

**Position of Emperia Holding S.A.'s Management Board  
regarding tender offer to subscribe to sell Emperia Holding S.A. shares  
announced by MAXIMA GRUPĚ, UAB  
on 24 November 2017**

Acting pursuant to art. 80 sec. 1-2 of the Act of 29 July 2005 on Public Offerings and the Terms for Introducing Financial Instruments to an Organised Trading System and on Public Companies (consolidated text: Polish Journal of Laws of 2016, item 1639, as amended) ("**Act on Public Offerings**"), the Management Board of Emperia Holding S.A., based in Warsaw, ("**Management Board**," "**Company**"), hereby presents its position on the tender offer to subscribe to sell all of the Company's shares ("**Tender Offer**") announced on 24 November 2017 ("**Tender Offer Announcement Date**") by MAXIMA GRUPĚ, UAB ("**Tenderer**" or "**Investor**").

According to the Tender Offer, the Tenderer intends to purchase, through the Tender Offer, announced in accordance with art. 74 sec. 1 of the Act on Public Offerings, 12 342 027 (twelve million three hundred forty two thousand twenty seven) ordinary bearer shares with a nominal value of PLN 1.00 (one zloty) each, which are traded on a regulated market managed by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A. – WSE), dematerialised and marked with ISIN code PLELDRD00017 in the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A. – NDS) ("**Shares**"). The Shares included in the Tender Offer entitle to 100% of the total number of votes at the Company's general meeting ("**General Meeting**").

As of the Tender Offer Announcement Date, neither the Tenderer nor any of its subsidiaries or parents held any of the Shares.

The Tenderer intends to purchase all of the Shares covered by subscriptions if at the end of the subscription period subscriptions will cover at least 8 145 737 (eight million one hundred forty five thousand seven hundred thirty seven) Shares, representing 8 145 737 (eight million one hundred forty five thousand seven hundred thirty seven) votes at the General Meeting, which constitutes 66% of the total number of Shares and entitles to 66% of the total number of votes at the General Meeting.

The Tender Offer was announced on the legal condition that the Tenderer obtains the following from the President of the Office of Competition and Consumer Protection ("**Anti-Monopoly Authority**"):

- (i) an unconditional permission from the Anti-Monopoly Authority for a concentration consisting of the acquisition by the Tenderer of direct control over the Company in the meaning of the Act of 16 February 2007 on Competition and Consumer Protection (i.e. Polish Journal of Laws of 2017 item 229, as amended) ("**Anti-Monopoly Act**"); or
- (ii) a conditional permission for a concentration consisting of the acquisition by the Tenderer of direct control over the Company in the meaning of the Anti-Monopoly Act, on the condition that the conditions indicated by the Anti-Monopoly Authority in such decision do not obligate the Tenderer to sell more than 15 locations managed by the Company's entities or entities related to the Tenderer in Poland; or
- (iii) the lapse – following submission of an application to the Anti-Monopoly Authority – of the deadline indicated in the Anti-Monopoly Act within which the Anti-Monopoly Authority should issue the decision referred to in point (i) or (ii),  
(together "**Permission for Concentration**").

The Tender Offer also contains the following conditions:

- (i) adoption of a resolution by the Company's general meeting on amendment of art. 6e sec. 1 of the Company's Articles of Association by re-wording it as follows: "*A shareholder acquiring control over the Company in the period until 31 December 2018 ("**Controlling Shareholder**") is required, at the request of another shareholder or shareholders of the Company, submitted until 31 January*

2019, to purchase such shareholder's or shareholders' shares in the Company on the terms indicated in sec. 2-9 below ("**Sell Option**"). The Sell Option expires: a) on the day in which pursuant to a tender offer to subscribe for the sale or exchange of the Company's shares, announced pursuant to art. 74 sec. 1 of the Act of 29 July 2005 on Public Offerings and the Terms and Conditions for Introduction of Financial Instruments to an Organised System of Trading and on Public Companies, for a price of at least PLN 100, the entity acquiring the Company's shares acquired in this tender offer shares constituting more than 50% of the Company's share capital and entitling to more than 50% of the Company's voting rights, if the tender offer is announced prior to 30 June 2018; or b) on 31 January 2019.”;

- (ii) if the Company's Ordinary General Meeting takes place prior to the end of the subscription period within the Tender Offer - adoption by the Company's Ordinary General Meeting of a resolution on the allocation of 2017 profit that does not include a divided payment to the Company's shareholders or the payment of unallocated profit from previous financial years and;
- (iii) if the Company's Management Board submits a request to the Company's Supervisory Board regarding adoption by the Supervisory Board of any resolution pursuant to § 14 sec. 2 point j) of the Company's Articles of Association - the adoption by the Company's Supervisory Board, in connection with each such request - of a resolution on the lack of consent for the sale of any shares of group companies held by the Company.

The Tenderer, as the entity acquiring the Shares, has reserved the right to decide to acquire the Shares covered by subscriptions even if one of the aforementioned conditions

#### **Grounds for the position of the Company's Management Board:**

In order to express its position, the Company's Management Board examined the following information:

- a) content of the Tender Offer,
- b) the Company's share price from the 3- and 6-month period preceding the Tender Offer Announcement Date,
- c) publicly available information concerning the market in which the Company operates as well as economic factors related to this market,
- d) content of the investment agreement executed on 23 November 2017 between the Tenderer and the Company ("**Investment Agreement**"),
- e) notice from the Investor regarding the execution of Commitment Agreements (as defined below) and
- f) recommendations available to the Company and issued within 6 months preceding the Tender Offer Announcement Date by brokerage firm analysts, containing a valuation of the Company's shares.

#### **Disclaimer:**

The Management Board did not commission external entities to prepare any additional studies or analyses in connection with the Tender Offer and its content or in connection with any potential impact of the Tender Offer on the Company's economic situation.

Except for any information contained in this position coming from the Company and pertaining to its business, the Company's Management Board is not responsible for the authenticity, reliability, completeness and adequacy of information on which this position is based.

This position does not constitute a recommendation to purchase or sell financial instruments, as referred to in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("**Market Abuse Regulation**"). Each investor making an investment decision in connection with this Management Board position on the Tender Offer should carry out an independent assessment of investment risk related to the sale of the Shares in response to the Tender Offer based on all of the information made available by the Tenderer and the Company, especially in the course of the Company performing its information obligations, including obtaining

individual advice or recommendations from authorised advisers in a scope necessary to make an appropriate decision. In particular, in analysing potential responses to the Tender Offer, every shareholder of the Company should conduct an assessment of the related investment risk.

The Management Board does not have any inside information in the meaning of art. 7 of the Market Abuse Regulation such as should be disclosed and, according to its best knowledge, is not aware of any facts pertaining to the Company or its Shares that are or could be construed as inside information relevant to evaluating the Tender Offer and which should be disclosed but have not yet been disclosed by the Company.

The Company's Management Board notes that there may be other opinions on the Company's value, differing from those presenting in this position.

#### **Investment Agreement and Commitment Agreements:**

Pursuant to the Investment Agreement, the Tenderer undertook to announce a Tender Offer.

In the event that during the subscription period within the Tender Offer (after the maximum legally-permitted extension) the Investor does not obtain the Permission for Concentration, the Investor will be obligated to announce a subsequent tender offer to subscribe for the sale of the Company's shares on the terms corresponding to those in the Tender Offer ("**Subsequent Tender Offer**"), subject to the following:

- (i) if prior to the Subsequent Tender Offer being announced, the Company's Ordinary General Meeting instead of adopting the Resolution on Retained Earnings adopts a resolution on the allocation of the Company's 2017 profit that includes the payment of a dividend to the Company's shareholders or the payment of the Company's unallocated profits from prior years, the Investor will have the right to offer a lower price in the Subsequent Tender Offer than the Tender Offer Price by the amount of dividend paid or due to be paid for each of the Company's shares in accordance with such a resolution ("**Reduced Price**");
- (ii) if, pursuant to common legislation in force, the Investor will be obligated to offer a higher price in the Subsequent Tender Offer than the Tender Offer Price or, if applicable, a higher price than the Reduced Price, the Investor will not be obligated to announce the Subsequent Tender Offer.

In the Investment Agreement, the Company's Management Board undertook to not recommend the payment of a dividend for 2017 and to take every effort to ensure that in the period between the date on which the Investment Agreement is executed and the date on which the Tender Offer is settled (or the Subsequent Tender Offer, if announced), companies from the Company's group conduct business on existing terms, in principle, and refrain from any activities outside the regular course of business, subject to the conditions specified in the Investment Agreement.

In the Investment Agreement, the Investor agreed not to withdraw from the Tender Offer (or the Subsequent Tender Offer, if announced). If in the event that the Investor executes agreements committing the Company's shareholders to make subscriptions in the Tender Offer (or the Subsequent Tender Offer, if announced), if each of such shareholders holds more than 10% of the Company's total voting rights at the date of the Investment Agreement ("**Commitment Agreements**") and at least one of such shareholders sells its shares covered by such Commitment Agreements to a third person, the Investor will be authorised to withdraw from the Tender Offer (or the Subsequent Tender Offer) on terms specified in common legislation in force or to not extend the subscription deadline in the Tender Offer (or in the Subsequent Tender Offer) if the Permission for Concentration is not obtained within the original deadline. In such a situation, the Investor will not be obligated to announce the Subsequent Tender Offer.

On 23 November 2017, the Company was informed by the Investor about the Investor having executed Commitment Agreements with the investment funds IPOPEMA 72 FIZAN ("**IPOPEMA 72**") and ALTUS 29 FIZ ("**ALTUS 29**"). According to the Company's knowledge, IPOPEMA 72 and ALTUS 29 were the only shareholders of the Company with over 10% of the Company's total voting rights as at the date of the Investment Agreement. According to information provided to the Company by the Investor, in the Commitment Agreements IPOPEMA 72 committed to subscribe (and not withdraw) within the Tender Offer (or the Subsequent Tender Offer, if announced) to sell 1 154 003 shares of the Company, and ALTUS 29 - to sell 1 409 678 shares of the Company. The Commitment Agreements enable IPOPEMA 72 and ALTUS 29 to withdraw

from their commitments and sell shares in one or - if the permission for concentration is required for such a transaction - two transactions if they receive better proposals with a per-share price that is higher than the price in the Tender Offer or the Subsequent Tender Offer.

**The Management Board's position regarding impact of the Tender Offer on the Company's interest, including employment at the Company, the Tenderer's strategic plans for the Company and their likely impact on employment at the Company and on the location of its activities:**

The Tender Offer document contains the following declaration from the Tenderer:

*"The Tenderer believes that there is potential for the further development of the Company's business by using the strong foundations of the Company and its subsidiaries, including Stokrotka sp. z o.o., which is the retail arm of the Company's group and owns a leading supermarket brand in Poland. The Tenderer is convinced that its advantages as a strategic investor in combination with extensive knowledge and understanding of the retail sector in the Central and Eastern Europe region and in other locations in Europe thanks to supermarket chains MAXIMA (in Lithuania, Latvia and Estonia), T-MARKET (in Bulgaria), ALDIK (in Poland) and the online grocery store Barbora, will be beneficial for the Company.*

*The Tenderer expects to increase exposure to the growing Polish food market, of which the Company is a key part. The Tenderer intends to continue growth and development and to support the Company in achieving its strategic initiatives, including the launch of new stores, further expansion throughout the entire country and selective acquisitions."*

According to the Management Board, these statements show that the Tenderer is treating the purchase of the Shares as a long-term investment. According to the position presented by the Tenderer, its plans for the Company are focused on development of the store chain through organic growth and the acquisition of other entities. In connection with the above, it should be expected that the Company and its subsidiaries will be consistently growing their operational scale and thus their level of employment. Moreover, according to the Management Board, bringing in a new investor should give the Company access to additional sources of financing and know-how, which are essential to achieving its long-term strategy. Considering the above, the Management Board sees the Tender Offer as being in line with the interests of the Company and its employees.

In the content of the Tender Offer, the Tenderer did not present detailed information on the Tender Offer's impact on locations of the Company's business. Nonetheless, according to the Management Board, there are no grounds for believing that the Tenderer is planning to change the location of the Company's activities.

The Management Board also notes that in the Tender Offer document the Tenderer indicated that if the Tender Offer achieves the expected result and the Tenderer purchases at least 11 107 825 (eleven million one hundred seven thousand eight hundred twenty five) Shares representing at least 90% of votes at the General Meeting, the Tenderer will consider a mandatory re-purchase of the Shares, de-listing of the Company from the Warsaw Stock Exchange and re-institute a document form for the Shares. If however the Tender Offer achieves its intended purpose but the Tenderer does not purchase at least 11 107 825 (eleven million one hundred seven thousand eight hundred twenty five) Shares representing at least 90% of votes at the General Meeting, the Tenderer will consider further purchases of the Shares and subsequently a mandatory re-purchase of the Shares, de-listing of the Company from the Warsaw Stock Exchange and re-institute a document form for the Shares.

The above position of the Company's Management Board is based on the Tender Offer content and the Management Board's best knowledge as of 24 November 2017.

**Management Board position on the price for the Company's shares proposed in the Tender Offer:**

According to the content of the Tender Offer:

- a) the arithmetic mean of the average daily volume-weighted prices from the 6-month period preceding the Tender Offer Announcement Date is PLN 87.41;

- b) the arithmetic mean of the average daily volume-weighted prices from the 3-month period preceding the Tender Offer Announcement Date is PLN 91.37.

According to the content of the Tender Offer, in the 12-month period preceding the Tender Offer Announcement Date, neither the Tenderer nor any of its subsidiaries or parents purchases the Company's shares and the Tender is not and was not in the 12-month period prior to the Tender Offer Announcement Date a party to the agreement referred to in art. 87 sec. 1 point 5 of the Act on Public Offerings.

According to the content of the Tender Offer, the price for the Shares in the Tender Offer is not lower than the minimum price specified in accordance with art. 79 sec. 1, 2 and 3 of the Act on Public Offerings.

The price proposed in the Tender Offer of PLN 100 per share is:

- a) higher than the arithmetic mean of the average daily volume-weighted prices from the 6-month period preceding the Tender Offer Announcement Date by 14.4%;
- b) higher than the arithmetic mean of the average daily volume-weighted prices from the 3-month period preceding the Tender Offer Announcement Date by 9.4%.

Given the above, the Management Board concludes that that price proposed in the Tender Offer is in compliance with all minimum price requirements specified in art. 79 sec. 1, 2 and 3 of the Act on Public Offerings.

For the purposes of this position, the Management Board also analysed recommendations available to the Company, issued by brokerage firm analysts, which include valuations for the Company's shares. For the purposes of this analysis, the Management Board took into consideration recommendations issued in the 6-month period prior to the Tender Offer Announcement Date. The average price from these recommendations is PLN 98.6 per share.

Pursuant to the requirements of art. 80 sec. 2 of the Act on Public Offerings, considering the basis referred to in this position and based on the rationale presented above, the Management Board considers the price proposed in the Tender Offer to correspond with the Company's fair value.

**ON BEHALF OF EMPERIA HOLDING S.A.**

First and last name: Dariusz Kalinowski  
Position: President of the Management Board

First and last name: Cezary Baran  
Position: Vice-President of the Management Board