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### **Ronson: incoming year to be much better**

The property developer's revenues for 2008 were probably less than half of those in the previous year. Expectations for 2009 are much better.

The results of Ronson Europe for Q4 2008 will be much more modest than those of the previous year. The property developer, registered in the Netherlands (but operating only on the Polish market), reports revenues from the sale of apartments in accordance with IAS 18, that is only following the transfer of premises to the purchasers. According to Tomasz Łapiński, Member of the Management Board for Financial Affairs of Ronson, during the last quarter of 2008, Ronson commissioned just 16 apartments (compared with 144 in Q4 2007).

The revenues of Ronson for all of 2008 will also be much lower than for the previous year, despite the significantly improved financial results for the first three quarters of 2008 (PLN 63.7m in revenues and nearly PLN 14.6m in net profit compared with PLN 40.8m and PLN 6.2m for the first three quarters of 2007, respectively). During 2008, the company handed over to its customers a total of "only" 104 apartments, compared with over 230 in 2007, which resulted in PLN 129.6m in revenues and PLN 38.9m in net profit.

### **Fat year to come after a lean one?**

The year 2009 is expected to be much better than 2008 for the property developer with respect to predicted results (although it might be even more difficult with regard to the speed of apartment sales). This year, Ronson plans to complete four investment projects. The investment projects include a total of 355 apartments, out of which 110 have already found their purchasers (11 in Q4 2008).

The Management Board believes the above number will increase significantly before the end of this year. 'Two out of those four investment projects are single-family housing estates, situated in Józefosław and Konstancin. We believe that the customers' interest level in them will rise in a couple of months, as the first houses will reach completion. Houses are much more difficult to sell "on paper" than apartments', says Tomasz Łapiński.

Ronson believes that the "attraction of finished apartments" will also attract customers in Poznań. This refers to the Galileo investment project, comprising 226 apartments and six commercial premises. The investment project has been virtually completed. 'The occupancy permit should be obtained within the next few weeks and we have high expectations, although sales so far have been admittedly lower than expected', says Mr Łapiński. 'Only recently have our customers been able to experience the high finishing standard of that investment project', he adds. Mr Łapiński has no concerns about the success of Imaginarium II, an investment project comprising 65 apartments, currently under development in the Bielany district in Warsaw. 'That investment project, similarly to its first stage, has been enjoying an unflagging level of interest', he says.

Additionally, during the first half of 2009, Ronson should realise revenues from the sale of the last apartments in the investment projects completed in 2008, which have not yet been transferred to the purchasers. 'Currently, there are 17 apartments yet to be transferred, out of which eight remain to be sold', says Tomasz Łapiński.

Will Ronson start any new investment projects in 2009? 'During the last quarter, we made available for sale two quite large, development projects for our standards situated in the Ursynów district [in Warsaw]: Nautica (at Stryjeńskich Street) and Gemini I (at KEN Street), each comprising about 150 apartments. Therefore we can say that our appetite for further investment projects has been satisfied for quite a long time', says the property developer's representative.

### **Only one new investment project this year?**

'However, it is almost certain that during this year, we will commence another stage of our successful investment project in the Bielany district, namely Imaginarium III. We are also considering starting three further smaller investment projects, currently in the preparation stage, situated in Poznań, Szczecin and Wrocław, but the respective decisions will be undertaken in mid-2009 in this case', says the member of the Management Board.

The above-mentioned investment projects situated in Ursynów have met with varied levels of interest. 'The sales of apartments in the Gemini investment project have been slower than expected. Nautica, however, has exceeded our expectations. Nearly 50 apartments in that investment projects have been already sold or reserved for sale and, in our opinion, in the light of the current market conditions it should be deemed a huge success', says Tomasz Łapiński. He adds that both investment projects will be completed in 2010. Only in that year will Ronson realise the first revenues from them.

### **Quantum leap when permit is obtained**

Ronson reports revenues in accordance with IAS 18, that is only following the transfer of premises to their purchasers. In the quarter in which Ronson obtains an occupancy permit for an investment project, it usually reports large revenues and profit, since that is when a large "overflow" from sold apartments is reported in the income statement. Q4 2007 was the record period for the company as Ronson then completed the construction of two investment projects. During the entire 2008, Ronson commissioned only one small investment project (Imaginarium I). The occupancy permit was obtained in August, therefore the results for Q3 2008 were good. Currently, the company is awaiting the occupancy permit for Galileo investment project in Poznań and expects very good results for Q1 or Q2 2009.