021 |
| Total excluding JV | | 808 | 687 | 1,495 | 88,300 | |
| Wilanów Tulip ⁽¹⁾ | Warsaw | 36 | 114 | 150 | 9,600 | 2021 |
| Total including JV | | 844 | 801 | 1,645 | 97,900 | |

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

Management Board Report

Outlook for the remaining period of 2020

B. Current projects under construction and/or on sale

Panoramika V

Description of project

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

Stage of development

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

Miasto Moje III

Description of project

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

Stage of development

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

Grunwald²

Description of project

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

Stage of development

The Company commenced the construction works in June 2018, while the project was completed in April 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 m².

Stage of development

The construction of the Vitalia III project commenced in May 2019, while completion is expected in the fourth quarter of 2020.

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 near Jaśminowa Street and will comprise 18 houses with an aggregate floor space of 3,600 m².

Stage of development

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

Management Board Report

Outlook for the remaining period of 2020

B. Current projects under construction and/or on sale

Nova Królikarnia 3a, b & c

Description of project

The Nova Królikarnia 3a, b and c projects are being developed on a land strip located in the Mokotów district in Warsaw near Jaśminowa Street and will comprise 77 apartments with an aggregate floor space of 7,800 m².

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. The construction of the Nova Królikarnia 3a project commenced in November 2019, while completion is expected in the first quarter of 2021. The construction of the Nova Królikarnia 3c project commenced in December 2019, while completion is expected in the second quarter of 2021.

Miasto Moje IV

Description of project

The Miasto Moje IV project is being developed on a land strip located in the Białołęka district in Warsaw at Marywilaska Street, and is a continuation of the Miasto Moje I, II and III projects. The project will comprise 176 apartments with an aggregate floor space of 8,900 m².

Stage of development

The pre-sale of this project commenced in December 2019 and the construction works in January 2020, while completion is expected in the third quarter of 2021.

Ursus Centralny Ia

Description of project

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

Stage of development

The construction of the Ursus Centralny Ia project commenced in June 2019, while completion is expected in the first quarter of 2021.

Ursus Centralny IIa

Description of project

The Ursus Centralny IIa project is being developed on a land strip located in Warsaw, Ursus district, at Gierdziejewskiego street. The project will comprise 243 apartments and 8 commercial units with an aggregate floor space of 13,500 m².

Stage of development

The pre sale of the Ursus Centralny IIa project commenced in February 2020, while the construction of the project was commenced in May 2020. The completion is expected in the fourth quarter of 2020.

Viva Jagodno I

The Viva Jagodno I project is being developed on a land strip located in the Jagodno district in Wrocław at Buforowa Street. The project will comprise 121 apartments with an aggregate floor space of 6,200 m².

Stage of development

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

Management Board Report

Outlook for the remaining period of 2020

B. Current projects under construction and/or on sale

Nowe Warzymice I

The Nowe Warzymice I project is being developed on a land strip located in Szczecin at Do Rajkowa Street. The project will comprise 54 apartments with an aggregate floor space of 3,200 m².

Stage of development

The construction of the project Nowe Warzymice I project commenced in December 2019, while completion is expected in the second quarter of 2021.

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 apartments with an aggregate floor space of 9,600 m².

Stage of development

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

C. Projects for which construction work is planned to commence during the remaining period of 2020

As the Company is aware of the increasing competition in the market, the Company is constantly analyzing the market situation in order to optimize the number of new projects and the makeup of such projects to target clients' demand. During the remaining period of 2020, the Company is considering the commencement of 4 stages for ongoing projects (comprising in total 407 units with a total area of 21,700 m²), which the 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 dividing new projects into relatively smaller stages. In the event of any market disruption or difficulties with securing financing by the banks for the considered projects, the management may further suspend or delay some of those plans. The above mentioned is the subject to the additional analysis in relation to the COVID pandemic, for more information please see note 19.

New stages of ongoing projects

The table below presents information on projects for which the commencement of construction works is scheduled in the remaining period of 2020.

| Project name | Location | Total units | Total area of units (m²) |
|---------------------|-----------------|--------------------|--|
| Miasto Moje V | Warsaw | 170 | 8,500 |
| Nowe Warzymice II | Szczecin | 64 | 4,000 |
| Panoramika VI | Szczecin | 76 | 3,600 |
| Ursus Centralny Ib | Warsaw | 97 | 5,600 |
| Total | | 407 | 21,700 |

Management Board Report

Outlook for the remaining period of 2020

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 (i.e. upon signing of protocol for technical acceptance and transfer of the key to the client as well as obtaining full payment for the unit purchased) 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 |
|---|-----------------|--|--|
| City Link III | Warsaw | 34,004 | Completed |
| Miasto Marina | Wrocław | 18,384 | Completed |
| Panoramika IV | Szczecin | 1,596 | Completed |
| Nova Królikarnia 2a & 2b | Warsaw | 2,581 | Completed |
| Other (old) projects | | 2,871 | Completed |
| Subtotal completed projects ⁽¹⁾ | | 59,436 | |
| Panoramika V | Szczecin | 22,297 | 2020 |
| Grunwald ² | Poznań | 69,859 | 2020 |
| Miasto Moje III | Warsaw | 50,537 | 2020 |
| Nova Królikarnia 2c | Warsaw | 12,621 | 2020 |
| Vitalia III | Wrocław | 23,690 | 2020 |
| Nova Królikarnia 3b | Warsaw | 16,794 | 2020 |
| Nova Królikarnia 3a | Warsaw | 14,356 | 2021 |
| Ursus Centralny Ia | Warsaw | 44,863 | 2021 |
| Viva Jagodno I | Wrocław | 3,917 | 2021 |
| Miasto Moje IV | Warsaw | 18,853 | 2021 |
| Nowe Warzymice I | Szczecin | 995 | 2021 |
| Ursus Centralny IIa | Warsaw | 34,880 | 2021 |
| Subtotal ongoing projects ⁽²⁾ | | 313,662 | |
| City Link I & II ^{(1)/(3)} | Warsaw | 319 | Completed |
| Wilanów Tulip ^{(2)/(3)} | Warsaw | 18,693 | 2021 |
| Subtotal projects held by joint venture | | 19,012 | |
| Total | | 392,110 | |

(1) For information on the completed projects see "Business highlights during the three months ended 31 March 2020 – B. Results breakdown by project".

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

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

Management Board Report

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as at 12 May 2020, 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 12 May 2020 Number of shares / % of shares | Change in number of shares | As at 31 March 2020 Number of shares / % of shares | Change in number of shares | As at 31 December 2019 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 | - | 108,349,187 |
| | 66.06% | - | 66.06% | - | 66.06% |
| Nationale Nederlanden Otwarty Fundusz Emerytalny | 23,738,456 | - | 23,738,456 | (145,635) | 23,884,091 |
| | 14.47% | - | 14.47% | -0,09 p.p. | 14.56% |
| Metlife Otworthy Fundusz Emerytalny | n.a. | - | n.a. | n.a. | n.a. |
| | Between 5%-10% | - | Between 5%-10% | - | Between 5%-10% |

Votes

| | As at 12 May 2020 Number of votes / % of votes | Change in votes ⁽²⁾ | As at 31 March 2020 Number of votes / % of votes | Change in votes ⁽²⁾ | As at 31 December 2019 Number of votes / % of votes |
|--|---|-----------------------------------|---|-----------------------------------|--|
| No. of votes⁽²⁾: | 163,276,291 | - | 163,276,291 | (59,622) | 163,335,913 |
| I.T.R. Dori B.V. ⁽¹⁾ | 108,349,187 | - | 108,349,187 | - | 108,349,187 |
| | 66.36% | - | 66.36% | 0.02 p.p. | 66.34% |
| Nationale Nederlanden Otwarty Fundusz Emerytalny | 23,738,456 | - | 23,738,456 | - | 23,884,091 |
| | 14.54% | - | 14.54% | -0.08 p.p. | 14.62% |
| Metlife Otworthy Fundusz Emerytalny | n.a. | - | n.a. | n.a. | n.a. |
| | Between 5%-10% | - | Between 5%-10% | n.a. | Between 5%-10% |

(1) The subsidiaries of A. Luzon Group.

(2) 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.

The total number of own shares held by the Company as at 31 March 2020 was equal to 734,522 shares, which constitute 0.45% of the share capital of the Company and votes at the General Meeting. As at 12 May 2020, the Company held own shares representing 0.45% of total shares issued by the Company.

Management Board Report

Additional information to the report

Changes in ownership of shares and rights to shares by Management and Supervisory Board members during the three months ended 31 March 2020 and until the date of publication of this report

Mr Amos Luzon, member of the Supervisory Board, as at 31 December 2019, 31 March 2020 and at the day preceding the publication of this report held 64.19% 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 41.89% of shares in the Company. Taking into account own shares held by the Company as at 31 December 2019, 31 March 2020 and as at the day preceding the publication of this report, Mr. Amos Luzon indirectly controlled following percentage of votes at those dates: 42.15%, 42.17%, and 42.17%, respectively.

Mr Piotr Palenik, member of the Supervisory Board, as at 31 December 2019, 31 March 2020 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 three months ended 31 March 2020 and until the date of publication of this report

On 20 December 2019, Mr Rami Geris submitted his resignation as Finance Vice President and as member of the Management Board of the Company with effective date as of 31 January 2020.

On 16 January 2020, the Supervisory Board of the Company appointed Mr Yaron Shama to the position of member of the Management Board of the Company and Finance Vice President as of 1 February 2020 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.

Management Board Report

Additional information to the report

Related parties transactions

There were no transactions and balances with related parties during the three months ended 31 March 2020 other than the remuneration of the Management Board, loans granted to related parties within the Group, the reimbursement of audit review costs and the consulting services agreement with A. Luzon Group, the major (indirect) shareholder, for a total monthly amount of PLN 70 thousand and covering travel and out of pocket expenses. All transactions with related parties were performed based on market conditions.

Quarterly reporting by the Company

As a result of requirements pertaining to A. Luzon Group, the Company's controlling shareholder, whose ultimate parent company is listed on the Tel Aviv Stock Exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in Poland and listed on the Warsaw Stock Exchange, only the semi-annual report is subject to a review. The Company has agreed with A. Luzon Group that the costs for the first and third quarter review will be shared between the Company and its shareholder. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

The Company prepared this Interim Financial Report for the three months ended 31 March 2020 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 three months ended 31 March 2020, the Company did not grant any guarantees.

Employees

The average number of personnel employed by the Group – on a fulltime equivalent basis – during the three months ended 31 March 2020 was 73 compared to 76 during the three months ended 31 March 2019. There were no personnel employed in the Company.

Management Board Report

Additional data for the Company

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

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

| PLN/EUR | Exchange rate of Polish Zloty versus Euro | | | |
|------------------|---|-----------------------|-----------------------|--------------------------|
| | Average exchange rate | Minimum exchange rate | Maximum exchange rate | Period end exchange rate |
| 2020 (3 months) | 4.326 | 4.228 | 4.604 | 4.552 |
| 2019 (3 months) | 4.303 | 4.271 | 4.340 | 4.301 |
| 2019 (12 months) | 4.299 | 4.241 | 4.389 | 4.259 |

Source: National Bank of Poland ("NBP")

| Selected financial data | EUR | | PLN | |
|---|------------------------------------|-------------|-------------|-------------|
| | (thousands, except per share data) | | | |
| | For the 3 months ended 31 March | | | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues from management services | 434 | 288 | 1,876 | 1,240 |
| Financial income (Wide majority from loans granted to subsidiaries) | 376 | 504 | 1,625 | 2,168 |
| Financial expenses (Wide majority from Interest on bonds) | (606) | (729) | (2,620) | (3,136) |
| Profit including results from subsidiaries | 6,793 | 810 | 29,388 | 3,484 |
| Cash flows from/(used in) operating activities | (114) | (514) | (494) | (2,210) |
| Cash flows from/(used in) investing activities | (1,156) | 1,285 | (5,000) | 5,530 |
| Cash flows from/(used in) financing activities | 1,098 | 4,995 | 4,750 | 21,494 |
| Increase/(decrease) in cash and cash equivalents | (172) | 5,766 | (744) | 24,814 |
| Average number of equivalent shares (basic) | 163,285,842 | 164,004,115 | 163,285,842 | 164,004,115 |
| Net earnings/(loss) per share (basic and diluted) | 0.042 | 0.005 | 0.180 | 0.021 |

| Selected financial data | EUR | | PLN | |
|------------------------------|---------------|------------------|---------------|------------------|
| | (thousands) | | | |
| | Aa at | | | |
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Investment in subsidiaries | 98,722 | 98,576 | 449,413 | 419,835 |
| Loan granted to subsidiaries | 26,459 | 26,727 | 120,449 | 113,829 |
| Total assets | 126,992 | 127,542 | 578,104 | 543,203 |
| Long term liabilities | 32,154 | 35,473 | 146,373 | 151,078 |
| Short term liabilities | 11,401 | 9,775 | 51,899 | 41,631 |
| Equity | 83,437 | 82,295 | 379,832 | 350,494 |

Management Board Report

Responsibility statement

The Management Board of Ronson Development SE hereby declares that:

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

This Management Board Report of activities of the Company and the Group during the three months period ended 31 March 2020 was prepared and approved by the Management Board of the Company on 13 May 2020.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Finance Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales and Marketing Director

Alon Haver

Member of the Management Board

Warsaw, 13 May 2020

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Interim Condensed Consolidated Statement of Financial Position

| As at | | 31 March 2020 (Reviewed/ Unaudited) | 31 December 2019 (Audited) |
|--|-------------|--|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | | |
| Assets | | | |
| Property and equipment | | 8,332 | 8,552 |
| Investment property | | 10,098 | 10,098 |
| Investment in joint ventures | 22 | 10,633 | 10,617 |
| Deferred tax assets | 16 | 5,669 | 6,935 |
| Residential landbank | 9 | 44,335 | 44,321 |
| Total non-current assets | | 79,067 | 80,523 |
| Inventory | 9 | 643,397 | 718,060 |
| Advance for land | 23 | 3,000 | - |
| Trade and other receivables and prepayments | 10 | 30,078 | 24,745 |
| Income tax receivable | | 339 | 130 |
| Loans granted to joint ventures | 22 | 2,005 | 1,977 |
| Other current financial assets | | 15,223 | 22,157 |
| Cash and cash equivalents | | 104,188 | 95,591 |
| Total current assets | | 798,230 | 862,660 |
| Total assets | | 877,297 | 943,183 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium | | 150,278 | 150,278 |
| Treasury shares | | (630) | (580) |
| Retained earnings | | 217,681 | 188,293 |
| Total equity | | 379,832 | 350,494 |
| Liabilities | | | |
| Bond loans | 13 | 146,373 | 151,078 |
| Deferred tax liability | 16 | 16,135 | 9,618 |
| Lease liabilities related to perpetual usufruct of investment properties | 11 | 561 | 552 |
| Total non-current liabilities | | 163,069 | 161,248 |
| Trade and other payables and accrued expenses | | 94,508 | 97,715 |
| Bond loans | 13 | 32,441 | 36,891 |
| Secured bank loans | 14 | 9,367 | 12,875 |
| Interest bearing deferred trade payables | | 4,575 | 2,338 |
| Advances received | 17 | 173,264 | 254,970 |
| Income tax payable | | 953 | 1,087 |
| Provisions | | 1,818 | 2,016 |
| Lease liabilities related to perpetual usufruct of land | 11 | 17,470 | 23,549 |
| Total current liabilities | | 334,396 | 431,441 |
| Total liabilities | | 497,465 | 592,689 |
| Total equity and liabilities | | 877,297 | 943,183 |

The notes included on pages 32 to 62 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Interim Condensed Consolidated Statement of Comprehensive Income

| For the 3 months ended 31 March | | 2020 | 2019 |
|---|-------------|----------------------------------|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Reviewed/ Unaudited)</i> | <i>(Reviewed/ Unaudited)</i> |
| Revenue from the sale of residential projects | 17 | 166,976 | 58,735 |
| Revenue from the sale of land | | - | 6,500 |
| Revenue from the sale of services | | 251 | 788 |
| Total Revenue | | 167,227 | 66,023 |
| Cost of sales of residential projects | | (121,380) | (47,877) |
| Cost of sales of land | | - | (6,312) |
| Gross profit | | 45,847 | 11,834 |
| Selling and marketing expenses | | (1,441) | (1,184) |
| Administrative expenses | | (5,694) | (4,454) |
| Share of profit/(loss) from joint ventures | | (46) | 190 |
| Other expenses | | (948) | (986) |
| Other income | | 523 | 274 |
| Result from operating activities | | 38,241 | 5,674 |
| Finance income | | 240 | 204 |
| Finance expense | | (1,058) | (1,384) |
| Net finance income/(expense) | | (818) | (1,180) |
| Profit/(loss) before taxation | | 37,423 | 4,494 |
| Income tax benefit/(expense) | 15 | (8,035) | (1,010) |
| Profit/(loss) for the period | | 29,388 | 3,484 |
| Other comprehensive income | | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 29,388 | 3,484 |
| Total comprehensive income/(expense) attributable to: | | | |
| equity holders of the parent | | 29,388 | 3,484 |
| non-controlling interests | | - | - |
| Total comprehensive income/(expense) for the period, net of tax | | 29,388 | 3,484 |
| Weighted average number of ordinary shares (basic and diluted) | | 163,285,842 | 164,004,115 |
| <i>In Polish Zlotys (PLN)</i> | | | |
| Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | | 0.180 | 0.021 |

The notes included on pages 32 to 62 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Interim Condensed Consolidated Statement of Changes in Equity

| <i>In thousands of Polish Zlotys (PLN)</i> | Share capital | Share premium | Treasury shares | Retained earnings ⁽¹⁾ | Total equity |
|---|---------------|----------------|-----------------|----------------------------------|----------------|
| Balance at 1 January 2020 | 12,503 | 150,278 | (580) | 188,293 | 350,494 |
| <i>Comprehensive income:</i> | | | | | |
| Profit for the three months ended 31 March 2020 | - | - | - | 29,388 | 29,388 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 29,388 | 29,388 |
| Repurchase of own shares ⁽¹⁾ | - | - | (50) | - | (50) |
| Balance at 31 March 2020 (Reviewed/ Unaudited) | 12,503 | 150,278 | (630) | 217,681 | 379,832 |

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) was established for an amount of PLN 2,000 thousand. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 24 January 2020 (lasting date of authorization granted to the Management Board for the purchase of own shares) amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

| <i>In thousands of Polish Zlotys (PLN)</i> | Share capital | Share premium | Treasury shares | Retained earnings ⁽²⁾ | Total equity |
|---|---------------|----------------|-----------------|----------------------------------|----------------|
| Balance at 1 January 2019 | 12,503 | 150,278 | - | 180,699 | 343,480 |
| <i>Comprehensive income:</i> | | | | | |
| Profit for the three months ended 31 March 2019 | - | - | - | 3,484 | 3,484 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 3,484 | 3,484 |
| Repurchase of own shares ⁽²⁾ | - | - | (66) | - | (66) |
| Balance at 31 March 2019 (Reviewed/ Unaudited) | 12,503 | 150,278 | (66) | 184,183 | 346,898 |

(2) In order to fund the purchase of own shares under the buyback program, a capital reserve is established for an amount of PLN 2,000 thousand, which amount has been transferred to the capital reserve from the Company's retained earnings reserve. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 31 March 2019 and amounted to PLN 1,934 thousand and was presented as a part of the retained earnings.

The notes included on pages 32 to 62 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Interim Condensed Consolidated Statement of Cash Flows

| For the 3 months ended 31 March | | 2020 | 2019 |
|---|-------------|----------------------------------|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Reviewed/ unaudited)</i> | <i>(Reviewed/ unaudited)</i> |
| Cash flows from/(used in) operating activities | | | |
| Profit/(loss) for the period | | 29,388 | 3,484 |
| Adjustments to reconcile profit for the period to cash from operating activities | | | |
| Depreciation | | 290 | 249 |
| Finance expense | | 1,058 | 1,384 |
| Finance income | | (240) | (204) |
| Loss/(profit) on sale of property and equipment | | (14) | (32) |
| Share of loss /(profit) from joint ventures | | 46 | (190) |
| Income tax expense | | 8,035 | 1,010 |
| Subtotal | | 38,563 | 5,701 |
| Decrease/(increase) in inventory and residential landbank | 9 | 70,853 | 13,377 |
| Acquisition of Nova Królikarnia project | 12 | (5,000) | - |
| Decrease/(increase) in advances for land | 23 | (3,000) | - |
| Decrease/(increase) in trade and other receivables and prepayments | | 814 | 147 |
| Decrease/(increase) in other current financial assets | | 6,934 | 695 |
| Increase/(decrease) in trade and other payables and accrued expenses | | (2,242) | 1,383 |
| Increase/(decrease) in provisions | | (198) | (218) |
| Increase/(decrease) in advances received | 17 | (81,706) | 15,824 |
| Subtotal | | 25,018 | 36,909 |
| Interest paid | | (2,215) | (1,816) |
| Interest received | | 149 | 185 |
| Income tax received/(paid) | | (595) | (1,440) |
| Net cash from/(used in) operating activities | | 22,357 | 33,838 |
| Cash flows from/(used in) investing activities | | | |
| Acquisition of property and equipment | | (70) | (263) |
| Loans granted to joint ventures | | - | (5,926) |
| Dividend received from joint ventures | | - | 2,250 |
| Proceeds from sale of property and equipment | | 14 | 32 |
| Net cash from/(used in) investing activities | | (56) | (3,907) |
| Cash flows from/(used in) financing activities | | | |
| Proceeds from bank loans, net of bank charges | 14 | 14,991 | 19,877 |
| Repayment of bank loans | 14 | (18,645) | (36,296) |
| Proceeds from bond loans issued, net of issue costs | 13 | - | 31,560 |
| Repayment of bond loans | 13 | (10,000) | (10,000) |
| Payment of lease liabilities related to perpetual usufruct rights | 11 | - | (1,732) |
| Repurchase of own shares | | (50) | (66) |
| Net cash from/(used in) financing activities | | (13,704) | 3,343 |
| Net change in cash and cash equivalents | | 8,597 | 33,274 |
| Cash and cash equivalents at beginning of the period | | 95,591 | 100,828 |
| Cash and cash equivalents at end of the period** | | 104,188 | 134,102 |

* Including restricted cash that amounted to PLN 3,461 thousand and PLN 26,990 thousand as 31 March 2020 and as 31 March 2019, respectively.

The notes included on pages 32 to 62 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

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

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 31 March 2020, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.45% of the shares are held by the Company. The remaining 33.49% of the outstanding shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 31 March 2020, the Company held 734,522 own shares (0.45%) and, in accordance with art. 364 § 2 of the Code of Commercial Companies, it does not exercise voting rights from own shares.

The Interim Condensed Consolidated Financial Statements of the Company have been prepared for the three months ended 31 March 2020 and contain comparative data for the three months ended 31 March 2019 and as at 31 December 2019. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2020 with all its comparative data have been reviewed by the Company's external auditors.

As at 31 March 2020, 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 three months ended 31 March 2020 were authorized for issuance by the Management Board on 13 May 2020 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 2019 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 2019 are available upon request from the Company's registered office at Al. Komisji Edukacji Narodowej 57, Warsaw, Poland or at the Company's website: www.ronson.pl.

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. Further explanation and analyzes on significant changes in financial position and performance of the Company during the three months ended 31 March 2020 are included in the Management Board Report on pages 1 through 27.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

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 2019.

The following standards and amendments became effective as of 1 January 2020:

- Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020);

The above amendments and improvements to IFRSs do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

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 2019.

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Polish Zloty ("PLN"), which is the Group's functional and presentation currency.

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 6 – Seasonality

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

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

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, are presented below and on the following page.

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|--|-----------------------|--|------------------|
| | | 31 March 2020 | 31 December 2019 |
| 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. ⁽²⁾ | 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. ⁽²⁾ | 2002 | 100% | 100% |
| 7 Apartments Projekt Sp. z o.o. ⁽²⁾ | 2003 | 100% | 100% |
| 8 Ronson Development Enterprise Sp. z o.o. ⁽²⁾ | 2004 | 100% | 100% |
| 9 Ronson Development Company Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 10 Ronson Development Creations Sp. z o.o. | 2005 | 100% | 100% |
| 11 Ronson Development Buildings Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 12 Ronson Development Structure Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 13 Ronson Development Poznań Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 14 E.E.E. Development Sp. z o.o. ⁽²⁾ | 2005 | 100% | 100% |
| 15 Ronson Development Innovation Sp. z o.o. ⁽²⁾ | 2006 | 100% | 100% |
| 16 Ronson Development Wrocław Sp. z o.o. ⁽²⁾ | 2006 | 100% | 100% |
| 17 Ronson Development Capital Sp. z o.o. ⁽²⁾ | 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. ⁽²⁾ | 2007 | 100% | 100% |
| 23 Ronson Development Architecture Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 24 Ronson Development Skyline Sp. z o.o. | 2007 | 100% | 100% |
| 25 Continental Development Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 26 Ronson Development Universal Sp. z o.o. ⁽¹⁾ | 2007 | 100% | 100% |
| 27 Ronson Development Retreat Sp. z o.o. ⁽²⁾ | 2007 | 100% | 100% |
| 28 Ronson Development South Sp. z o.o. ⁽²⁾ | 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 ⁽²⁾ | 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. ⁽³⁾ | 2007 | 100% | 100% |
| 45 Ronson Development Millenium Sp. z o.o. | 2007 | 100% | 100% |
| 46 Ronson Development Partner 3 sp. z o.o. – Viva Jagodno sp. k. (Formerly Ronson Development sp. z o.o. - EEE 2011 Sp.k.) | 2009 | 100% | 100% |
| 47 Ronson Development Sp. z o.o. - Apartments 2011 Sp.k. | 2009 | 100% | 100% |
| 48 Ronson Development Sp. z o.o. - Idea Sp.k. | 2009 | 100% | 100% |
| 49 Ronson Development Partner 2 Sp. z o.o. – Destiny 2011 Sp.k. | 2009 | 100% | 100% |
| 50 Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k. | 2009 | 100% | 100% |
| 51 Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k. | 2009 | 100% | 100% |
| 52 Ronson Development Partner 5 Sp. z o.o - Vitalia Sp.k. | 2009 | 100% | 100% |
| 53 Ronson Development Sp. z o.o. - 2011 Sp.k. | 2009 | 100% | 100% |
| 54 Ronson Development Sp. z o.o. - Gemini 2 Sp.k. | 2009 | 100% | 100% |
| 55 Ronson Development Sp. z o.o. - Verdis Sp.k. | 2009 | 100% | 100% |
| 56 Ronson Espresso Sp. z o.o. | 2006 | 100% | 100% |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

| Entity name | Year of incorporation | Share of ownership & voting rights at the end of | |
|---|-----------------------|--|------------------|
| | | 31 March 2020 | 31 December 2019 |
| b. held indirectly by the Company : | | | |
| 57 Ronson Development Apartments 2010 Sp. z o.o. | 2010 | 100% | 100% |
| 58 RD 2010 Sp. z o.o. ⁽⁴⁾ | 2010 | 100% | 100% |
| 59 Retreat Sp. z o.o. | 2010 | 100% | 100% |
| 60 Enterprise 2010 Sp. z o.o. | 2010 | 100% | 100% |
| 61 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 Partner 3 Sp. z o.o.- Nowe Warzymice Sp. k.(Formerly 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 Partner 5 Sp. z o.o. - Miasto Marina Sp.k. | 2011 | 100% | 100% |
| 71 Ronson Development Partner 5 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. – Ursus Centralny Sp. k. (Formerly 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. ⁽³⁾ | 2017 | 100% | 100% |
| 84 Projekt City Sp. z o.o. ⁽⁴⁾ | 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 Pod Skocznią 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. ⁽⁵⁾ | 2016 | 100% | 100% |
| 93 Pod Skocznią Projekt 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 94 District 20 – 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 95 Arkadia Development 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 96 Królikarnia 2016 Sp. z o.o. ⁽⁵⁾ | 2016 | 100% | 100% |
| 97 Kroli Development Sp. z o.o. ⁽⁵⁾ | 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 E.E.E. 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. | 2017 | 100% | 100% |
| 105 Truro Sp. z o.o. | 2017 | 100% | 100% |
| 106 Tregaron Sp. z o.o. | 2017 | 100% | 100% |
| 107 Totton Sp. z o.o. | 2017 | 100% | 100% |
| 108 Tring Sp. z o.o. | 2017 | 100% | 100% |
| 109 Thame Sp. z o.o. | 2017 | 100% | 100% |
| 110 Troon Sp. z o.o. | 2017 | 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.

(2) Currently the company is a subject of merger (of 18 companies) – as a result 17 companies will be absorbed by Ronson Development South Sp. z o.o.

(3) Currently the company is a subject of merger (of 2 companies) – as a result 1 company will be absorbed by Destiny sp. z o.o.

(4) Currently the company is a subject of merger (of 2 companies) - as a result 1 company will be absorbed by RD 2010 sp. z o.o.

(5) Currently the company is a subject of merger (of 6 companies) - as a result 5 companies will be absorbed by Tras 2016 sp. z o.o.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

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 construction 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. Unallocated assets comprise mainly unallocated cash and cash equivalents and income tax assets. Unallocated liabilities comprise mainly income tax liabilities and Bond loans. The unallocated result (loss) comprises mainly head office expenses.

Data presented in the table below are aggregated by type of development within the geographical location:

| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | | | | | | | | | As at 31 March 2020 | |
|--|----------------|----------------|---------------|---------------|----------------|----------|---------------|----------|---------------|----------|----------------|------------------|----------------------------|--|
| | Warsaw | | | | Poznań | | Wrocław | | Szczecin | | Unallocated | IFRS adjustments | Total | |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | | |
| Segment assets | 414,953 | 110,585 | 37,365 | 10,098 | 105,103 | - | 76,072 | - | 83,096 | - | - | (24,727) | 812,545 | |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 64,752 | - | 64,752 | |
| Total assets | 414,953 | 110,585 | 37,365 | 10,098 | 105,103 | - | 76,072 | - | 83,096 | - | 64,752 | (24,727) | 877,297 | |
| Segment liabilities | 145,896 | 35,871 | 25,441 | - | 60,904 | - | 36,351 | - | 20,630 | - | - | (25,441) | 299,652 | |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 197,813 | - | 197,813 | |
| Total liabilities | 145,896 | 35,871 | 25,441 | - | 60,904 | - | 36,351 | - | 20,630 | - | 197,813 | (25,441) | 497,465 | |

| <i>In thousands of Polish Zlotys (PLN)</i> | | | | | | | | | | | | | As at 31 December 2019 | |
|--|----------------|----------------|---------------|---------------|---------------|----------|---------------|----------|----------------|----------|----------------|------------------|-------------------------------|--|
| | Warsaw | | | | Poznań | | Wrocław | | Szczecin | | Unallocated | IFRS adjustments | Total | |
| | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | | |
| Segment assets | 478,448 | 108,162 | 34,104 | 10,098 | 90,333 | - | 88,723 | - | 100,179 | - | - | (21,510) | 888,537 | |
| Unallocated assets | - | - | - | - | - | - | - | - | - | - | 54,646 | - | 54,646 | |
| Total assets | 478,448 | 108,162 | 34,104 | 10,098 | 90,333 | - | 88,723 | - | 100,179 | - | 54,646 | (21,510) | 943,183 | |
| Segment liabilities | 214,686 | 38,902 | 22,090 | - | 49,344 | - | 50,928 | - | 37,333 | - | - | (22,090) | 391,193 | |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 201,496 | - | 201,496 | |
| Total liabilities | 214,686 | 38,902 | 22,090 | - | 49,344 | - | 50,928 | - | 37,333 | - | 201,496 | (22,090) | 592,689 | |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting

| | | In thousands of Polish Zlotys (PLN) | | | | | | | | | | | For the three months ended 31 March 2020 | |
|---|---------------|-------------------------------------|------------|---------------|------------|------------|--------------|------------|-------------|------------|----------------|--------------|--|-------|
| | | Warsaw | | | | Poznań | | Wrocław | | Szczecin | | Unallocated | IFRS adjustments | Total |
| | | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Revenue⁽¹⁾ | 121,840 | 1,400 | 1,666 | 200 | 12 | - | 21,246 | - | 22,529 | - | - | (1,666) | 167,227 | |
| Segment result | 43,560 | 184 | 199 | 431 | 118 | - | (422) | - | (31) | - | - | (245) | 43,794 | |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (5,553) | - | (5,553) | |
| Result from operating activities | 43,560 | 184 | 199 | 431 | 118 | - | (422) | - | (31) | - | (5,553) | (245) | 38,241 | |
| Net finance income/ (expenses) | (85) | (9) | (131) | (9) | (12) | - | (13) | - | - | - | (690) | 131 | (818) | |
| Profit/(loss) before tax | 43,475 | 175 | 68 | 422 | 106 | - | (435) | - | (31) | - | (6,243) | (114) | 37,423 | |
| Income tax expenses | - | - | - | - | - | - | - | - | - | - | - | - | (8,035) | |
| Profit/(loss) for the period | | | | | | | | | | | | | 29,388 | |
| Capital expenditure | - | - | - | - | - | - | - | - | - | - | 70 | - | 70 | |

| | | In thousands of Polish Zlotys (PLN) | | | | | | | | | | | For the three months ended 31 March 2019 | |
|---|--------------|-------------------------------------|--------------|---------------|--------------|------------|------------|------------|--------------|------------|----------------|--------------|--|-------|
| | | Warsaw | | | | Poznań | | Wrocław | | Szczecin | | Unallocated | IFRS adjustments | Total |
| | | Apartments | Houses | Joint venture | Rental | Apartments | Houses | Apartments | Houses | Apartments | Houses | | | |
| Revenue⁽¹⁾ | 46,950 | 8,166 | 5,288 | 203 | 2,515 | - | 7,275 | - | 914 | - | - | (5,288) | 66,023 | |
| Segment result | 9,312 | 907 | 1,097 | 130 | (419) | - | 171 | - | (136) | - | - | (907) | 10,155 | |
| Unallocated result | - | - | - | - | - | - | - | - | - | - | (4,481) | - | (4,481) | |
| Result from operating activities | 9,312 | 907 | 1,097 | 130 | (419) | - | 171 | - | (136) | - | (4,481) | (907) | 5,674 | |
| Net finance income/ (expenses) | (56) | 25 | 7 | - | (10) | - | (12) | - | (6) | - | (1,121) | (7) | (1,180) | |
| Profit/(loss) before tax | 9,256 | 932 | 1,104 | 130 | (429) | - | 159 | - | (142) | - | (5,602) | (914) | 4,494 | |
| Income tax expenses | - | - | - | - | - | - | - | - | - | - | - | - | (1,010) | |
| Profit/(loss) for the period | | | | | | | | | | | | | 3,484 | |
| Capital expenditure | - | - | - | - | - | - | - | - | - | - | 263 | - | 263 | |

(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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the three months ended 31 March 2020 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Transferred to finished units | Additions | As at 31 March 2020 |
|---|-------------------------|----------------------------------|---------------|------------------------|
| Land and related expense | 293,592 | - | 404 | 293,996 |
| Construction costs | 131,467 | - | 46,494 | 177,961 |
| Planning and permits | 20,408 | - | 1,466 | 21,874 |
| Borrowing costs ⁽¹⁾ | 32,291 | - | 2,204 | 34,495 |
| Borrowing costs on lease and depreciation of the perpetual usefruct right ⁽²⁾ | 1,656 | - | 288 | 1,944 |
| Other | 4,426 | - | 552 | 4,978 |
| Work in progress | 483,840 | - | 51,408 | 535,248 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Transferred from work in progress | Recognized in the statement of comprehensive income | As at 31 March 2020 |
|--|-------------------------|--------------------------------------|--|------------------------|
| Finished goods | 217,123 | - | (122,261) | 94,862 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Revaluation write-down recognized in statement of comprehensive income | | As at 31 March 2020 |
|--|-------------------------|---|--------------|------------------------|
| | | Reversal | Utilization | |
| Write-down | (6,023) | - | 2,479 | (3,544) |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Depreciation | Transfer to Other receivables | As at 31 March 2020 |
|--|-------------------------|--------------|----------------------------------|------------------------|
| Perpetual usefruct rights ⁽²⁾ | 23,120 | (50) | (6,239) | 16,831 |
| Inventory, valued at lower of - cost and net realisable value | 718,060 | | | 643,397 |

(1) Borrowing costs are capitalized to the value of inventory with 5.65% average effective capitalization interest rate.

(2) For additional information see note 11.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

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

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

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | Transferred from work in progress | Recognized in the statement of comprehensive income | As at 31 March 2019 |
|--|-------------------------|---|--|------------------------|
| Finished goods | 78,491 | 66,794 | (47,357) | 97,928 |

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

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | First adoption of IFRS 16 ⁽²⁾ | Depreciation | Transfer to Other receivables | As at 31 March 2019 |
|--|-------------------------|--|--------------|-------------------------------------|------------------------|
| Perpetual usufruct right ⁽²⁾ | - | 32,977 | (115) | (1,592) | 31,270 |
| Inventory, valued at lower of - cost and net realisable value | 596,927 | | | | 624,086 |

(1) Borrowing costs are capitalized to the value of inventory with 5.66% average effective capitalization interest rate.

(2) For additional information see note 11.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory and Residential landbank

Inventory

Movements in Inventory during the year ended 31 December 2019 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | Acquisition of Nova Królikarnia ⁽¹⁾ | Transferred to finished units | Additions | As at 31 December 2019 |
|---|-------------------------|--|----------------------------------|----------------|---------------------------|
| Land and related expense | 294,484 | 70,108 | (74,596) | 3,596 | 293,592 |
| Construction costs | 172,340 | - | (221,401) | 180,528 | 131,467 |
| Planning and permits | 20,359 | - | (6,661) | 6,710 | 20,408 |
| Borrowing costs ⁽²⁾ | 36,205 | - | (12,973) | 9,059 | 32,291 |
| Borrowing costs on lease and depreciation of the perpetual usufruct right ⁽³⁾ | - | - | (889) | 2,545 | 1,656 |
| Other | 4,772 | - | (3,543) | 3,197 | 4,426 |
| Work in progress | 528,160 | 70,108 | (320,063) | 205,635 | 483,840 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | Transferred from work in progress | Recognized in the statement of comprehensive income | As at 31 December 2019 |
|--|-------------------------|---|--|---------------------------|
| Finished goods | 78,491 | 320,063 | (181,431) | 217,123 |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | Revaluation write-down recognized in statement of comprehensive income | | As at 31 December 2019 |
|--|-------------------------|--|--------------|---------------------------|
| | | Reversal | Utilization | |
| Write-down | (9,724) | 2,524 | 1,177 | (6,023) |

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | First adoption /Recalculation adjustment of IFRS 16 | Depreciation | Transfer to Other receivables | As at 31 December 2019 |
|---|-------------------------|--|--------------|-------------------------------------|---------------------------|
| Perpetual usufruct rights ⁽³⁾ | - | 25,872 | (440) | (2,312) | 23,120 |

| | | | | | |
|--|----------------|--|--|--|----------------|
| Inventory, valued at lower of - cost and net realisable value | 596,927 | | | | 718,060 |
|--|----------------|--|--|--|----------------|

(1) For additional information see Note 6 of Consolidated Financial Statements for the year ended 31 December 2019

(2) Borrowing costs are capitalized to the value of inventory with 5.78% average effective capitalization interest rate.

(3) For additional information see Note 2(f) of Consolidated Financial Statements for the year ended 31 December 2019.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 9 – Inventory and Residential landbank***Residential landbank*

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. The table below presents the movement in the Residential landbank:

| <i>In thousands of Polish Zloty (PLN)</i> | For the 3 months ended 31 March 2020 | For the year ended 31 December 2019 | For the 3 months ended 31 March 2019 |
|---|---|--|---|
| Opening balance | 44,321 | 46,227 | 46,227 |
| Reclassified from inventory | - | - | - |
| Addition | 14 | 24 | 6 |
| Write-down adjustment | - | (1,930) | - |
| Total closing balance | 44,335 | 44,321 | 46,233 |
| Closing balance includes: | | | |
| Book value | 51,217 | 51,203 | 51,185 |
| Write-down adjustment | (6,882) | (6,882) | (4,952) |
| Total Closing balance | 44,335 | 44,321 | 46,233 |

Note 10 - Trade and other receivables and prepayments

The table below presents the breakdown of the trade and other receivables and prepayments:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 | As at 31 December 2019 |
|--|--------------------------------|-----------------------------------|
| Value added tax (VAT) receivables | 10,837 | 12,361 |
| Trade and other receivables | 2,974 | 3,696 |
| Trade and other receivables - IFRS 16 | 7,901 | 1,753 |
| Bid bond | 1,437 | 1,437 |
| Prepayments ⁽¹⁾ | 6,929 | 5,498 |
| Total trade and other receivables and prepayments | 30,078 | 24,745 |

(1) The capitalized costs relating to obtaining the contracts have been presented in this line and amounted to PLN 3.9 m for the 3 months ended 31 March 2020 year and PLN 3.7 m for the year ended 31 December 2019.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 11 – IFRS 16**

The movement on the right of use assets and lease liabilities during the period ended 31 March 2020 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2020 | Depreciation charge | Fair value adjustment | Revenue recognition | 31 March 2020 |
|--|-----------------------|----------------------------|------------------------------|----------------------------|----------------------|
| Right of use assets related to inventory | 23,120 | (50) | - | (6,239) | 16,831 |
| Right of use assets related to investment property | 553 | n.a | - | n.a | 553 |

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2020 | Finance expense | Payments | Revenue recognition | 31 March 2020 |
|--|-----------------------|------------------------|-----------------|----------------------------|----------------------|
| Lease liabilities related to inventory | 23,549 | 238 | - | (6,317) | 17,470 |
| Lease liabilities related to investment property | 552 | 9 | - | n.a | 561 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020
Notes to the Interim Condensed Consolidated Financial Statements
Note 11 – IFRS 16

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

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

The movement on the right of use assets and lease liabilities during the period ended 31 December 2019 is presented below:

| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2019 | Depreciation charge | Fair value adjustment | Recalculation adjustment⁽¹⁾ | Revenue recognition | 31 December 2019 |
|--|-----------------------|----------------------------|------------------------------|---|----------------------------|-------------------------|
| Right of use assets related to inventory | 32,977 | (440) | - | (7,105) | (2,312) | 23,120 |
| Right of use assets related to investment property | 553 | n.a | - | - | n.a | 553 |
| <i>In thousands of Polish Zlotys (PLN)</i> | 1 January 2019 | Finance expense | Payments | Recalculation adjustment⁽¹⁾ | Revenue recognition | 31 December 2019 |
| Lease liabilities related to inventory | 32,977 | 2,105 | (2,173) | (7,058) | (2,302) | 23,549 |
| Lease liabilities related to investment property | 553 | 36 | (37) | - | n.a | 552 |

(1) Related to change of perpetual usufruct charge of one of the plot from commercial to residential purposes (from 3% of the value per year to 1%)

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 12 – Acquisition of Nova Królikarnia**

During the year 2019, the Company (via its subsidiary) exercised first and second call option under the Call Option Agreements for the total price of PLN 33.9 million and PLN 35.1 million, respectively. For more information see Note 6 - Acquisition of the Nova Królikarnia project of the Consolidated Financial Statements for the year ended 31 December 2019.

As at 31 December 2019, the total payables related to acquisition of Nova Królikarnia project amount to PLN 37.0 million and was presented in the Consolidated Statement of Financial Position as a current liability under Trade and other payables and accrued expenses. The outstanding amount is determinate to be paid in three instalments: PLN 5.0 million was paid in February 2020, PLN 22.0 million was paid in April 2020 and PLN 10.0 million is to be paid in October 2020.

The table below presents analysis of cash flows on the acquisition of Nova Królikarnia project during the three months ended 31 March 2020:

| | <i>In thousands of Polish Zlotys (PLN)</i> |
|---|--|
| Payables related to acquisition of Nova Królikarnia as at 31 December 2019 | 37,022 |
| Purchase consideration paid | (5,000) |
| Payables related to acquisition of Nova Królikarnia as at 31 March 2020 | 32,022 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 13 – Bond loans**

The table below presents the movement in Bond loans during the three months ended 31 March 2020, during the year ended 31 December 2019 and during the three months ended 31 March 2019 as well as the Current and Non-currents balances as at the end of respective periods:

| | For the 3 months ended 31 March 2020 | For the year ended 31 December 2019 | For the 3 months ended 31 March 2019 |
|--|---|--|---|
| | (Reviewed/ Unaudited) | (Audited) | (Reviewed/ Unaudited) |
| <i>In thousands of Polish Zlotys (PLN)</i> | | | |
| Opening balance | 187,969 | 205,547 | 205,547 |
| Repayment of bond loans | (10,000) | (50,000) | (10,000) |
| Proceeds from bond loans | - | 32,317 | 32,317 |
| Issue cost paid for current period | - | (642) | (642) |
| Issue cost paid for previous period | - | (115) | (115) |
| Issue cost amortization | 178 | 854 | 327 |
| Accrued interest | 2,335 | 10,351 | 2,783 |
| Interest repayment | (1,668) | (10,343) | (1,363) |
| Total closing balance | 178,814 | 187,969 | 228,854 |
| Closing balance includes: | | | |
| Current liabilities | 32,441 | 36,891 | 53,296 |
| Non-current liabilities | 146,373 | 151,078 | 175,558 |
| Total closing balance | 178,814 | 187,969 | 228,854 |

New Bond loans issued during the three months ended 31 March 2020:

During the three months ended 31 March 2020, the Company did not issue any bonds loans.

Bond loans issued before 31 December 2019:

The maturity dates and the conditions of the Bonds loans series P, Q, R, S, T and U have been presented in the annual consolidated financial statements for the year ended 31 December 2019.

The series 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. The series U bonds should be secured with a joint mortgage of up to PLN 48,476 thousand, while as at 31 March 2020 joint mortgage was established to the amount of PLN 53,019 thousand.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 13 – Bond loans***Financial ratio covenants for series P and Q:*

Based on the conditions of bonds P and Q in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “Net Indebtedness Ratio”). The Ratio shall not exceed 80% on the Check Date.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt – shall mean the total consolidated balance sheet value of all interest-bearing liabilities (as well as payment guarantees) less the consolidated value of cash and cash equivalents and less cash paid by Company’s clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company’s consolidated balance sheet under Other current financial assets).

Equity - shall mean the consolidated balance sheet value of the equity.

Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

| As at | 31 March 2020 |
|--|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | (Reviewed/ Unaudited) |
| Net debt | 73,345 |
| Equity | 379,832 |
| Net Indebtedness Ratio | 19.3% |

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; up to the limit is PLN 40 million).

Equity - shall mean the consolidated balance sheet value of the equity attributable to equity holders of the parent, less the value of the intangible assets (excluding any financial assets and receivables), including specifically (i) the intangible and legal assets, goodwill and (ii) the assets constituting deferred income tax decreased by the value of the provisions created on account of the deferred income tax, however, assuming that the balance of those two values is positive. If the balance of assets and provisions on account of deferred income tax is negative, the adjustment referred to in item (ii) above shall be zero.

Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

| As at | 31 March 2020 |
|--|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | (Reviewed/ Unaudited) |
| Net debt | 73,345 |
| Equity | 379,832 |
| Net Indebtedness Ratio | 19.3% |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 13 – Bond loans***Financial ratio covenants for series R and S:*

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; up to the limit is PLN 40 million).

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

Check date – last day of each calendar quarter.

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

| As at | 31 March 2020 |
|---|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | (Reviewed/ Unaudited) |
| Net debt | 73,345 |
| Inventory and Residential landbank ⁽¹⁾ | 497,637 |
| Net Debt to Inventory Ratio | 14.7% |

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

Financial ratio covenants for series T and U:

Based on the conditions of bonds T and U in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter “Net Indebtedness Ratio”). The Ratio shall not exceed 80% on the Check Date.

The *Net Indebtedness Ratio* is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of all interest-bearing liabilities (as well as payment guarantees) less the consolidated value of cash and cash equivalents and less cash paid by Company’s clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company’s consolidated balance sheet under Other current financial assets).

Equity - shall mean the consolidated balance sheet value of the equity.

Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

| As at | 31 March 2020 |
|--|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | (Reviewed/ Unaudited) |
| Net debt | 73,345 |
| Equity | 379,832 |
| Net Indebtedness Ratio | 19.3% |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements**Note 13 – Bond loans***Other covenants (series R, S, T and U):*

Based on the conditions of bonds R, S, T and U, transactions with related-parties (shareholders holding more than 25% of the shares in the Company “within the meaning of IAS 24” or with related parties “including with entities controlling the Company whether jointly or individually, whether directly or indirectly or with their subsidiaries which are not members of the Group) shall not exceed the aggregate amount of PLN 1.0 million during any given calendar year. During the 3 months ended 31 March 2020, the consulting fees related to A. Luzon Group amounted to PLN 210 thousand.

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

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

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

For additional information about IFRS 16 see Note 11.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 14 – Secured bank loans**

The table below presents the movement in Secured bank loans during the three months ended 31 March 2020, during the year ended 31 December 2019 and during the three months ended 31 March 2019 as well as the Current and Non-currents balances as at the end of respective periods:

| <i>In thousands of Polish Zlotys (PLN)</i> | For the 3 months ended 31 March 2020 (Reviewed/ Unaudited) | For the year ended 31 December 2019 (Audited) | For the 3 months ended 31 March 2019 (Reviewed/ Unaudited) |
|--|---|--|---|
| Opening balance | 12,875 | 37,687 | 37,687 |
| New bank loan drawdown | 15,058 | 71,940 | 20,396 |
| Bank loans repayments | (18,645) | (96,754) | (36,296) |
| Bank charges | (67) | (740) | (519) |
| Bank charges amortization | 156 | 786 | 97 |
| Accrued interest/(interest repayment) on bank loans, net | (10) | (44) | 12 |
| Total closing balance | 9,367 | 12,875 | 21,377 |
| Closing balance includes: | | | |
| Current liabilities | 9,367 | 12,875 | 66 |
| Non-current liabilities | - | - | 21,311 |
| Total closing balance | 9,367 | 12,875 | 21,377 |

The maturity dates of the loans have been presented in the consolidated financial statements for the year ended 31 December 2019. For more details, see Note 23 Events during the period (Bank Loans). According to Group cash flow projection, liabilities from secured bank loans as at 31 March 2020 will be repaid during the following 12 months. Liabilities from bank loans are presented as Current liabilities.

As at 31 March 2020, as at 31 December 2019 and as at 31 March 2019, the Company has not breached any loan covenant, which would expose the Company for risk of obligatory and immediate repayment of any loan.

Note 15 – Income tax

| <i>In thousands of Polish Zlotys (PLN)</i> | For the 3 months ended 31 March 2020 (Reviewed/ Unaudited) | 31 March 2019 (Reviewed/ Unaudited) |
|---|---|--|
| Current tax expense/(benefit) | 252 | 750 |
| Deferred tax expense/(benefit) | | |
| Origination and reversal of temporary differences | 10,458 | 1,034 |
| Expense/(benefit) of tax losses recognized | (2,675) | (774) |
| Total deferred tax expense/(benefit) | 7,783 | 260 |
| Total income tax expense/(benefit) | 8,035 | 1,010 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 16 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the three months ended 31 March 2020 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Recognized in the statement of comprehensive income | As at 31 March 2020 |
|--|-------------------------|--|------------------------|
| Deferred tax assets | | | |
| Tax loss carry forward | 2,124 | 2,675 | 4,799 |
| Accrued interest | 3,704 | (1,122) | 2,582 |
| Accrued expense | 657 | (148) | 509 |
| Write-down of work in progress and residential landbank | 2,452 | (471) | 1,981 |
| Other* | 4,106 | - | 4,106 |
| Total deferred tax assets | 13,043 | 934 | 13,977 |
| Deferred tax liabilities | | | |
| Difference between tax base and carrying value of inventory | 13,732 | 8,549 | 22,281 |
| Accrued interest | 437 | 185 | 622 |
| Fair value gain on investment property | 1,042 | - | 1,042 |
| Other | 515 | (17) | 498 |
| Total deferred tax liabilities | 15,726 | 8,717 | 24,443 |
| Deferred tax assets | 13,043 | | 13,977 |
| Deferred tax liabilities | 15,726 | | 24,443 |
| Offset of deferred tax assets and liabilities for individual companies | (6,108) | | (8,308) |
| Deferred tax assets reported in the Consolidated Statement of Financial Position | 6,935 | | 5,669 |
| Deferred tax liabilities reported in the Consolidated Statement of Financial Position | 9,618 | | 16,135 |

* Including deferred tax asset from contributions.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 16 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the three months ended 31 March 2019 were as follows:

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

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 16 – Deferred tax assets and liabilities**

Movements in Deferred tax assets and liabilities during the year ended 31 December 2019 were as follows:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2019 | Recognized in the statement of comprehensive income | As at 31 December 2019 |
|--|---------------------------------|--|-----------------------------------|
| Deferred tax assets | | | |
| Tax loss carry forward | 2,058 | 66 | 2,124 |
| Accrued interest | 2,348 | 1,356 | 3,704 |
| Accrued expense | 777 | (120) | 657 |
| Write-down of inventory and residential landbank | 2,788 | (336) | 2,452 |
| Other* | 1,437 | 2,669 | 4,106 |
| Total deferred tax assets | 9,408 | 3,635 | 13,043 |
| Deferred tax liabilities | | | |
| Difference between tax base and carrying value of inventory | 9,521 | 4,211 | 13,732 |
| Accrued interest | - | 437 | 437 |
| Fair value gain on investment property | 890 | 152 | 1,042 |
| Other | 814 | (299) | 515 |
| Total deferred tax liabilities | 11,225 | 4,501 | 15,726 |
| Deferred tax assets | 9,408 | | 13,043 |
| Deferred tax liabilities | 11,225 | | 15,726 |
| Offset of deferred tax assets and liabilities for individual companies | (3,877) | | (6,108) |
| Deferred tax assets reported in the Consolidated Statement of Financial Position | 5,531 | | 6,935 |
| Deferred tax liabilities reported in the Consolidated Statement of Financial Position | 7,348 | | 9,618 |

* Including deferred tax asset from contributions.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 17 – Advances received**

Advances received during the three months ended 31 March 2020 consist of customer advances for construction work in progress (deferred revenue) and comprise customer advances for the following projects:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 1 January 2020 | Advances received during the 3 months ended 31 March 2020 | Revenue recognized during the 3 months ended 31 March 2020 | As at 31 March 2020 |
|--|---------------------------------|--|---|--------------------------------|
| City Link III | 120,796 | 21,692 | (114,491) | 27,997 |
| Nova Królikarnia 1a-1e | 333 | 2,998 | (3,331) | - |
| Nova Królikarnia 2a & 2b | 1,620 | 3,964 | (4,075) | 1,509 |
| Nova Królikarnia 2c | 8,440 | 1,660 | - | 10,100 |
| Nova Królikarnia 3b | 3,236 | 3,181 | - | 6,417 |
| Nova Królikarnia 3a | - | 1,394 | - | 1,394 |
| Vitalia III | 4,878 | 4,015 | - | 8,893 |
| Miasto Moje I & II | 256 | 439 | (435) | 260 |
| Miasto Moje III | 14,271 | 9,817 | - | 24,088 |
| Miasto Moje IV | 639 | 2,438 | - | 3,077 |
| Miasto Marina | 36,498 | 1,469 | (21,166) | 16,801 |
| Panoramika IV | 20,412 | 3,296 | (22,530) | 1,178 |
| Panoramika V | 4,165 | 3,974 | - | 8,139 |
| Grunwald2 | 32,235 | 14,588 | - | 46,823 |
| Ursus Centralny Ia | 6,338 | 5,488 | - | 11,826 |
| Ursus Centralny IIa | - | 3,123 | - | 3,123 |
| Viva Jagodno I | 167 | 513 | - | 680 |
| Nowe Warzymice I | - | 130 | - | 130 |
| Other | 686 | 1,091 | (948) | 829 |
| Total | 254,970 | 85,270 | (166,976) | 173,264 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 17 – Advances received**

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

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

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 18 – Commitments and contingencies***(i) Investment commitments:*

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 (Reviewed/ Unaudited) | As at 31 December 2019 (Audited) |
|--|--|---|
| Ursus Centralny Ia | 21,364 | 25,589 |
| Viva Jagodno I | 23,075 | 26,590 |
| Panoramika V | 5,964 | 8,472 |
| Vitalia III | 16,079 | 20,598 |
| Miasto Moje III | 13,994 | 22,477 |
| Nove Warzymice I | 10,899 | 12,157 |
| Miasto Moje IV | 36,093 | 37,243 |
| Nova Królikarnia 3a | 12,558 | 15,639 |
| Nova Królikarnia 3b | 5,536 | 6,887 |
| Nova Królikarnia 3c | 9,915 | 11,419 |
| Nova Królikarnia 2c | 4,583 | 7,048 |
| Grunwald2 | 2,459 | 12,379 |
| Total | 162,519 | 206,498 |

(ii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Group arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Group:

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 (Reviewed/ Unaudited) | As at 31 December 2019 (Audited) |
|--|--|---|
| Grunwald2 | 12,789 | 24,119 |
| Panoramika V | 15,983 | 19,070 |
| Wrocław 2016 | 20,700 | - |
| Total | 49,472 | 43,189 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements**Note 18 – Commitments and contingencies***(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 2019), 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 was executed in April 2020. The exercise of the three call options will allow the Company to develop 161 units with an aggregate floor space of approximately 21,500 m².

During 2019, the Company exercised the first and second call option under the Call Option Agreements for the total price of PLN 69 million as a result of which the Company (via its subsidiary) acquired shares in companies holding seven substages of Nova Królikarnia project. The price was determined to be paid in installments: PLN 32.0 million was paid during 2019, PLN 5.0 million was paid in February 2020, PLN 22.0 million was be paid in April 2020 and PLN 10.0 million to be paid in October 2020.

Certain fees in the maximum amount of PLN 11.9 million were to be due by the Company if the Company does not exercise all three call options within certain deadlines. However, the fees were reduced proportionally to the extent options have been exercised. As at the 31 March 2020, as the result of the first two call options having been exercised, the amount of the fee contingency decreased to PLN 1.5 million.

On 9 April 2020, the Company (via its subsidiary) exercised the last call option for a total value of PLN 9.9 million. As the result of the call option having been exercised, the amount of the fee contingency decreased to nil.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 18 – Commitments and contingencies***(i) Contracted proceeds not yet received:*

The table below presents amounts to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 31 March 2020 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 (Reviewed/ Unaudited) | As at 31 December 2019 (Audited) |
|--|--|---|
| Panoramika IV | 418 | 2,065 |
| Panoramika V | 14,202 | 9,276 |
| Vitalia III | 14,797 | 11,961 |
| Grunwald2 | 23,036 | 30,751 |
| Miasto Moje I & II | 78 | 117 |
| Miasto Moje III | 26,449 | 23,488 |
| Miasto Moje IV | 15,769 | 8,565 |
| Ursus Centralny Ia | 33,037 | 31,583 |
| Ursus Centralny IIa | 31,757 | - |
| Miasto Marina | 1,583 | 1,068 |
| City Link III | 6,031 | 22,257 |
| Nowe Warzymice I | 885 | - |
| Nova Królikarnia 1a - 1e | - | 2,998 |
| Nova Królikarnia 2a & 2b | 1,071 | 5,033 |
| Nova Królikarnia 2c | 2,521 | 4,181 |
| Nova Królikarnia 3b | 10,378 | 11,001 |
| Nova Królikarnia 3a | 12,962 | - |
| Viva Jagodno I | 3,236 | 1,530 |
| Other (old) projects | 1,839 | 2,352 |
| Total | 200,049 | 168,226 |

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements**Note 19 – Risk management**

The Company prepares and responds to the upcoming Coronavirus events, and its effect on daily changes, including to ensure the safety of its employees, to continue its day-to-day operations and to try to minimize, as far as possible, the impact of these events on the Company.

Based on preliminary analysis, the Management Board according to its current knowledge and assessment, has identified the following areas, where influence can be significant for the Group in the long term perspective should the virus continue to be spreading:

- a. decrease in sales volume due to lower demand as an effect of potential tightening of the mortgage loan eligibility criteria by banks;
- b. lack of ability to finish projects on time and / or on budget due to possible delays in construction works, caused by potential shortages of the construction personnel and/or interruptions in supplies of material and components and/or prolongation of permitting and other administrative procedures;
- c. Low availability and/or unreasonable terms of new financing in case of banks, bonds and other lenders are materially affected by the extended economic downturn.

The current liquidity position and financial standing of the Company and the Group are stable and unaffected.

It should be noted that up to this date, the construction on sites is continuing in full format. At this stage, in view of the general uncertainty prevailing in Poland and the world, because of the dynamic crisis and the lack of ability to anticipate the duration of the current situation, the Company does not have the ability to quantify the effects of the above on the Company's activities and its financial results. The company will continue to monitor the situation on an ongoing basis as it evolves in the coming weeks and months, and will undertake all the necessary actions in order to mitigate the negative effects..

(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 2019 (Note 37). There have been no changes in the risk management department since year end or in any risk management policies.

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the three months ended 31 March 2020 as described in Notes 13 and 14.

(iii) Fair value estimation

The Investment property is valued at fair value determined by an independent appraiser.

During the three months ended 31 March 2020 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 for bonds series P amounting to PLN 10.0 million and Interest bearing deferred trade payables, 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.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020**Notes to the Interim Condensed Consolidated Financial Statements****Note 20 – Related party transactions**

There were no transactions and balances with related parties during the three months ended 31 March 2020 other than remuneration of Management Board, loans granted to related parties, the reimbursement of audit review costs and an consulting agreement with major (indirect) shareholder, A. Luzon Group, for total monthly amount of PLN 70 thousand and covering travels and out of pocket expenses incurred in connection with rendering services.

All these transactions were already disclosed in the Group's Consolidated Financial Statements for the year ended 31 December 2019.

Note 21 – Impairment losses and provisions

During the three months ended 31 March 2020 and 2019, the Group did not recognize any impairment, nor created any significant provision.

Note 22 – Investment in joint ventures*Share of profit/(loss) of joint venture*

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 | As at 31 December 2019 |
|---|--------------------------------|-----------------------------------|
| Loans granted | 12,190 | 12,311 |
| Share in net equity value of joint ventures | 448 | 283 |
| The Company's carrying amount of the investment | 12,638 | 12,594 |
| Presented as Loans granted to joint ventures (current assets) | (2,005) | (1,977) |
| Investment in joint ventures | 10,633 | 10,617 |

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.

Loans granted to joint venture

| <i>In thousands of Polish Zlotys (PLN)</i> | As at 31 March 2020 | As at 31 December 2019 |
|--|--------------------------------|-----------------------------------|
| Opening balance | 13,166 | - |
| Loans granted | - | 16,190 |
| Loans repaid | - | (3,450) |
| Accrued interest | 181 | 514 |
| Interest paid | - | (88) |
| Total closing balance | 13,347 | 13,166 |
| Offset of the negative investment in joint venture | (1,157) | (855) |
| Total closing balance | 12,190 | 12,311 |

As at 31 March 2020, from the total amount of loans granted to joint ventures (amounting in total to PLN 13,347 thousand) loans in the aggregate amount of PLN 2,005 thousand are maturing no later than 31 March 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 3M plus 4% margin.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements**Note 23 – Events during the period***Bond loans*

On 25 February 2020, the Company repaid all outstanding 10,000 series M bonds with total nominal value of PLN 10,000 thousand. After this repayment, the total number of outstanding bonds series M amounted to nil.

Bank loans

In March 2020, the Company executed a loan agreement with Alior Bank S.A. related to the Nova Królikarnia 2c project in Warsaw. Under this loan agreement Alior Bank S.A. is to provide financing and re-financing to cover the costs of construction up to a total amount of PLN 20.7 million. Under the loan agreement, the final repayment date is December 2021.

Commencements of new projects

In January 2020, the Company commenced the sales of the Ursus Centralny IIa project comprising 243 apartments and 8 commercial units with an aggregate floor space of 13,500 m².

Purchase of land

On 31 March 2020, a subsidiary of the Company entered into a preliminary agreement concerning the purchase of the ownership right of an undeveloped property located in Poznań, Grunwald district. According to the valid zoning conditions, the plot is designated for development of residential multifamily project. The purchase price was agreed at PLN 3.0 million and paid. The project will comprise 80 units with an aggregate floor space of 3,400 m².

Share buyback program

The authorization granted to the Management Board by Extraordinary General Meeting of Shareholders for the purchase of own shares covered the period lasting until 24 January 2020. From 1 January 2020 until 24 January 2020, the Company acquired 59,622 own shares for a total price of PLN 50.2 thousand. As at 31 March 2020, the Company held 734,522 own shares representing 0.45% of total shares issued by the Company.

Changes in the Management Board

On 16 January 2020, the Supervisory Board of the Company appointed Mr Yaron Shama to the position of member of the Management Board of the Company and Finance Vice President as of 1 February 2020 for a five-year joint term of office of the Management Board, which commenced on 1 April 2019.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

Notes to the Interim Condensed Consolidated Financial Statements**Note 24 – Subsequent events***Call Option Agreement*

On 9 April 2020, the Company (via its subsidiary) exercised the last call option, based on call option agreements concluded on 10 April 2018 with Global City Holdings B.V., as a result of this transaction the Company acquired shares in company holding one substage of the Nova Królikarnia project with an aggregate floor space of 3,300 m² for a total value of PLN 9.9 million. The total price for the third call option was paid on the transaction data.

Final Purchase Agreement of the Plot in Poznań

On 28 April 2020 Company (via its subsidiary) executed a final agreement, based on which it purchased the ownership right of an undeveloped property located in Poznań, Grunwald district. The project will comprise 80 units with an aggregate floor space of 3,400 m².

Ursus

On 4 May 2020 the Company (via its subsidiary) signed an agreement for construction works in relation to Ursus Centralny with Karmar S.A. (the General Contractor). The fee to be paid for the execution of the Agreement amounts to PLN 60.25 million. The parties also agreed a deferred payment mechanism upon which a portion of payments due to the Contractor up to a total amount of PLN 12 million may be deferred (in exchange for interest) until 7 working days after obtaining a valid occupancy permit but not later than until end of October 2021.

COVID - 19

Following very good results in the first three months of 2020, as a result of COVID-19 outbreak the company witnessed a sharp decrease in the number of newly concluded sales contracts in April 2020 compared to the preceding months of this year and compared to April 2019 has been observed.

In order to be accessible to our clients and potential clients The Company initiated alternative marketing procedures in which its sale personal can be available by online and internet channels as well as innovative internet tools to show its on going projects . This will allow the company to build its costumer base and maintain good contact with them and in this way rebuild our sales once situation will come back to normal.

The Management has been monitoring the progress on the construction sites on an ongoing basis. As of the date of publication of this report, all projects are being executed according to schedule.

The Group has also been preparing for the launch of new investments, with the final dates of commencement for construction and sales of new stages being adjusted to current market conditions. The Management does not predict any delays in the process of delivering units to customers in already completed projects and in projects that are planned to be completed this year.

Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2020

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales and Marketing Director

Alon Haver

Member of the Management Board

Krystyna Chenash

Person responsible for the accounting records

Warsaw, 13 May 2020

Interim Condensed Company Financial Statement for the three months ended 31 March 2020**Interim Condensed Company Statement of Financial Positions**

| As at | | 31 March 2020 | 31 December 2019 |
|---|-------------|----------------------------------|------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Reviewed/ Unaudited)</i> | <i>(Audited)</i> |
| Assets | | | |
| Investment in subsidiaries | 6 | 449,413 | 419,835 |
| Loans granted to subsidiaries | 7 | 95,934 | 89,606 |
| Deferred tax asset | | 1,108 | 1,015 |
| Total non-current assets | | 546,455 | 510,456 |
| Trade and other receivables and prepayments | | 113 | 107 |
| Receivable from subsidiaries | | 592 | 1,244 |
| Loans granted to subsidiaries | 7 | 24,515 | 24,223 |
| Cash and cash equivalents | | 6,429 | 7,173 |
| Total current assets | | 31,649 | 32,747 |
| Total assets | | 578,104 | 543,203 |
| Equity | | | |
| Share capital | | 12,503 | 12,503 |
| Share premium reserve | | 150,278 | 150,278 |
| Treasury shares | | (630) | (580) |
| Retained earnings | | 217,681 | 188,293 |
| Total shareholders' equity | <i>12</i> | 379,832 | 350,494 |
| Liabilities | | | |
| Bond loans | 8 | 146,373 | 151,078 |
| Total long-term liabilities | | 146,373 | 151,078 |
| Bond loans | 8 | 32,441 | 36,891 |
| Loans from subsidiaries | | 18,206 | 3,309 |
| Trade and other payables and accrued expenses | | 1,252 | 1,431 |
| Total current liabilities | | 51,899 | 41,631 |
| Total liabilities | | 198,272 | 192,709 |
| Total shareholders' equity and liabilities | | 578,104 | 543,203 |

The notes included on pages 67 to 72 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2020**Interim Condensed Company Statement of Comprehensive Income**

| For the 3 months ended 31 March | | 2020 | 2019 |
|---|-------------|----------------------------------|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Reviewed/ unaudited)</i> | <i>(Reviewed/ unaudited)</i> |
| Revenues from consulting services | | 1,876 | 1,240 |
| General and administrative expenses | | (1,164) | (813) |
| Other (expenses)/income | | - | (8) |
| Operating profit/(loss) | | 712 | 419 |
| Result from subsidiaries after taxation | 6 | 29,578 | 3,978 |
| Operating profit after result from subsidiaries | | 30,290 | 4,397 |
| Finance income | | 1,625 | 2,168 |
| Finance expense | | (2,620) | (3,136) |
| Net finance income/(expense) | | (995) | (968) |
| Profit before taxation | | 29,295 | 3,429 |
| Income tax benefit/(expense) | 9 | 93 | 55 |
| Profit for the period | | 29,388 | 3,484 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period, net of tax | | 29,388 | 3,484 |
| Weighted average number of ordinary shares (basic and diluted) | | 163,285,842 | 164,010,813 |
| <i>In Polish Zlotys (PLN)</i> | | | |
| Net earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted) | | 0.180 | 0.021 |

The notes included on pages 67 to 72 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Interim Condensed Company Statement of Changes in Equity

| <i>In thousands of Polish Zlotys (PLN)</i> | Share capital | Share premium | Treasury shares | Retained earnings ⁽¹⁾ | Total equity |
|---|---------------|----------------|-----------------|----------------------------------|----------------|
| Balance at 1 January 2020 | 12,503 | 150,278 | (580) | 188,293 | 350,494 |
| <i>Comprehensive income:</i> | | | | | |
| Profit for the three months ended 31 March 2020 | - | - | - | 29,388 | 29,388 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 29,388 | 29,388 |
| Repurchase of own shares ⁽¹⁾ | - | - | (50) | - | (50) |
| Balance at 31 March 2020 (Reviewed/ Unaudited) | 12,503 | 150,278 | (630) | 217,681 | 379,832 |

(1) In order to fund the purchase of own shares under the buyback program, a capital reserve (within retained earnings) was established for an amount of PLN 2,000 thousand. The capital reserve was subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 24 January 2020 (lasting date of authorization granted to the Management Board for the purchase of own shares) amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

| <i>In thousands of Polish Zlotys (PLN)</i> | Share capital | Share premium | Treasury shares | Retained earnings ⁽²⁾ | Total equity |
|---|---------------|----------------|-----------------|----------------------------------|----------------|
| Balance at 1 January 2019 | 12,503 | 150,278 | - | 180,699 | 343,480 |
| <i>Comprehensive income:</i> | | | | | |
| Profit for the three months ended 31 March 2019 | - | - | - | 3,484 | 3,484 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income/(expense) | - | - | - | 3,484 | 3,484 |
| Repurchase of own shares ⁽²⁾ | - | - | (66) | - | (66) |
| Balance at 31 March 2019 (Reviewed/ Unaudited) | 12,503 | 150,278 | (66) | 184,183 | 346,898 |

(2) In order to fund the purchase of own shares under the buyback program, a capital reserve is established for an amount of PLN 2,000 thousand, which amount has been transferred to the capital reserve from the Company's retained earnings reserve. The capital reserve is subsequently reduced by the amount of the consideration paid for the shares bought back. The amount of capital reserve as at 31 March 2019 and amounted to PLN 1,934 thousand and was presented as a part of the retained earnings.

The notes included on pages 67 to 72 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Interim Condensed Company Statement of Cash Flows

| For the period ended 31 March | | 2020 | 2019 |
|--|-------------|----------------------------------|----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | <i>Note</i> | <i>(Reviewed/ Unaudited)</i> | <i>(Reviewed/ Unaudited)</i> |
| Cash flows from operating activities | | | |
| Profit for the period | | 29,388 | 3,484 |
| <i>Adjustments to reconcile profit for the period to net cash (used in)/from operating activities:</i> | | | |
| Finance income | | (1,625) | (2,168) |
| Finance expense | | 2,620 | 3,136 |
| Income tax expense/(benefit) | 9 | (93) | (55) |
| Share of profit/(loss) from subsidiaries | 6 | (29,578) | (3,978) |
| Subtotal | | 712 | 419 |
| Decrease/(increase) in trade and other receivables and prepayments | | (6) | (3) |
| Decrease/(increase) in receivable from subsidiaries | | 652 | (1,277) |
| Increase/(decrease) in trade and other payable and accrued expense | | (179) | (2) |
| Subtotal | | 1,179 | (863) |
| Interest paid | 7 | (1,679) | (1,389) |
| Interest received | | 6 | 42 |
| Net cash used in operating activities | | (494) | (2,210) |
| Cash flows from investing activities | | | |
| Loans granted to subsidiaries, net of issue cost | 7 | (5,000) | (14,962) |
| Proceeds from loans granted to subsidiaries | 7 | - | 20,492 |
| Net cash used in investing activities | | (5,000) | 5,530 |
| Cash flows from financing activities | | | |
| Repurchase of own share | | (50) | (66) |
| Proceeds from loans from subsidiaries | | 14,800 | - |
| Proceeds from bond loans, net of issue costs | 8 | - | 31,560 |
| Repayment of bond loans | 8 | (10,000) | (10,000) |
| Net cash from financing activities | | 4,750 | 21,494 |
| Net change in cash and cash equivalents | | (744) | 24,814 |
| Cash and cash equivalents at 1 January | | 7,173 | 2,147 |
| Cash and cash equivalents at the end of the period | | 6,429 | 26,961 |

The notes included on pages 67 to 72 are an integral part of these interim condensed company financial statements

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Notes to the Interim Condensed Company Financial Statements**Note 1 – General**

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 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 31 March 2020, 66.06% of the shares are controlled by Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group') and 0.45% of the shares are held by the Company. The remaining 33.49% of the outstanding shares are held by other investors including Nationale Nederlanden Otwarty Fundusz Emerytalny and Metlife Otwarty Fundusz Emerytalny. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company. It shall be noted that as at 31 March 2020, the Company held 734,522 own shares (0.45%) 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 2019, which have been prepared in conformity with IFRS. At the date of authorization of these Interim Condensed Company Financial Statements, the IFRSs applied by the Company are not different from the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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

These Interim Condensed Company Financial Statements of Ronson Development SE were approved by the Management Board for publication on 13 May 2020 in both English and Polish languages, while the Polish version is binding.

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

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

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 2019.

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 three months ended 31 March 2020, during the year ended 31 December 2019 and during the three months ended 31 March 2019:

| For the | 3 months ended 31 March 2020 (Reviewed/ Unaudited) | 12 months ended 31 December 2019 (Audited) | 3 months ended 31 March 2019 (Reviewed / Unaudited) |
|---|---|--|--|
| <i>In thousands of Polish Zlotys (PLN)</i> | | | |
| Opening balance | 419,835 | 407,309 | 407,309 |
| Investments in subsidiaries | - | - | - |
| Net results from subsidiaries during the period | 29,578 | 18,944 | 3,978 |
| Dividend from subsidiaries | - | (6,418) | - |
| Acquisition of non-controlling interest | - | - | - |
| Balance at end of the period | 449,413 | 419,835 | 411,287 |

The Company holds and owns (directly and indirectly) 110 companies. These companies are active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. For additional information see Note 7 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Notes to the Interim Condensed Company Financial Statements

Note 7 – Loans granted to subsidiaries

The table below presents movements in loans granted to subsidiaries held directly and indirectly by the Company during the three months ended 31 March 2020, during the year ended 31 December 2019 and during the three months ended 31 March 2019:

| For the | 3 months ended 31 March 2020 (Reviewed/ Unaudited) | 12 months ended 31 December 2019 (Audited) | 3 months ended 31 March 2019 (Reviewed / Unaudited) |
|---|---|--|--|
| <i>In thousands of Polish Zloty (PLN)</i> | | | |
| Opening balance | 113,829 | 155,836 | 155,836 |
| Loans granted | 5,000 | 46,916 | 15,000 |
| Loans repayment | - | (88,254) | (20,492) |
| Charges and fees | - | - | (38) |
| Amortization of charges and fees | 29 | 215 | 84 |
| Accrued interest | 1,591 | 7,059 | 2,042 |
| Repayment of interest | - | (7,943) | - |
| Total closing balance | 120,449 | 113,829 | 152,432 |
| Current assets | 24,515 | 24,223 | 57,613 |
| Non-current assets | 95,934 | 89,606 | 94,819 |
| Total closing balance | 120,449 | 113,829 | 152,432 |

The loans are not secured.

All new loans granted are at the similar conditions to those presented in the Company Financial Statements for the year ended 31 December 2019. For more information see Note 11 of the Company Financial Statements for the year ended 31 December 2019.

Note 8 – Bonds loans

The table below presents the movement in Bond loans during the three months ended 31 March 2020, during the year ended 31 December 2019 and during the three months ended 31 March 2019:

| For the | 3 months ended 31 March 2020 (Reviewed/ Unaudited) | 12 months ended 31 December 2019 (Audited) | 3 months ended 31 March 2019 (Reviewed / Unaudited) |
|--|---|--|--|
| <i>In thousands of Polish Zlotys (PLN)</i> | | | |
| Opening balance | 187,969 | 205,547 | 205,547 |
| Repayment of bond loans | (10,000) | (50,000) | (10,000) |
| Proceeds from bond loans | - | 32,317 | 32,317 |
| Issue cost paid for current period | - | (642) | (642) |
| Issue cost paid for previous periods | - | (115) | (115) |
| Issue cost amortization | 178 | 854 | 327 |
| Accrued interest | 2,335 | 10,351 | 2,783 |
| Interest repayment | (1,668) | (10,343) | (1,363) |
| Total closing balance | 178,814 | 187,969 | 228,854 |
| Closing balance includes: | | | |
| Current liabilities | 32,441 | 36,891 | 53,296 |
| Non-current liabilities | 146,373 | 151,078 | 175,558 |
| Total closing balance | 178,814 | 187,969 | 228,854 |

For information about bond covenants, reference is made to Note 13 to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Company Financial Statement for the three months ended 31 March 2020**Notes to the Interim Condensed Company Financial Statements****Note 9 – Income tax**

| For the 3 months ended | 2020 | 2019 |
|---|----------------------------------|-----------------------------------|
| <i>In thousands of Polish Zlotys (PLN)</i> | (Reviewed/ Unaudited) | (Reviewed / Unaudited) |
| Current tax expense | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 122 | 93 |
| Tax losses utilized/(recognized) | (215) | (148) |
| Total deferred tax expense/(benefit) | (93) | (55) |
| Total income tax expense/(benefit) | (93) | (55) |

Note 10 – Commitments and contingencies*Nova Królikarnia – Call Option*

As part of the Nova Królikarnia acquisition (see Note 6 to the Company's Consolidated Financial Statements for the year ended 31 December 2019), 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 was executed in April 2020. The exercise of the three call options will allow the Company to develop 161 units with an aggregate floor space of approximately 21,500 m².

Certain fees in the maximum amount of PLN 11.9 million were to be due by the Company if the Company does not exercise all three call options within certain deadlines. However, the fees were reduced proportionally to the extent options have been exercised. As at the 31 March 2020, as the result of the first two call options having been exercised during 2019, the amount of the fee contingency decreased to PLN 1.5 million.

On 9 April 2020, the Company (via its subsidiary) exercised the last call option for a total value of PLN 9.9 million. As the result of the call option having been exercised, the amount of the fee contingency decreased to nil.

Note 11 – Related parties transactions

There were no transactions and balances with related parties during the three months ended 31 March 2020 other than the remuneration of the Management Board, loans granted to related parties, the reimbursement of audit review costs and the consulting agreement with A. Luzon Group, the major (indirect) shareholder, 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.

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Notes to the Interim Condensed Company Financial Statements**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.

The authorization granted to the Management Board by Extraordinary General Meeting of Shareholders for the purchase of own shares covered the period lasting until 24 January 2020. From 1 January 2020 until 24 January 2020, the Company acquired 59,622 own shares for a total price of PLN 50.2 thousand. The amount of capital reserve as at 24 January 2020 amounted to PLN 1,573 thousand and was presented as a part of the retained earnings. As at 25 January 2020 the capital reserve was liquidated.

As at 31 March 2020, the Company held 734,522 own shares representing 0.45% of total shares issued by the Company.

Note 13 – Events during the period

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

Interim Condensed Company Financial Statement for the three months ended 31 March 2020

Notes to the Interim Condensed Company Financial Statements

Note 14 – Subsequent events

On 2 April 2020, the Company repaid PLN 12.7 million intercompany loan received presented as the short term loan in the interim condensed company statement of financial positions as at 31 March 2020.

For further subsequent events, reference is made to Note 24 to the Interim Condensed Consolidated Financial Statements.

The Management Board

Boaz Haim

President of the Management Board

Yaron Shama

Vicepresident of the Management Board, CFO

Andrzej Gutowski

Vicepresident of the Management Board,
Sales and Marketing Director

Alon Haver

Member of the Management Board

Krystyna Chenash

Person responsible for the accounting records

Warsaw, 13 May 2020

Independent Auditors' Report

**Independent registered auditor's report
on the review of the interim condensed consolidated financial statements
To the Shareholders and the Supervisory Board of Ronson Development SE**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Development SE Group (hereinafter called "the Group"), having Ronson Development SE as its parent company (hereinafter called "the Parent Company"), with its registered office in Warsaw, Av. Komisji Edukacji Narodowej 57 comprising the interim condensed consolidated statement of financial position as at 31 March 2020 and 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 to 31 March 2020 and the explanatory notes to the interim condensed consolidated financial statements.

Management of the Parent's Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these 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* as adopted by the National Council of Certified Auditors as the National Standard on Review Engagements 2410 with a resolution dated 5 March 2018. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

Conclusion

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

Conducting the review on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144:

Piotr Wyszogrodzki

Registered Auditor

No. 90091

Warsaw, 13 May 2020

Independent Auditors' Report

**Independent registered auditor's report
on the review of the interim condensed consolidated financial statements
To the Shareholders and the Supervisory Board of Ronson Development SE**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Development SE Group (hereinafter called "the Group"), having Ronson Development SE as its parent company (hereinafter called "the Parent Company"), with its registered office in Warsaw, Av. Komisji Edukacji Narodowej 57 comprising the interim condensed consolidated statement of financial position as at 31 March 2020 and 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 to 31 March 2020 and the explanatory notes to the interim condensed consolidated financial statements.

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Piotr Wyszogrodzki

Registered Auditor

No. 90091

Warsaw, 13 May 2020