

Report EBI

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Company: Abbey House Group S. A.

Changes in the structure of shares ownership and the company's authorities

The Issuer passes under the control of the international investment company in order to become a world leader on art-related media market. The Company opens a registered office in New York.

Next Media Group Ltd (NMG), an international investment company, acquired the control over Abbey House Group, Polish company operating on an art market, for PLN 19.2 million. It has been one of the largest transactions on the NewConnect market. Abbey House Group, a Polish company with a diversified, international share ownership (in October 2013 a portion of shares of the company was purchased by Redline Capital Management, an investment fund from Luxembourg) is planning, as a result of the further acquisitions, to become one of the main players on the global market of art-related media and services. The company is now planning to open a second office in New York (the first one being located in Warsaw) and to grant the supervision over this office to one of the newly appointed Members of the Management Board. As a part of preparation for major expansion, the Supervisory Board of the Company is being exchanged, and its Management Board – extended.

Acquisition of the majority shares of Abbey House Group was enabled by increasing the share capital through the issue of Series D and Series E shares, which allowed NMG to acquire 50% + 1 share for the total amount of PLN 19.2 million. NMG purchased over 10.9 million of Abbey House Group shares for the price PLN 1.76 per share. The whole company has thus been valued for ca. PLN 40 million. It was the first transaction realised by NMG in Poland.

"We are proud of this issue. We have acquired nearly PLN 20 million, which significantly reinforces our position on the Market" says Jakub Kokoszka, the President of Abbey House Group. Kokoszka reveals that the capital required will be used for the future acquisitions. The company has importantly reduced its debt, he adds.

After getting a fresh injection of capital, at the beginning of the year Abbey House Group redeemed Series E and F bonds of a total value of PLN 4.2 million (3.2 million of which was paid last Friday) and is now implementing cost-reduction processes.

"Around PLN 15 million of the new capital is going to be used for future acquisitions. Our investment was aimed at transforming Abbey House into a company capable of dynamic development also outside of Poland", as indicates Norman Hansen, one of the key people at NMG. "Abbey House is being prepared to become an international leader on art media market", he adds. This aim is planned to be reached through the consolidation of this market, for example by acquiring the specialized leading media and developing their digital strategy and Internet services.

The representatives of NMG do not want to disclose the details of the planned acquisitions. "We are closely watching a dozen or so companies in Poland and abroad and we do not exclude the possibility that the initial transactions will take place in the following weeks", Hansen explains.

Another consequence of the acquisition was the change in the management of Abbey House Group. The Management Board consisting of the President Jakub Kokoszka and Sandra Mazur, temporarily acting as the Chief Financial Officer, was enlarged by a new member - Izabela Depczyk who previously managed Redline media investments, for instance Abbey House Group, WIGE Media AG, Paddle8 Inc. and Artnet AG.

The new investor has also appointed four new Members of the Supervisory Board. NMG fund will be represented by Waldemar Tevnell (for a long time associated with the publishing company Bonnier Business Polska), Wiesław Podkański (the founder and now the honorary President of Ringier Axel Springer Polska), Marcin Depczyk (for many years Director in Philip Morris International) and Alexey Pivovarov (esteemed Russian artist, media personality and the Head of CTC media, a company listed on NASDAQ).

Apart from Next Media Group, the list of Abbey House Group shareholders includes also its founders, Argovest and Serius funds. In 2013, a portion of shares in the Company was purchased by Redline Capital Management, controlled by Vladimir Evtushenkov, whose property is being estimated for USD 6.7 billion (Forbes, March 2013). After the increase of the Company's capital by NMG, the shares owned by Redline will constitute 3.07 percent of Abbey House Group's value.

Further information will be communicated by the Company in current reports and during a press conference planned for 17 February 2014.

Legal basis: § 3 paragraph 1 of Exhibit 3 of the Alternative Trading System Rules "CURRENT AND PERIODICAL INFORMATION IN THE ALTERNATIVE TRADING SYSTEM ON THE NEWCONNECT MARKET".

Representatives of the company:

- Jakub Kokoszka - President of the Management Board
- Sandra Mazur – Member of the Management Board