

Planned ownership changes at Ronson Europe

- **Global City Holdings (GCH), one of Ronson Europe's two main shareholders, intends to leave the WSE-listed real estate developer's shareholding structure. GCH has secured a permit to construct the first phases of the Park of Poland complex. This investment will involve substantial expenditures, hence GCH intends to focus its efforts and resources on that project.**
- **In agreement with the second major shareholder – Luzon Group (formerly U. Dori Group), GCH has proposed to the Company's Management Board a way for GCH to exit the shareholding structure. Having analysed the proposed transaction terms, the Company's Management Board and Supervisory Board concluded that the transaction will be beneficial for all shareholders. Its finalisation will be subject to approval by minority shareholders.**
- **As a result of the planned transaction, Ronson Europe's ownership situation will stabilise. The company will have only one leading industry shareholder – Luzon Group (formerly U. Dori Group). Effectively, stakes held by all minority shareholders will also significantly increase.**
- **Pursuant to the conditional agreement reached between Ronson Europe and GCH, Ronson will buy back nearly 40% of its own shares from GCH for the purpose of redemption. In exchange, Ronson will sell its interest in the Nova Królikarnia real estate project to GCH. Ronson is expected to realise approx. PLN 45 million in profit before tax once the transaction is settled, which will be recognised in the Company's 2016 results (assuming that the transaction is finalised by the end of this year). The Company will additionally receive a cash consideration of approx. PLN 21 million.**
- **The ownership changes at Ronson Europe will not be linked to changes in the listed company's management board. Luzon Group is an experienced investor on the residential real estate market in Israel. Ronson is to become Luzon Group's platform for developing its business in Poland.**

Ronson Europe and one of the Company's two main shareholders – Global City Holdings (GCH) – have reached a conditional agreement pursuant to which GCH will leave the listed real estate developer's shareholding structure. GCH intends to focus on developing its entertainment business, with one of its flagship projects being the development of Park of Poland, a large-scale entertainment park that will be built next to the town of Mszczonów near Warsaw. GCH has already secured a permit to develop the first phases of Park of Poland and therefore intends to focus its efforts and resources in Poland on this venture.

Transaction: equity and cash in exchange for one of the projects

Pursuant to the executed agreement – upon the satisfaction of specified conditions – all Ronson Europe shares held by GCH (i.e. 108 349 187 shares) will be purchased by the Company for PLN 1.30 per share, i.e. nearly PLN 140.9 million for the entire stake. The Company will thus have an option to buy back its own shares at a substantial discount in respect of the 6-month average share price (approx. PLN 1.42) and a discount in respect of book value per share (PLN 1.68 as of 30 June 2016).

The purchase of own shares will be settled through the simultaneous sale to GCH of the Nova Królikarnia project, comprising the construction of a residential estate at ul. Jaśminowa in Warsaw, for PLN 161.8 million. The project's balance sheet value in Ronson Europe's accounts is more than PLN 112 million. Therefore, once the transaction is settled and the associated costs are taken into account, Ronson will realise approx. PLN 45 million in profit before tax.

The price for the Nova Królikarnia project (i.e. for companies developing the investment and for properties) will be partially paid by GCH in cash. This payment is estimated to amount to approx. PLN 21 million (the final amount will be determined when the transaction is finalised, taking into account expenditures incurred in the course of developing the project).

Pursuant to the agreement with GCH, Ronson will continue to manage the Nova Królikarnia project, i.e. its further development and the sale of apartments, on commercial terms. Ronson and GCH will make every effort to ensure that the acquisition of Nova Królikarnia by GCH will be practically unnoticeable to counterparties and apartment buyers.

Shift in the balance of power among shareholders

Ronson Europe's share capital is currently divided into 272 360 000 shares. Global City Holdings and Luzon Group each indirectly hold 108 349 187 shares of the Company, i.e. approx. 39.8% each.

As a result of the planned buyback of the shares held by GCH, with Ronson Europe not being allowed to exercise the voting rights attached to these shares, the effective stakes of the remaining shareholders will increase. Luzon Group will have approx. 66% of voting rights, and the total share of voting rights held by minority shareholders will reach approx. 34% (compared to approx. 20.4% currently).

The own shares that the Company will acquire from GCH as part of the transaction, will be redeemed thereafter.

Mandatory approval by minority shareholders

The agreement reached is a conditional agreement and its finalisation is subject to, among other things, obtaining approval from the general meeting for the transaction. The general meeting at which the relevant decisions are to be made will be held on 22 December at the Company's registered office in Rotterdam. A pre-meeting will be held in Warsaw on 19 December.

The general meeting will vote on the following resolutions, among other things:

- consent for the Company to buy back its own shares from GCH for the purpose of redemption; and
- consent for the acquisition of exclusive control by Luzon Group, without making a public offer for all of the Company's shares;

The first of the above resolutions requires a simple majority of the votes cast, however the second resolution requires the approval of 90% of the minority shareholders present at the general meeting.

The transaction has been positively evaluated by the Company's Management Board and Supervisory Board, and they are recommending that shareholders vote "for" the proposed resolutions.

Prior to issuing the above recommendation, a Special Committee had been appointed, consisting of independent Supervisory Board members, which subsequent to consultations concluded that the planned transaction is beneficial to both the Company and all of its shareholders. The consultations included, among other things, an independent valuation of the Nova Królikarnia project. A renowned appraiser – Cushman and Wakefield – estimated the present market value of the project at PLN 147.2 million, which is substantially below the price that GCH is to pay for the project.

According to the Company's Management Board, the transaction will be neutral to bondholders – neither infringing on the terms of outstanding bonds nor having a negative impact on the Company's ability to service its debt.

Benefits for the Company and its shareholders

"Ronson Europe's ownership situation will stabilise as a result of the planned transaction. An element of uncertainty will be removed, as the Company will have only one leading shareholder – Luzon Group, which is led by Amos Luzon, an Israeli businessman with years of experience on the residential real estate market. This is a strategic investor, with a clear growth vision that is consistent with the strategy being pursued by the Management Board. The investor has declared its long-term commitment to the Company. At the same time, we will continue cooperating with Global City Holdings on the Nova Królikarnia project," said **Shraga Weisman, CEO of Ronson Europe.**

"What's important is that the transaction to buy back the shares held by Global City Holdings will be combined with the sale of the Nova Królikarnia project to GCH. It will therefore not generate any outflows on Ronson's part. To the contrary, we will realise an immediate profit from this project, rather than having to wait four or five years. It also means a cash injection of about PLN 21 million, which we can use to purchase new land, for example. Furthermore, the purchase of own shares for a price below book value and their redemption while at the same time realising a substantial profit on the Nova Królikarnia project will translate into growth in book value per share to approx. PLN 2.16, i.e. up more than 28% from the end of June 2016," commented **Tomasz Łapiński, member of the Company's management board and CFO.**

Stable long-term investor

The planned transaction and the associated ownership changes at Ronson Europe will not be linked to changes in the listed Company's management board. The leading shareholder intends to support Ronson Europe's further development and declares support for the strategy being pursued.

"As one of the main shareholders and, for several months now, also a member of Ronson Europe's supervisory board, I had the occasion to really get to know the Company's business and to assess the management board's skills, experience and competences as well as the strategy they are pursuing. Thanks to being Ronson's shareholder, we got access to a very promising real estate market in Poland. This market is of strategic importance to us. It has excellent perspectives and I am certain that Ronson has all of the prerequisites needed to strengthen its position," said **Amos Luzon, member of Ronson's Supervisory Board and, indirectly, one of its main shareholders.** *"I am treating this investment in the Company's shares as a promising long-term investment. My intention is to keep the Company listed on the Warsaw Stock Exchange and retain a majority stake following the planned transaction,"* he added.

Ronson Development

Ronson Development is an experienced, dynamically expanding real estate developer with residential investments in major Polish cities, mainly in Warsaw, but also in Poznań, Wrocław and Szczecin.

Since its foundation in 2000, Ronson has gained the trust of thousands of clients, making it one of the leading real estate developers in Poland. The company has been listed on the Warsaw Stock Exchange since 2007.

Ronson creates spaces for good and convenient living. The company's portfolio currently includes units tailored to the needs of various client groups – including both apartments and popular flats.

Ronson Development is a member of the Polish Association of Real Estate Developers. Numerous awards and certificates confirm clients' trust in the company. These include an award in the development services category of the Polish Construction Eagles 2014 competition as well as the Developer of the Year 2013 award from the Central Office for National Certification.

Ronson is also the recipient of many prestigious awards from equity analysts and investors. In 2013, the company placed 1st in the "Investor Relations" category of the Listed Company of the Year ranking, organised by daily Puls Biznesu.

Luzon Group

Amos Luzon Development and Energy Group (Luzon Group, formerly U. Dori Group) is a leading real estate developer, mainly operating on the Israeli residential market.

Since 2016, Luzon Group is controlled by A. Luzon Assets & Investments, led by its experienced owner and CEO Amos Luzon, which has successfully developed tens of residential investments all over Israel since 1985. These investments garnered praise from clients for their high standards and top quality.



The group's most recognisable and acclaimed projects include Tzameret Towers, Tower-G, Tower-W, Manhattan Tower, Opera Tower and Grand Canyon.