

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).**

If you have sold or transferred all of your GDRs or Ordinary Shares, please send this document, but not the accompanying personalised Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. Any such purchaser or transferee should apply to Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, or by email at [roger.bolan@ogier.com](mailto:roger.bolan@ogier.com) or [sarah.mercury@ogier.com](mailto:sarah.mercury@ogier.com), or by facsimile at +44 1534 504444 for a new Form of Proxy. If you have sold or transferred part only of your holding of GDRs or Ordinary Shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected. Copies of this document and the documents listed as available for inspection in this document are available, free of charge, at the offices of Renaissance Capital Limited, 11<sup>th</sup> Floor, 1 Angel Court, Copthall Avenue, London EC2R 7HJ (Tel: +44 207 367 7700). Should Shareholders have any questions regarding this document, please email the Company at [info@etalongroup.com](mailto:info@etalongroup.com).

**This document should be read as a whole. Your attention is nonetheless drawn to the letter from the non-Concert Party Directors of Etalon Group Limited which is set out in Part 1 of this document.**

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## **Etalon Group Limited**

(incorporated and registered in Guernsey under number 48002)

Approval of a waiver under Rule 9 of the City Code on Takeover and Mergers in relation to a proposed purchase of GDRs representing Ordinary Shares of up to 9.25 per cent. of the Company's Issued Share Capital

### Notice of Extraordinary General Meeting

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Renaissance Capital Limited ("Renaissance Capital"), which is authorised and regulated by the Financial Services Authority, is acting as nominated independent financial adviser, as contemplated by the Code, and broker to Etalon Group Limited in connection with the matters described in this document. Persons receiving this document should note that Renaissance Capital will not be responsible to anyone other than Etalon Group Limited for providing the protections afforded to its clients or for advising any other person on the arrangements described in this document.

GDRs will be purchased and held by Etalon Development Limited, a wholly-owned subsidiary of the Company ("Subco").

Notice of an Extraordinary General Meeting of Etalon Group Limited to be held at Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA on 23 November 2011 at 11:30am is

set out at the end of this document. The Form of Proxy for use at the Extraordinary General Meeting accompanies this document and, to be valid, should be completed and returned as soon as possible but, in any event, so as to be received by the Company's administrator at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, or by email at [roger.bolan@ogier.com](mailto:roger.bolan@ogier.com) or [sarah.mercury@ogier.com](mailto:sarah.mercury@ogier.com), or by facsimile at +44 1534 504444, not later than 11:30am on 21 November 2011, being 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they so wish.

This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any GDRs or Ordinary Shares. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The GDR Purchase Proposal (defined below) will not involve any offers to purchase or purchases of GDRs being made in the United States or from US persons.

## CONTENTS

	<b>PAGE</b>
Expected Timetable of Principal Events.....	3
Definitions .....	4
<b>PART I</b>	
Letter from the non-Concert Party Directors of Etalon Group Limited .....	6
<b>PART II</b>	
Financial Information on Etalon Group Limited .....	11
<b>PART III</b>	
Additional information.....	12
Notice of Extraordinary General Meeting .....	26

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>1</sup>

Latest time and date for receipt of Forms of Proxy	11:30am on 21 November 2011
Extraordinary General Meeting	Convened for 11:30am on 23 November 2011

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<sup>1</sup> All times are London times. Times and dates are subject to change.

## DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context requires or unless it is otherwise specifically provided:

“Act”	the United Kingdom Companies Act 2006
“Baring Vostok”	Baring Vostok Capital Partners Limited, which acts as the investment advisor to the general partner of the Baring Vostok Funds
“Baring Vostok Funds”	Baring Vostok Private Equity Fund IV, L.P., Baring Vostok Fund IV Co-Investment, L.P.1, Baring Vostok Fund IV Co-Investment, L.P.2 and Baring Vostok Fund IV Supplement Fund, L.P.
“Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Company”	Etalon Group Limited
“Concert Party”	the persons deemed to be acting in concert for the purpose of the Code as described in paragraph 3.3 of Part III of this document
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this document
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 11:30am on 23 November 2011 and any adjournment thereof, notice of which is set out in the Notice of Extraordinary General Meeting
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders for voting purposes at the Extraordinary General Meeting
“GDRs”	global depositary receipts representing Ordinary Shares in the Company
“GDR Purchase Proposal”	the proposal for Subco to purchase GDRs representing up to 9.25 per cent. of the Issued Share Capital over a 12 month period commencing on 24 November 2011 (or shorter if notified by the Company)
“Group”	Etalon Group Limited and its subsidiaries as at the date of this document

“Independent Shareholders”	Shareholders (including holders of GDRs representing Ordinary Shares) other than members of the Concert Party
“Issued Share Capital”	294,957,971 Ordinary Shares in issue at the date of this document
“London Stock Exchange”	London Stock Exchange plc
“non-Concert Party Directors”	each of the Directors other than Viacheslav Zarenkov and Dmitri Zarenkov
“Notice of Extraordinary General Meeting”	the notice of Extraordinary General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares of 0.00005p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Prospectus”	the prospectus dated 15 April 2011 issued by the Company in connection with its initial public offering
“Renaissance Capital”	Renaissance Capital Limited
“Shareholders”	holders of Ordinary Shares
“Subco”	Etalon Development Limited, a wholly-owned subsidiary of the Company
“Waiver Resolution”	the ordinary resolution to be proposed at the Extraordinary General Meeting

**PART I**  
**LETTER FROM THE NON-CONCERT PARTY DIRECTORS OF ETALON GROUP LIMITED**

*(incorporated and registered in Guernsey under number 48002)*

*Directors:*

Viacheslav Zarenkov (President of the Board)  
Dmitri Zarenkov  
Anton Evdokimov  
Dmitri Boulkhovkov  
Alexander Shkuratov  
Martin Robert Cocker  
Anton Poriadine  
Michael John Calvey  
Alexey Kalinin  
Peter Harold Touzeau

*Registered Office*  
Ogier House  
St. Julian's Avenue  
St Peter Port  
Guernsey  
GY1 1WA

09 November 2011

Dear Shareholder,

**Approval of a waiver under Rule 9 of the City Code on Takeover and Mergers in relation to a proposed purchase of GDRs representing Ordinary Shares of up to 9.25 per cent. of the Company's Issued Share Capital**

**1. Introduction**

The non-Concert Party Directors are proposing that the Company seek an approval from the Independent Shareholders of a waiver under Rule 9 of the Code in relation to a proposed purchase by Subco, a wholly-owned subsidiary of the Company, of GDRs representing up to 9.25 per cent. of the Issued Share Capital. This letter sets out the proposals in that regard and the reasons why the non-Concert Party Directors are unanimously recommending that you vote in favour of their implementation.

Under Rule 9 and Rule 37 of the Code, unless a specific waiver is obtained from the Panel and approved by the Independent Shareholders, the Concert Party would normally be obliged to make a mandatory offer for the Company in the event that its aggregate percentage holding of voting rights increased as a result of the purchase by Subco of GDRs. The Concert Party is comprised of Viacheslav Zarenkov, the President of the Company, and his immediate family. Further information on the Concert Party is set out in paragraph 3.3 of Part III of this document. The Concert Party shareholding of 139,120,628 Ordinary Shares currently represents 47.2 per cent. of the Issued Share Capital.

The purpose of this letter is to explain why the non-Concert Party Directors consider that the proposals are in the best interests of the Company and its Shareholders as a whole and to seek the approval of the Independent Shareholders of a waiver, which the Panel has agreed to grant (subject to such Independent Shareholder approval), of the obligation that might otherwise arise under Rule 9 of the Code for the Concert Party to make a mandatory offer for the Company in the event of Subco purchasing the Company's GDRs.

## **2. Background to, reasons for and terms of the GDR Purchase Proposal**

The non-Concert Party Directors believe that, in its current position, the GDR Purchase Proposal would represent good use of the Company's available cash resources as a better alternative to bank deposits.

We believe the Company has sufficient cash resources for any purchases of GDRs pursuant to the GDR Purchase Proposal. GDRs will be purchased and held by Subco, a wholly-owned subsidiary of the Company. Subco will finance the purchases with cash received via an intra-group loan arrangement with the Company.

Purchases will have regard to FSA rules and regulations. Subco may make purchases of GDRs representing up to 9.25 per cent. of the Issued Share Capital. The Company will ensure that Subco does not exercise any voting rights in respect of purchased GDRs.

The GDR Purchase Proposal will not involve any offers to purchase or purchases of GDRs being made in the United States or from US persons.

Subco will cease purchasing GDRs upon the expiry of 12 months from the passing of the Waiver Resolution, unless the Company gives notice to Subco in writing terminating the purchase program prior to that date. During the purchase program the Company will not issue or sell GDRs and Subco will not sell GDRs. Upon expiry or early termination by the Company of the purchase program, the Company expects Subco to begin selling the GDRs purchased.

## **3. The Code**

The Code governs, amongst other things, transactions which may result in a change of control of a public company to which the Code applies. Under Rule 9 of the Code, where any person acquires an interest (as such term is defined in the Code) in shares (including GDRs) which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, such person is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person together with persons acting in concert with him is interested in shares which, in the aggregate, carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be in cash and at the highest price paid during the 12 months prior to the announcement of the offer for any interest in shares of the Company by the person required to make the offer or any person acting in concert with him.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for the Company.

Under Rule 37 of the Code any increase in the percentage of voting rights held by a shareholder or persons acting in concert with that shareholder resulting from the purchase by a company of its own shares (or in this case GDRs) will be treated as an acquisition for the purpose of Rule 9

of the Code. As the Concert Party beneficially owns 47.2 per cent. of the Issued Share Capital, any purchase by Subco of GDRs (which shall not be voted by Subco) would normally result in the Concert Party being obliged under Rule 9 of the Code to make an offer for the Company.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of any purchases by Subco of the Company's GDRs, subject to the approval of the waiver by the Independent Shareholders. Accordingly, the Waiver Resolution is being proposed at the Extraordinary General Meeting, and will be taken on a poll. No member of the Concert Party, or any entities controlled by them, will be entitled to vote on the Waiver Resolution.

**As the Concert Party currently controls 47.2 per cent. of the Issued Share Capital, they are already able to block special resolutions of the Company.**

**Assuming that the Waiver Resolution is duly passed and the maximum number of GDRs were to be purchased by Subco (and assuming that the Concert party did not participate in such GDR purchase), as a result of the undertaking from the Company to ensure that Subco does not vote its GDRs, the voting rights attaching to the Ordinary Shares held by the Concert Party could increase to 52 per cent. of the voting rights of the Company at general meetings. In such a scenario, the Concert Party would be able to block ordinary resolutions of the Company as they would control in excess of 50 per cent. of the voting rights in the Company.**

**Furthermore, if the members of the Concert Party hold between them an aggregate of over 50 per cent. of the voting rights of the Company at general meetings, they may (for so long as they are deemed to be acting in concert) subsequently increase their aggregate interests in shares without incurring any further obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.**

**Should the members of the Concert Party, following any purchase by Subco of GDRs, between them hold not less than 30 per cent. but not more than 50 per cent. of the voting rights in the Company at general meetings, any subsequent increase in that aggregate interest (for so long as they are deemed to be acting in concert) will, except with Panel consent, require a general offer to be made to all Shareholders at the highest price paid by such person for any interest in shares in the Company during the previous 12 months.**

Upon expiry of the waiver, assuming the Concert Party does not pass through 50 per cent. of the voting rights of the Company, any future purchases of any interest in GDRs or Ordinary Shares by the Concert Party (other than pursuant to the GDR Purchase Proposal) would remain subject to Rule 9 and the other provisions of the Code.

The Company expects Subco to sell purchased GDRs following the expiry or early termination of the purchase program, and accordingly any increase in the voting percentage of the Concert Party in the Company caused by purchases made by Subco, including any potential increase above 50 per cent. of the voting rights in the Company, should be reduced by such subsequent sales. These subsequent sales could therefore have the effect of the Concert Parties dropping back below having 50 per cent. of the voting rights in the Company.

#### **4. Concert Party**

Further information on the Concert Party is given in paragraph 3.3 of Part III of this document.

#### **5. Extraordinary General Meeting**

A notice convening the Extraordinary General Meeting to consider and, if thought fit, to pass the Waiver Resolution is set out at the end of this document. The Extraordinary General Meeting will be held at 11:30am at Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA on 23 November 2011.

#### **Waiver Resolution**

The Waiver Resolution is an ordinary resolution, to be taken on a poll, to approve the waiver of the obligation that would otherwise fall upon the Concert Party to make a general offer for the Company under Rule 9 of the Code if their combined voting interests in the Company increase as a result of any purchases pursuant to the GDR Purchase Proposal. Neither Mr Viacheslav Zarenkov nor the other members of the Concert Party will participate in the voting on the Waiver Resolution at the Extraordinary General Meeting.

#### **6. Action to be taken**

Shareholders will find a Form of Proxy enclosed with this document for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's administrator at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, or by email at [roger.bolan@ogier.com](mailto:roger.bolan@ogier.com) or [sarah.mercury@ogier.com](mailto:sarah.mercury@ogier.com), or by facsimile at +44 1534 504444, not later than 11:30am on 21 November 2011, being 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

#### **7. Additional Information**

Your attention is drawn to the additional information set out in Part III of this document. Shareholders are advised to read the whole of this document and not rely solely on the summary information presented in this letter.

## **8. Recommendation**

**The non-Concert Party Directors, who have been so advised by Renaissance Capital, believe the waiver of the obligation on the members of the Concert Party (both individually and collectively) to make a general offer to Shareholders under Rule 9 of the Code as set out in the Waiver Resolution to be fair and reasonable in respect of Independent Shareholders and the Company as a whole, and to be in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the non-Concert Party Directors, Renaissance Capital has taken into account the non-Concert Party Directors' commercial assessment.**

**Accordingly, the non-Concert Party Directors unanimously recommend Independent Shareholders to vote in favour of the Waiver Resolution as the non-Concert Party Directors intend to do in respect of their beneficial shareholdings representing approximately 5 per cent. of the Issued Share Capital.**

**Neither Viacheslav Zarenkov nor any other members of the Concert Party will vote in respect of Waiver Resolution.**

**Voting on the Waiver Resolution will be by means of a poll of Independent Shareholders.**

Anton Evdokimov

Chief Financial Officer and non-Concert Party Director

**PART II**  
**Financial Information on Etalon Group Limited**

**Incorporation of relevant information by reference**

The information listed in this Part II relating to the Company is hereby incorporated by reference into this document:

- The consolidated financial statements for the Company for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010.
- The consolidated interim financial statements for the Company for H1 2011.

The financial results listed above are available free of charge on the Company's website at [http://www.etalongroup.com/investors/financial\\_reports\\_results\\_and\\_presentations/financial\\_results/](http://www.etalongroup.com/investors/financial_reports_results_and_presentations/financial_results/).

The information referred to in this Part II has not been published in an inflation adjusted form.

The annual reports are available in "read-only" format and can be printed from the Company's website. The Company will provide within two business days, without charge, to each person to whom a copy of this document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to [info@etalongroup.com](mailto:info@etalongroup.com).

In addition, copies of the documents referred to in this Part II are available, free of charge, at the offices of Renaissance Capital Limited, 11<sup>th</sup> Floor, 1 Angel Court, Copthall Avenue, London EC2R 7HJ (Tel: +44 207 367 7700).

Should Shareholders have any questions regarding the above, please email the Company at [info@etalongroup.com](mailto:info@etalongroup.com).

## PART III ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

#### 1.1 Directors

The Directors whose names appear below in paragraph 2.2 accept responsibility both individually and collectively for the information contained in this document, save for the information relating to the Concert Party or otherwise as stated in paragraph 1.2. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information for which they are responsible contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 1.2 Concert Party

Viacheslav Zarenkov and Dmitri Zarenkov, individually and collectively, accept responsibility for the information contained in this document relating to the Concert Party. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information relating to the Concert Party contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Viacheslav Zarenkov and Dmitri Zarenkov do not accept responsibility for the letter set out in Part I of this document, in particular the recommendation made by the non-Concert Party Directors.

### 2. INFORMATION ON THE COMPANY

#### 2.1 *The Company*

The name of the Company is Etalon Group Limited. It was incorporated in Guernsey under The Companies (Guernsey) Law, 1994, as amended, with registration number 48002 on 08 November 2007. The Company's registered office is situated at Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA.

#### 2.2 *Directors of the Company*

<u>Name</u>	<u>Position</u>
Viacheslav Zarenkov	President of the Board
Dmitri Zarenkov	Executive Director
Anton Evdokimov	Executive Director
Dmitri Boulkhoukov	Executive Director
Alexander Shkuratov	Executive Director
Martin Robert Cocker	Non-Executive Independent Director
Anton Poriadine	Non-Executive Independent Director
Michael John Calvey	Non-Executive Director
Alexey Kalinin	Non-Executive Director
Peter Harold Touzeau	Non-Executive Director

The business address of each of the Directors is Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA.

### 2.3 *Principal activities of the Company*

The principal activity of the Company is residential real estate development. Financial information on the Company can be found in Part II of this document.

## 3. **INTERESTS AND DEALINGS**

### 3.1 For the purposes of this paragraph 3:

“acting in concert” has the meaning attributed to it in the Code;

“arrangement” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

“connected adviser” has the meaning attributed to it in the Code;

“connected person” has the meaning attributed to it in section 252 of the 2006 Act;

“control” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;

“dealing” or “dealt” includes the following:

- (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to securities or of general control of relevant securities;
- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) the exercise or conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
- (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; or
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

“derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“disclosure date” means 08 November 2011, being the latest practicable date prior to the posting of this document;

“disclosure period” means the period commencing on 08 November 2010, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date;

“exempt fund manager” and “exempt principal trader” have the meanings attributed to them in the Code;

being “interested” in relevant securities (or having an “interest” in such securities) includes where a person:

- (a) owns them;
- (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

“paragraph 1 associate” means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);

“relevant securities” means shares in the Company which carry voting rights (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and

“short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

### 3.2 *Directors’ Interests*

- (a) As at the close of business on the disclosure date, the interests in the Issued Share Capital (including options over shares) of the Directors and immediate families, related trusts and persons connected with them were as follows:

<b>Name of Director</b>	<b>Number of Ordinary Shares</b>	<b>% of Issued Share Capital</b>
Viacheslav Zarenkov <sup>(1)</sup>	108,427,114	36.8
Dmitri Zarenkov <sup>(2)</sup>	30,693,514	10.4
Anton Evdokimov <sup>(3)</sup>	12,354,000	4.2
Dmitri Boulkhoukov <sup>(4)</sup>	775,557	0.26
Alexander Shkuratov <sup>(5)</sup>	775,557	0.26
Michael John Calvey <sup>(6)</sup>	578,144	0.20
Alexey Kalinin <sup>(7)</sup>	463,699	0.16
Peter Harold Touzeau <sup>(8)</sup>	1,210	*(9)
Martin Robert Cocker	-	-
Anton Poriadine	-	-

(1) Viacheslav Zarenkov's holding is shown above as the number of Ordinary Shares held by him and his immediate family excluding Dmitri Zarenkov, which shareholding is beneficially owned through Strata Investments Limited.

(2) The shareholding of Dmitri Zarenkov is beneficially owned through Tract Investments Limited.

(3) The shareholding of Anton Evdokimov and persons related to him is beneficially owned through Arpent Investments Limited.

(4) The shareholding of Dmitri Boulkhoukov is beneficially owned through Consent Investments Limited.

(5) The shareholding of Alexander Shkuratov is beneficially owned through Consent Investments Limited.

(6) The shareholding of persons related to Michael John Calvey is beneficially owned through certain of the Baring Vostok Funds.

(7) The shareholding of Alexey Kalinin is beneficially owned through certain of the Baring Vostok Funds.

(8) The shareholding of Peter Harold Touzeau is beneficially owned through certain of the Baring Vostok Funds.

(9) Holding is less than 0.1 per cent.

(b) Save as disclosed below, for the period of 12 months preceding the date of this document, there have been no dealings for value in relevant securities by the Directors.

The following table sets out the number of Ordinary Shares sold by various of the Company's Directors in connection with the Company's IPO:

<b>Name of Director</b>	<b>Number of Ordinary Shares Sold</b>
Viacheslav Zarenkov	1,464,286
Dmitri Zarenkov	714,286
Anton Evdokimov	500,000
Dmitri Boulkhovkov	357,143
Alexander Shkuratov	357,143

In connection with the Company's IPO, Strata Investments Limited (which is beneficially owned by Viacheslav Zarenkov and Galina Zarenkov), pursuant to a securities lending agreement dated 15 April 2011 (the "Securities Lending Agreement"), agreed to lend up to 12,321,428 GDRs to Renaissance Securities (Cyprus) Limited for the purposes of covering over-allotments, if any, made in connection with the IPO and to cover any short positions resulting from stabilisation transactions in connection with the IPO. Pursuant to the Securities Lending Agreement, Renaissance Securities (Cyprus) Limited borrowed a total of 12,321,428 GDRs, and redelivered an equivalent number of GDRs to Strata Investments Limited on 19 May 2011.

### 3.3 *Concert Party interests*

- (a) Pursuant to the Code, the Concert Party consists of Viacheslav Zarenkov, the President of the Company, his wife Galina Zarenkova, and his son, Dmitri Zarenkov. Information about the Concert Party is set out below.

**Viacheslav Zarenkov** — Chairman of the Board of Directors, President of the Group

Mr. Viacheslav Adamovich Zarenkov was born in 1951. He graduated from the Leningrad Engineering Construction Institute in 1977 with a degree in engineering construction and from the St. Petersburg University of the Ministry of Interior in 1999 with a degree in law. He was awarded Doctor of Economics, a candidate of technical sciences and a candidate of architecture. From 1978 to 1987, Mr. Zarenkov occupied the positions of chief engineer and Department Head of SU-336 Trust No. 72 of Glavzapstroy and then chief technologist of Construction Trust No. 72 of Glavzapstroy. From 1987 to 1996, he was Department Head in Industrial and Commercial Enterprise LenSpetsSMU. From 1996 to 2002, Mr. Zarenkov served as General Director of SSMO LenSpetsSMU, and from 2002 to 2007, as General Director (President) of Management Company Etalon. Since 2007, Mr. Zarenkov has been Chairman of our Board of Directors and President of the Group. Mr. Zarenkov has received the Honoured Builder of Russia award. **Galina Zarenkova** is Mr. Zarenkov's wife.

**Dmitri Zarenkov** — Executive Director, First Vice-President of the Group

Mr. Dmitri Viacheslavovich Zarenkov was born in 1973. He graduated from the Leningrad Institute of Aeronautical Instrumentation in 1996 with a degree in engineering research, from the St. Petersburg University of Architecture and Civil Engineering in 2000 with a degree in engineering construction and from the St. Petersburg University of the Ministry of Interior in 1999 with a degree in law. He was awarded a candidate of technical sciences. From 1995 to 1998, Mr. Zarenkov occupied various positions in CJSC Electronstroy-1, including the posts of engineer of 1st category and General Director. From 1998 to 2006, he served as deputy General Director and then as General Director of SSMO LenSpetsSMU. From 2006 to 2007, he was first deputy General Director of Management Company Etalon. Since 2007, Mr. Zarenkov has been an executive director on our Board of Directors, First Vice-President of the Group and General Director (President) of Management Company Etalon. Mr. Zarenkov has received the Honorary Builder of Russia award and was also awarded the Certificate of Honour from the Ministry of Regional Development.

The business address for Viacheslav Zarenkov and Dmitri Zarenkov is Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA.

- (b) Viacheslav Zarenkov and Galina Zarenkova jointly beneficially own 108,427,114 Ordinary Shares, representing 36.8 per cent. of the Issued Share Capital.

Dmitri Zarenkov beneficially owns 30,693,514 Ordinary Shares, representing 10.4 per cent. of the Issued Share Capital.

The Concert Party together owns 139,120,628 Ordinary Shares, representing 47.2 per cent. of the Issued Share Capital.

- (c) Assuming Subco purchases the maximum number of GDRs permitted under the program (GDRs representing 9.25 per cent. of the Issued Share Capital) and does not vote those GDRs (as it has agreed), and that the Concert Party does not sell any of its interests in the Company to Subco (and each member of the Concert Party has confirmed to the Company that it will not):

Viacheslav Zarenkov and Galina Zarenkova would hold in aggregate voting rights representing 40.5 per cent. of the votes at general meetings.

Dmitri Zarenkov would hold voting rights representing 11.5 per cent. of the votes at general meetings.

The Concert Party would hold in aggregate voting rights representing 52 per cent. of the votes at general meetings.

3.4 *Intentions of the Concert Party*

The Concert Party is not intending to seek any changes to the Board and has confirmed its intention that the business of the Company will be allowed to continue in the same manner as present with no intention to relocate the business, or to redeploy any of the Company's fixed assets.

The Concert Party is not intending to prejudice the existing employment or employment rights of any of the employees or management of the Group nor to procure any material change in the conditions of employment of any such employees or management. The Concert Party is not intending to make any redundancies or restructure the workforce.

The Concert Party is not intending to delist any applicable securities of the Company, or make any changes to its GDR facility.

### 3.5 *Interests held by the members of the same group as Renaissance Capital*

As at the close of business on 07 November 2011 (being the latest practicable date prior to the publication of this document), members of the same group as Renaissance Capital held 31,878 Ordinary Shares (represented by GDRs) for their own account.

During the period of 12 months preceding the date of this document, dealings in the Company's Ordinary Shares (represented by GDRs) by members of the same group as Renaissance Capital have been conducted by Renaissance Securities (Cyprus) Limited, which trades on a principal basis for itself and its clients, not as an intermediary. During this period, Renaissance Securities (Cyprus) Limited has therefore effected a large number of transactions, being a total of 55,512,816 Ordinary Shares (represented by GDRs) bought and 55,512,816 Ordinary Shares (represented by GDRs) sold, for itself and its clients, excluding the transactions that were effected as part of the stabilization process following the Company's IPO earlier this year, in relation to which Renaissance Securities (Cyprus) Limited bought and sold 12,321,428 Ordinary Shares (represented by GDRs). At no time during the 12 months preceding the date of this document, outside of the stabilization period, has Renaissance Capital or members of the same group thereof held, for itself or its clients, more than a de minimis position in the Company's Ordinary Shares (represented by GDRs), and in any event no more than 1% on a single day and, at no time during the stabilization period did Renaissance Capital or members of the same group thereof hold, for itself or its clients, more than 5% on a single day.

Renaissance Securities (Cyprus) Limited, a member of the same group as Renaissance Capital, acted as joint global coordinator and joint bookrunner in the Company's IPO earlier this year.

### 3.6 *Confirmatory statements with respect to Rule 9*

As at the close of business on the disclosure date, save as disclosed in this Part III:

- 3.6.1 no member of the Concert Party (nor any members of their respective immediate families, related trusts or connected persons), nor any person acting in concert with any of them, had any interest in or right to subscribe for, or had any short position in relation to, any relevant securities in the disclosure period;
- 3.6.2 no member of the Concert Party, nor any person acting in concert with any of them, has dealt in any relevant securities in the disclosure period;
- 3.6.3 no member of the Concert Party nor any person acting in concert with the Concert Party has borrowed or lent any relevant securities;

- 3.6.4 neither the Company nor any of the Directors (nor any members of their respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, or during the disclosure period dealt in any relevant securities;
- 3.6.5 no paragraph 1 associate of the Company had any interest in or right to subscribe for, or had any short position in relation to, or during the disclosure period dealt in any relevant securities;
- 3.6.6 no connected adviser to the Company or to a paragraph 1 associate of the Company or to a person acting in concert with the Company, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, or during the disclosure period dealt in any relevant securities;
- 3.6.7 (in relation to the Company) no investment company, unit trust or other person whose investments a paragraph 1 associate manages on a discretionary basis, in respect of the relevant securities accounts had any interest in or right to subscribe for, or had any short position in relation to, or during the disclosure period dealt in any relevant securities;
- 3.6.8 no company having a material trading arrangement with the Company had any interest in or right to subscribe for, or had any short position in relation to, or during the disclosure period dealt in any relevant;
- 3.6.9 no member of the Company nor any Director nor any person acting in concert with any Director or the Company has borrowed or lent any relevant securities;
- 3.6.10 the Company has not redeemed or purchased any relevant securities during the disclosure period; and
- 3.6.11 there are no arrangements in place in relation to the proposals set out in this document whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company, other than the intra-group loan arrangements with Subco whereby Subco must repay cash borrowed from the Company.

#### **4. SERVICE CONTRACTS**

##### **4.1 Letter of appointment of Martin Robert Cocker**

Martin Robert Cocker was appointed to act as a non-executive director and chairman of the Company's audit committee by a letter of appointment dated 12 November 2010. The appointment may be terminated by either the Company or Mr Cocker giving one-month's prior notice to the other party.

Pursuant to the terms of the appointment, Mr Cocker is entitled to remuneration in the total amount of USD 80,000 per annum, comprising USD 60,000 for his services as a member of the Company's Board of Directors and USD 20,000 for his services as the chairman of the Company's audit committee, which is subject to an annual review at the Board's discretion and will benefit from any insurance maintained for the Directors and officers during the term of the appointment. Mr Cocker is also entitled to reimbursement

of expenses that were properly and reasonably incurred in the course of performance of his duties. The letter of appointment does not provide for any pension, retirement, or other similar benefits to Mr Cocker.

Mr Cocker is not entitled to any severance payments except for the payment of remuneration accrued to the date of termination of the appointment and compensation of any expenses properly incurred prior to that date.

#### 4.2 Letter of appointment of Anton Poriadine

Anton Poriadine was appointed to act as a non-executive director by a letter of appointment dated 24 March 2011. The appointment may be terminated by either the Company or Mr Poriadine giving one-month's prior notice to the other party.

Pursuant to the terms of the appointment, Mr Poriadine is entitled to remuneration in the amount of USD 60,000 per annum for his services as a member of the Company's Board of Directors, which is subject to an annual review at the Board's discretion, and he will benefit from any insurance maintained for the Directors and officers during the term of the appointment. Mr Poriadine is also entitled to reimbursement of expenses that were properly and reasonably incurred in the course of performance of his duties. The letter of appointment does not provide for any pension, retirement, or other similar benefits.

4.3 Save as disclosed above, there are no other service contracts between the Company and any Directors, and there have been no new agreements or amendments to any existing agreements within the period of six months preceding the date of this document.

4.4 None of the Directors are involved in any commission of profit sharing arrangements in relation to this purchase program.

### 5. MATERIAL CONTRACTS

#### 5.1 Lease agreement relating to the Technopark development, St. Petersburg

Lease agreement for construction was renewed in July 2011. The lease agreement expires in April 2012.

The agreement provides for the Company's subsidiary, LSS-Stroy, to develop the "Technopark" office building located at 1 Kolomyazhskiy Prospect, St. Petersburg. Under the agreement, the Company undertook to make rental payments and payments for the purposes of the development of city infrastructure to the St. Petersburg Government for/totaling approximately RUB 216 million. The land plot is currently leased to the Company for a term of 49 years.

#### 5.2 Investment agreement related to the Emerald Hills development, the Moscow region

The Company's wholly owned subsidiary, Zatonskoye, entered into an investment agreement with the Ministry of Construction Complex of the Moscow region in 2004. Under the investment agreement, the Company undertook to finance and develop a residential complex with certain objects of social infrastructure and a multifunctional sports centre, near the village of Anino in the Krasnogorsk district of the Moscow region.

According to the agreement, the investment object is to be completed and put into operation in six phases between 2011 and 2020.

5.3 Agreement on realisation of investment project and lease agreements relating to the Etalon-City development, Moscow

The Company's 95% subsidiary, Daikar, entered into an agreement upon the realisation of an investment project with FGUP Radiochastotniy Centre Federalnogo Centralnogo Okruga ("FGUP RC"), a state enterprise, in May 2004. The agreement provides for the development of a residential complex with certain objects of social infrastructure and a training centre, located at 13 Starokrymskaya street, Moscow. Lease agreements with FGUP RC were subsequently terminated and in August 2010, the short-term land lease agreements with respect to the underlying land plots were concluded between Daikar and the Moscow Government. The Company is obligated to pay the Moscow Government quarterly rent in a total amount of approximately RUB 422,000. Both the agreement on realisation of investment project (as amended) and the lease agreements expire in December 2014.

5.4 Agreement on investing in construction with LLC Pioneer-Invest

In November 2010, Daikar entered into an agreement on investing in construction with LLC Pioneer-Invest (a party to an investment contract with Moscow authorities), which provides for joint participation in construction of multistory residential building with built-in commercial premises located at 672, Admirala Lazareva street, Moscow. Under the agreement, the Company undertook to partially finance the construction in amount of approximately RUB 230 million in exchange for the apartments in the constructed building. The construction is expected to be completed in December 2011.

5.5 Construction contracts with LLC Budostal-3 Export related to the Jubilee Estate development

In July 2010, our subsidiary, SSMO LenSpetsSMU entered into a general construction agreement with LLC Budostal-3 Export, as a construction manager. The agreement provides for the construction of one of the buildings with a parking area and amenities related to the Company's Jubilee Estate project. The contract price is approximately EUR 44 million. Later in July 2010, our subsidiary, LenSpetsSMU-Rekonstruktsiya entered into a construction agreement with LLC Budostal-3 Export, as a subcontractor. The contract price is approximately EUR 10 million. The project is expected to be completed by August 2012. The construction of the project involves finance received from Alfabank.

In July 2011, our subsidiary, SSMO LenSpetsSMU entered into a general construction agreement with LLC Budostal-3 Export, as a construction manager. The agreement provides for the construction of one of the buildings with a parking area and amenities related to the Company's Orbit project. The contract price is approximately EUR 26.6 million. Later in July 2011 our subsidiary, Novator, entered into a construction agreement with LLC Budostal-3 Export, as a subcontractor. The contract price is approximately EUR 25.3 million. The project is expected to be completed by December 2012. The construction of the project involves finance received from Bank Sankt-Peterburg.

5.6 Preliminary sale and purchase agreements relating to the Uralskaya street-2 development

In December 2010, the Company's subsidiary, SSMO LenSpetsSMU, entered into a preliminary sale and purchase agreement with LLC Masterkom in relation to acquisition of the ownership rights to a land plot with a total site area of approximately 0.7 hectares and a non-residential building located thereon. Simultaneously, SSMO LenSpetsSMU entered into a preliminary sale and purchase agreement with several private individuals to acquire ownership rights to six land plots with a total site area of approximately 5.8 hectares and non-residential buildings located thereon. In accordance with the terms of these two preliminary sale and purchase agreements, the Company entered into the final sale and purchase agreements in relation to abovementioned ownership rights on 12 August 2011. The total purchase price that will be due from the Company under the principal agreements is USD 30 million. SSMO LenSpetsSMU obtained a freehold title to land plots and buildings on 12 September 2011.

5.7 The major credit agreements entered into by the Company's major subsidiary, SSMO LenSpetsSMU are set out below.

- (a) *Credit facility agreements with Alfabank.* On 27 November 2009, a credit facility agreement was entered into with Alfabank allowing borrowings of up to USD 15 million for the purpose of financing working capital. The agreement has a maturity date of 31 December 2012.

On 6 August 2010, a credit line agreement was entered into with Alfabank, allowing borrowings of up to EUR 39 million. The purpose of the loan was to secure coverage for the letters of credit opened upon the order of SSMO LenSpetsSMU in favour of LLC Budostal-3 Export for settlement under the General contractor agreement dated 1 July 2010 and for the payment of commission fees to export credit agency Kuke for insuring of the credit in the funding banks, IKB Deutsche Industriebank AG and Landesbank Berlin AG. The agreement has a maturity date of 1 December 2014.

- (b) *Credit line agreement with GLOBEX.* On 29 September 2010, a revolving credit line agreement was entered into with GLOBEX, allowing borrowings of up to USD 20 million for financing of business activities of the lender that are stipulated in its charter, in particular, construction of real property. The loan has a maturity date of 28 September 2013.
- (c) *Credit line agreement with Bank Zenit.* On 29 December 2010, a credit line agreement was entered into with Bank Zenit, allowing borrowings of up to RUB 600 million. The purpose of the loan was financing of business activities. The agreement has a maturity date of 26 December 2014. The loan was repaid and agreement was terminated in June 2011.
- (d) *Loan participation notes of North Star B.V.* On 15 November 2010, North Star B.V. issued loan participation notes in the total amount of USD 150 million, secured by the underlying loan agreement between North Star B.V., as the lender, and SSMO LenSpetsSMU, as the borrower, dated 1 November 2010. The notes have a maturity date of 9 November 2015.

- (e) *Credit facility agreement with Raiffeisenbank.* On 7 April 2010, a credit facility agreement was entered into with Raiffeisenbank allowing borrowings of up to USD 10 million for general corporate purposes. The agreement has a maturity date of 30 April 2012.
- (f) *Credit facility agreement with Raiffeisenbank.* On 17 May 2011, a credit facility agreement was entered into with Raiffeisenbank allowing borrowings of up to USD 14.2 million for general corporate purposes. The agreement has a maturity date of 01 May 2014.
- (g) *Credit facility agreement with Raiffeisenbank.* On 06 July 2011, a credit facility agreement was entered into with Raiffeisenbank allowing borrowings of up to USD 13.7 million for general corporate purposes. The agreement has a maturity date of 01 November 2013.
- (h) *Credit facility agreement with Bank Zenit.* On 16 August 2011, a credit facility agreement was entered into with Bank Zenit allowing borrowings of up to USD 20 million for general corporate purposes. The agreement has a maturity date of 31 December 2015.
- (i) *Credit facility agreement with Bank Zenit.* On 16 August 2011, a credit facility agreement was entered into with Bank Zenit allowing borrowings of up to RUB 600 million for general corporate purposes. The agreement has a maturity date of 31 December 2015.
- (j) *Credit facility agreement with Bank Sankt-Peterburg.* On 26 May 2011, a credit facility agreement was entered into with Bank Sankt-Peterburg allowing borrowings of up to RUB 1,250 million for general corporate purposes. The agreement has a maturity date of 25 May 2015.
- (k) *Credit facility agreement with Bank Sankt-Peterburg.* On 22 July 2011, a credit facility agreement was entered into with Bank Sankt-Peterburg allowing borrowings of up to EUR 22.6 million. The purpose of the loan was to secure coverage for the letters of credit opened upon the order of SSMO LenSpetsSMU in favour of LLC Budostal-3 Export for settlement under the General contractor agreement dated 01 July 2011. The agreement has a maturity date of 31 December 2015.

5.8 The bonds issued by the Company's subsidiary SSMO LenSpetsSMU are set out below:

- (a) *RUB 2 billion three-year bonds.* On 23 December 2009, bonds in the total amount of RUB 2 billion were issued. The bonds are governed by Russian law, circulated in the Russian debt securities market and traded on list B of MICEX. The bonds have a maturity date of 7 December 2012. The bonds bear a fixed interest rate of 16% per annum. The coupon under the bonds is payable on a quarterly basis. As of 31 December 2010, the total amount outstanding under the bonds was RUB 1.6 billion. The guarantor under the bonds is TSUN.
- (b) *RUB 2 billion three-year bonds.* On 27 May 2010, bonds in the total amount of RUB 2 billion were issued. The bonds are governed by Russian law, circulated in the Russian debt securities market and traded on list B of MICEX. The bonds

have a maturity date of 23 May 2013. The bonds bear a fixed interest rate of 14.5% per annum. The coupon under the bonds is payable on a quarterly basis. As of 31 December 2010, the total amount outstanding under the bonds was RUB 2 billion.

- 5.9 Except as disclosed above, no contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within two years prior to the publication of this document which are or may be material.

## **6. OTHER INFORMATION**

- 6.1 Renaissance Capital has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 6.2 There are no agreements, arrangements or understandings (including any compensation arrangement) existing between the Concert Party and any of the Directors, recent directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the approval by Shareholders of the proposals set out in this document.
- 6.3 Other than as provided for in Part I of this document, the Directors are not aware of any agreement or arrangement or understanding by which the beneficial ownership of any GDRs purchased by Subco will be transferred to any other person.
- 6.4 There has been no known significant change in the financial or trading position of the Company subsequent to the publication of the latest audited financial statements of the Company for the year ended 31 December 2010.
- 6.5 There is a commercial relationship between Renaissance Capital and the Concert Party, but only to the extent that Viacheslav Zarenkov is the President of the Company, a corporate client of Renaissance Capital. Save for this commercial relationship, there is no relationship (personal, financial or commercial), arrangement or understanding between members of the Concert Party and Renaissance Capital.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Renaissance Capital Limited, 11<sup>th</sup> Floor, 1 Angel Court, Copthall Avenue, London EC2R 7HJ from the date of this document up to the date of the Extraordinary General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting. In addition, copies of the following documents will be available to view and download, free of charge on the Company's website <http://www.etalongroup.com/investors/news/> (unless otherwise stated below):

- 7.1 this document;
- 7.2 the memorandum and articles of incorporation of the Company;
- 7.3 the Prospectus (available at <http://www.rns-pdf.londonstockexchange.com/rns/0269F - 2011-4-15.pdf>);
- 7.4 the consolidated financial statements for the Company for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the consolidated interim financial statements for the Company for H1 (available at [http://www.etalongroup.com/investors/financial\\_reports\\_results\\_and\\_presentations/financial\\_results/](http://www.etalongroup.com/investors/financial_reports_results_and_presentations/financial_results/)); and
- 7.5 the written consent referred to in paragraph 6.1 above.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### ETALON GROUP LIMITED (the "Company")

(Incorporated in Guernsey with registered number 48002)

Notice is hereby given that an extraordinary general meeting of the Company will be held at Ogier House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA on 23 November at 11:30am for the purpose of considering and, if thought fit, passing the resolution set out below which will be proposed as an ordinary resolution in accordance with the Companies (Guernsey) Law, 2008.

### ORDINARY RESOLUTION

THAT the waiver granted by the Panel on Takeovers and Mergers of any obligation that would otherwise arise for the Concert Party (as defined in the document to shareholders dated 09 November 2011 (the "Document"), a copy of which has been produced to the extraordinary general meeting and signed for the purposes of identification by a senior non-Concert Party Director of the Company), or any of the members of the Concert Party, to make a general offer to the shareholders of the Company pursuant to *Rule 9 of the City Code on Takeovers and Mergers*, as a result of any purchase by Subco of GDRs pursuant to the GDR Purchase Proposal (each as defined in the Document), be and is hereby approved.

Dated: 10 November 2011

.....  
By order of the Board

Registered Office  
Ogier House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA

Notes:

- (a) A Shareholder may appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a Shareholder. A Shareholder may appoint more than one proxy to attend on the same occasion, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

- (b) To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.
- (c) Forms of Proxy duly completed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Company's administrator at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, as soon as possible but in any event to arrive not less than forty-eight hours before the time appointed for holding the Extraordinary General Meeting or adjourned Extraordinary General Meeting. The Form of Proxy may be sent by fax to Ogier Corporate Services (Guernsey) Limited at +44 1534 504444 or by email to [roger.bolan@ogier.com](mailto:roger.bolan@ogier.com) or [sarah.mercury@ogier.com](mailto:sarah.mercury@ogier.com).
- (d) In the case of a Shareholder which is a company, the Form of Proxy must be executed under its common seal or under the hand of an officer or person so authorised.
- (e) Appointment of a proxy does not preclude a Shareholder from attending the Extraordinary General Meeting and voting in person.
- (f) The quorum for any meeting of the Company shall be two Shareholders present in person (or represented by proxy) holding at least one third of the issued shares of the Company. An ordinary resolution passed on a poll taken at a meeting is passed by a simple majority if it is passed by Shareholders representing a simple majority of the total voting rights of Shareholders who, being entitled to do so, vote in person or by proxy on the resolution.
- (g) If a quorum is not present within half an hour from the time appointed for the meeting (or such longer period as the chairman of the meeting may think fit and allow), or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such day, time and place as the chairman may determine and, if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the holding of the meeting, those Shareholders present in person or by proxy at such adjourned meeting shall be a quorum.
- (h) Entitlement to attend and vote at the Extraordinary General Meeting (or any adjournment thereof) and the number of votes which may be cast thereat will be determined by reference to the Company's register of Shareholders as at 11:30am on 21 November 2011.
- (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of Shareholders in respect of the relevant share.
- (j) In order to comply with the City Code on Takeovers and Mergers and the Company's articles of incorporation, the vote will be taken on a poll and each member of the Concert Party has undertaken not to vote.
- (k) Definitions used in the Notice of Extraordinary General Meeting and the Waiver Resolution have the same meanings as given to them in the document.