

**YOSSI WILLI MANAGEMENT AND INVESTMENTS LTD.**  
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February 28, 2017

**Re: General Meeting of Shareholders of B.S.D Crown Ltd. (the "Company")**

Dear Shareholder,

With this letter we would like to provide you with some additional information regarding the resolutions proposed by us to be voted on at the foregoing General Meeting of Shareholders. While we are confident in the Company's prospects and potential for growth, we are gravely concerned by recent developments and by the execution of the strategic direction of the Company and other value detracting actions undertaken by the current board of directors, and we have therefore requisitioned an extraordinary general meeting of the Company's shareholders for the second time in less than a year and we are proposing, *inter alia*, resolutions to seek the removal from office of all of the existing directors of the Company (apart from the Company's external director) and the appointment of several individuals instead of such existing directors (the "**Resolutions**"). The purpose of these Resolutions is to replace the incumbent non-external directors with candidates that have the knowledge, experience and market understanding to implement an improved execution of the Company's strategy, thereby improving value creation for all shareholders by realising the Company's true potential.

On July 5, 2016 the Company announced the results of the General Meeting in which the following directors were appointed: Ms. Neomi Enoch, Mr. Gil Leidner and Ms. Iris Even-Tov. Following announcements released by the Company on August 12, 2016 and on September 5, 2016, all the aforementioned directors resigned from their position as directors (excluding Iris Even Tov, who was appointed as an external director instead of as a non- external director). **Consequently, all of the currently serving directors (excluding the chairman) are persons that were not appointed by the shareholders but rather were appointed by the Board.** In addition, on November 28, 2016 the Company announced that Mr. Zvi Shur resigned from his position as an external director, so that there currently is only one external director on the board. The resignation of the appointed board members is a clear indication and a red flag as to the lack of direction of the Company and the poor confidence that these members had in the Company. Furthermore, the lack of leadership at the helm of the Company during such times of turbulence, coupled with the matters described herein, should be of great concern to all shareholders.

**Misappropriations of Company Funds**

Furthermore, on May 17, 2016 the Company announced, in relation to cash deposits of approximately US\$30 million held by the Company with Meinel Bank in Austria ("**Meinel**"), that certain documents purporting to relate to such deposits were received from Meinel, indicating that since 2013, these deposits have been allegedly used as collateral for loans taken by off-shore companies unknown to the Company. In addition, on August 3, 2016 the Company announced that it has filed a claim against Israel 18 B.V., the controlling shareholder of the Company ("**Israel 18**"), a company controlled by Mr. Gregory Gurtovoy, the Chairman of the Company's board, for the return of US\$13.6 million deposited with the International Bank of Azerbaijan ("**IBAR**") by the Company, which IBAR now claims has been used as security for a loan taken by Israel 18. In addition, on September 5, 2016 the Company announced that cash deposits of approximately US\$ 2.2M were transferred to Alko R Capta LLP as an advance payment in relation to the proposed purchase by the Company of certain car dealerships in the US. However, the transaction was never consummated, and although the Company demanded the return of these deposits, they were not returned. **These misappropriations of funds and the ongoing repatriation of Company assets amount to approximately US\$ 45M.** These funds, which have allegedly been funneled out to certain offshore companies, have caused ongoing difficulties to the Company's operations and hinder the stability of the Company.

In addition, on February 19, 2016, the Israel Securities Authority initiated an investigation against the Company and the chairman of the board, Mr. Gregory Gurtovoy, as a result of suspicions of certain breaches of Israeli securities laws and criminal offenses. The Company also announced that a number of officers and directors were questioned by the ISA, and that the chairman of the board, Mr. Gregory Gurtovoy, was detained. **We note that Mr. Gregory Gurtovoy is also the controlling shareholder of Israel 18, against which the Company filed the foregoing claims, which puts Mr. Gurtovoy in a clear conflict of interests.** Therefore, we believe that it is in the best interest of the Company to resolve to change the composition of the board and that the incumbent directors (except the external director) should be replaced with directors that are not affiliated, directly or indirectly, with the incumbent non-external directors and/or Mr. Gurtovoy.

Furthermore, on April 29, 2016, the Company announced that it will not publish its annual financial statements for the year ended December 31, 2015 by April 30, 2016 (as required by the Listing Rules and the Disclosure and Transparency Rules of the UKLA and the London Stock Exchange) and that, given the delay in publishing such financial statements, the Company requested that trading in its shares be temporarily suspended as of such date. In addition, the Company has not released any financial statements of the Company for 2016, and has not indicated that it has any intention of releasing them in the near future. In addition, pursuant to UK regulations, since the Company has not provided its financial statements within six months from the suspension, the Financial Conduct Authority **may delist the Company's shares from the London Stock Exchange.** Although this breach has been outstanding for an extended period, the Company has not remedied it, and therefore the Company shares may be delisted from the London Stock Exchange as a direct result of the failure of the Company and its board to release the Company's financial statements.

For the reasons stated above, we have requested to submit to the approval of the Company's shareholders (i) the removal of all the incumbent non-external directors and (ii) the nomination of the following persons to the Company's Board of Directors: Shmuel Messenberg, Keren Marcus, Avi Zigelman, Joseph Williger and Shlomo Wertheim (the latter, to serve as an external director), and to approve that their remuneration and benefits shall be as determined for external directors in accordance with the Companies Regulations (Rules regarding Compensation and Expenses of an External Director), 5760-2000.

Please see summary of the biographies of the foregoing nominees attached hereto as **Exhibit A**.

We believe that the knowledge, experience and market understanding of the foregoing nominees will significantly change the direction of the Company and improve the execution of its strategy, and therefore we urge the Shareholder to participate in the upcoming General Meeting and to vote in favor of the Resolutions.

Sincerely,

Joseph Williger  
*Yossi Willi Management & Investments Ltd.*

## **Exhibit A.**

### Biographies of Nominees

**Mr. Shlomo Wertheim** (65), advocate, has almost 40 years of experience in the practice of law, has served as a director in public companies for 10 years and is an arbitrator registered with the Israeli Bar Association. Adv. Wertheim received his law degree from Tel Aviv University in 1977 has handled corporate and debt transactions for private companies as well as gaining experience in handling corporate recovery matters and creditor arrangements.

**Mrs. Keren Marcus** was the Vice President, General Counsel and covered business development at Carnie Capital Ltd., a private company. Ms. Marcus was a director at various private companies (Xfone 018 Ltd. and Sapira Marcus Greenberg Engineers Ltd.). Ms. Marcus holds a law bachelor degree from College of Management, Israel and a law master degree in commercial law from Tel-Aviv University.

**Mr. Shmuel Messenberg** was a member of the board of Nafta-Israel Petroleum Company Ltd., I.E.S Holdings Ltd., Mimun Yashir Ltd and Naaman (N.V) Ltd. He was a managing partner at Sigma City Fund, and consulted in mergers and acquisitions and investment banking. Mr. Messenberg was a member of the board of Norstar Holdings Ltd., Mercantile Discount Bank Ltd., Keren Midan Investments Ltd., Arad Investment and Industry Ltd., Psagot Securities Ltd and Willi-Food Investments Ltd. Mr. Messenberg holds a bachelor of arts in economics and an MBA, both from Tel-Aviv University.

**Mr. Joseph Williger** is the founder of the Willi-Food Group. In addition, Mr. Williger is a member of the presidium of the Israel Chamber Of Commerce and Chairman of the Committee of Import and Customs in the Israel Chamber of Commerce. Mr. Williger is a member of the board of Y.M Dekel Holdings and Investments Ltd and Yossi Willi Management and Investments Ltd, both private companies. Mr. Williger attended Business Administration studies in California State University, Los Angeles for two years, and Business Administration studies in Bar-Ilan University, Israel, for one year. Mr. Williger has held positions as a chairman at Willi-Food Investments Ltd, and as Chief Executive Officer, president and director at G. Willi-food International Ltd.

**Mr. Avi Zigelman, CPA** is a member of the board of Exalenz Bioscience Ltd., Mizrahi Tefahot Bank Ltd., Ultra Equity Investments, Clal Biotechnology Industries Ltd., Tefron Ltd., Ormat Industries Ltd., Gindi Investments Ltd, and has many years' experience serving as Chairman of Audit Committees, Chairman of Financial Statement Review Committees and additional executive positions. Mr. Zigelman, holds a B.A. in Accounting and Economics (with honors), and a M.A. in Business Economics, (with honors), both from Tel-Aviv University. Mr. Zigelman is a Certified Public Accountant.

