



Investor Relations
Cinema City International N.V.
www.cinemacity.nl

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Press release

Cinema City acquires the real estate operations of Israel Theatres and signs a new bank club financing loan with BZ WBK, HSBC and ING Bank Śląski.

Today Cinema City announced the acquisition of Israel Theatres Real Estate BV (“SPC”), a subsidiary of Israel Theatres Ltd., which holds all of its real estate assets. These real estates are located in Bulgaria, Israel and Poland. The purchase price for the transaction is €33.1 million. Cinema City will also assume debts of the acquired company in an aggregate amount of €110.7 million. All acquired assets were valued in a total of €143.8 million based on independent third party valuations. At the same time Cinema City closed a new club bank financing agreement with BZ WBK, HSBC and ING Bank Śląski banks for a total € 210 million. The return to unified real estate ownership and operations by CCI will potentially position CCI in a competitively stronger position with regard to its cinema operations.

“Today we are announcing two very important agreements. After few years of separation we decided to consolidate under Cinema City all of the activities of Israel Theatres group together with cinema operations of Cinema City. We came to the conclusion that new entertainment related projects acquired from Israel Theatres and the new, successful real estate projects of Cinema City have common ground and that we can achieve considerable synergies by placing them together under one entity. In addition the timing of this acquisition of the real estate assets provides good potential for growth and we believe it will be of significant benefit to Cinema City in the coming years.” **said Moshe J. Greidinger, CEO of Cinema City, the largest multiplex cinema operator in Central & Eastern Europe and in Israel.** *“We are financing this acquisition from our new, credit facility provided by leading European banks. This new credit facility has enabled Cinema City to refinance its existing bank debt and can open access to subsequent credits in the future.”* **added Moshe J. Greidinger**

The assets of SPC include: Mall of Russe and other plots of land in Bulgaria, plots of land designated to develop an amusement park in Poland and indirect interest of 32.11% in Ronson Europe NV and an office building in Herzliya and 5 other properties in Israel.

Within the framework of closing of the agreement all shareholders loans of €32.4 m granted by Cinema City will be settled. Upon completion of this transaction Israel Theatres Ltd, a parent company of Cinema City International NV will remain a holding entity with no operations and the Company will operate two business divisions: cinema operations and real estate operations.

The new credit facility of €210 million includes €70 million revolving credit. The term of credit is 6 years. Credit facilities may be used in EUR and PLN and will be secured mainly by pledges of shares in major Company's subsidiaries, investment certificates and mortgages on major real estate assets. The credit agreement provides for standard covenants including those relating to a pre-determined level of leverage (net leverage covenant) and margin. It also includes a change of control clause in case the Greidinger family holding in the Company decreases to below 30% or another investor obtains control over the Company.

The new club financing agreement will be used by the company to finance the acquisition price of €33.1 million, to refinance all other Group credit facilities including the debt of SPC, and for other general corporate purposes. The only other group financing that remains in place following the new club financing is a local Israeli financing of approx. €40 million.

"Through the company history and mainly in the last 10 years CCI was led by its management through many moves which gained the company a reputation of knowing where and when to target it's future. This vision combined with strong decision making have brought us to this day where we face a new platform with many opportunities to continue doing the best in developing the company in the huge entertainment field. This is an important step for us and I can only say how proud we are to be trusted by the leading banks in Europe, in days where obtaining credit in such levels is far from being a sure or easy thing" concluded Greidinger and added "The business now aligns the interests of all shareholders, and it is for us as management to continue growing Cinema City as one of the leading cinema operators in Europe" - concluded Moshe J. Greidinger

*Cinema City International is the largest multiplex cinema operator in Central & Eastern Europe and in Israel. The Company operates **98 multiplexes with 952 screens**, in 7 countries (Poland, the Czech Republic, Hungary, Romania, Bulgaria, Slovakia and Israel). There are **30** more multiplexes under development, which will offer almost **320** new screens. In addition, Cinema City is actively involved in cinema related advertising and film distribution.*

The Cinema City group employs over 4,000 people in 7 countries.

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