

13 April 2016

**MirLand Development Corporation plc**

**(“MirLand” or the “Company”)**

**Statement re: Bondholder announcements**

MirLand, one of Russia's leading residential and commercial property developers, notes the series of announcements released on the Tel Aviv Stock Exchange between 7 April 2016 and 11 April 2016 (the “**Bondholder Announcements**”) by the trustees (“**Trustees**”) of the holders of the Company’s Series A-F bonds (the “**Bondholders**”) which convened a meeting of the Bondholders (“**Bondholder Meeting**”) on 10 April 2016. The Company further notes that the Bondholder Announcements contain details of certain proposals to be considered at the Bondholder Meeting (the “**Proposed New Restructuring Terms**”). The Company understands that the Bondholders are due to vote on the Proposed New Restructuring Terms on 14 April 2016.

The board of directors of the Company was not approached by the Trustees to consider the Proposed New Restructuring Terms in advance of the Bondholder Announcements. If and when the principles of the Proposed New Restructuring Terms are approved by the Bondholders and presented to the Company for their consideration, the board of directors of the Company will review them and, if necessary, seek further information and/or clarification.

The Proposed New Restructuring Terms set out in the Bondholder Announcements are summarised as follows:

- (a) approximately USD\$180m of the debt owed to the Bondholders will be converted into equity in the Company, leaving approximately US\$45m of outstanding bonds (the “**Remaining Debt**”);
- (b) Jerusalem Economic Ltd., Industrial Building Corporation Ltd. and Darban Investments Ltd. (the “**Controlling Shareholders**”) will be asked to commit to providing funding of US\$25m in aggregate (including US\$4m which has previously been provided to the Company) in return for approximately a 40% interest in the Company’s equity. Of this US\$25m, US\$5m is to be paid to the Bondholders (excluding the Controlling Shareholders and members of the Fishman family) pro rata to their holdings of bonds in the Company;
- (c) the Bondholders will have approximately a 60% interest in the Company’s equity; and
- (d) the Remaining Debt will remain unsecured and will be restructured on the following basis: (1) repayment of the Remaining Debt will commence in 2021 with three equal annual instalments,

(2) the Remaining Debt will bear an annual interest of 1% which will start to be paid in December 2017, (3) the Company will have the right to repay the Remaining Debt at any time and at its sole discretion without incurring any fees or penalty, (4) there will be no limitation or restriction on the Company raising any additional secured debt and (5) events of default will only be in accordance with Israeli securities law.

The Company will make further announcements in due course.

For further information, please visit [www.mirland-development.com](http://www.mirland-development.com) or contact:

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