

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY OR FORM OF INSTRUCTION (AS APPLICABLE) ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the Ex-entitlement Date, please send this document, together with its accompanying Application Form (if attached) and Form of Proxy or Form of Instruction (as applicable), at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was made for delivery to the purchaser or transferee. However, the distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore this document and any accompanying documents should not be sent or transmitted in, or into, any Restricted Jurisdiction or any other jurisdiction where to do so might constitute a violation of local securities law or regulations.

If you have sold or transferred part of your holding of Existing Ordinary Shares before the Ex-entitlement Date, you should retain this document, its accompanying Application Form (if attached) and the Form of Proxy or Form of Instruction (as applicable) and should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If your Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before the Ex-entitlement Date, a claim transaction will automatically be generated by Euroclear which, where the purchaser or transferee is a Qualifying Depository Interest Holder, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee.

The total consideration under the Open Offer shall be less than €5,000,000 (or an equivalent amount) in aggregate and the Subscription Shares will only be available to "qualified investors" for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferable securities to the public under Section 102B of FSMA. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules, has not been prepared in accordance with the Prospectus Rules and has not been reviewed or approved by the FCA, the London Stock Exchange or any other authority or regulatory body. In addition, this document does not constitute an AIM admission document drawn up in accordance with the AIM Rules.

MIRLAND DEVELOPMENT CORPORATION PLC

(incorporated and registered in Cyprus with company registration number HE153919)

Subscription for 162,270,901 new Ordinary Shares at 6 pence per share

**Open Offer of 26,635,854 new Ordinary Shares at 6 pence per share on the basis of
18 Ordinary Shares for every 10 Existing Ordinary Shares**

Share Consolidation of one Consolidation Share for every 20 Existing Ordinary Shares

Cancellation of trading on AIM

Proposed amendments to the Articles

Notice of General Meeting

The latest time for acceptance and payment under the Open Offer is 11.00 a.m. on 8 December 2016. The procedure for application is set out in Part 4 of this document and, where relevant, the Application Form.

Investec Bank plc ("**Investec**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority is acting as nominated adviser and broker to the Company and for no-one else in connection with the matters described in this document and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Open Offer or, the Subscription and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice on the contents of this document or any other transaction or matter referred to in this document. Investec has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Investec for the accuracy of any information or opinion contained in this document or for the omission of any information. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed to the London Stock Exchange and the Company and not to any other person in respect of their decision to acquire New Ordinary Shares in reliance on any part of this circular. No representation or warranty, express or implied, is made by Investec as to any of the contents of this circular.

Notice of a General Meeting of the Company to be held at Office 606, 6th floor, Nicolaou Pentadromos Centre, Thessalonikis Street, 3025 Limassol, Cyprus on 9 December 2016 at 10.00 a.m. (Cypriot time) is set out at the end of this document. A Form of Proxy or Form of Instruction (as applicable) for use at the General Meeting is enclosed. To be valid, the Form of Proxy or Form of Instruction (as applicable) should be completed, signed and returned in accordance with the instructions detailed on the Form of Proxy and Form of Instruction (as applicable) and also as detailed on page 29 to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed. Completion and return of a Form of Proxy or Form of Instruction (as applicable) will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

If you have any questions relating to this document or the completion and return of your Form of Proxy or Form of Instruction, please call Computershare Investor Services PLC on 0370 707 1548 (or, if you are calling from outside the United Kingdom, +44 370 707 1548) between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding bank or public holidays). Please note that calls to these numbers may be monitored or recorded, and no advice can be given on the merits of the issues, which are on the agenda of the General Meeting, *inter alia*, the Settlement Plan nor can any financial or taxation advice be given.

The Existing Ordinary Shares are admitted to trading on AIM. The Subscription and Open Offer Shares will be admitted to trading on AIM. The Subscription and Open Offer Shares will not be admitted to trading on any other investment exchange. The Subscription and Open Offer Shares will, on AIM Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The application will be made to TASE for the Enlarged Share Capital to be admitted to trading on TASE and it is expected that the Enlarged Share Capital will be admitted to TASE two Business Days following AIM Admission. It is expected that TASE Admission will become effective, and dealings in the Enlarged Share Capital Shares will commence on or around 21 December 2016.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the UKLA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the UKLA.

TASE is a private company limited by guarantee. It is owned by its members, both banks and non-banking corporations, through which anybody may trade in the securities listed on the exchange. Legally the exchange is regulated by the Israeli Securities Law 5728-1968, and falls under the direct supervision of the Israel Securities Authority (ISA). TASE has not examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

This circular does not constitute a prospectus or a prospectus equivalent document. This circular cannot be relied on for any investment contract or decision. No person has been authorised to give any information or make any representation and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company or the Directors. The content of the Company's website does not form part of this circular and Shareholders and prospective shareholders should not rely on it.

Notice to Overseas Shareholders

None of this document and/or the accompanying documents should be distributed, forwarded, or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Restricted Jurisdictions. In addition, the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the Restricted Jurisdictions, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation. The distribution of this document and the offering of New Ordinary Shares in certain jurisdictions, including (without limitation) the Restricted Jurisdictions, may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned.

This document and the Application Form do not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy New Ordinary Shares and/or Open Offer Entitlements to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, and Open Offer Entitlements may not be transferred through CREST, in or into, the United States, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the New Ordinary Shares and/or Open Offer Entitlements may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or credited to the stock account of any person in the United States, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations ("**Restricted Jurisdictions**").

The New Ordinary Shares and the Open Offer Entitlements have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("**US Securities Act**") or under the securities legislation of any state of the United States, any province or territory of Canada, Australia, Japan or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)). This document does not constitute a recommendation regarding securities of the Company.

This document and the Application Form do not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located, in any of the Restricted Jurisdictions. Shareholders with registered addresses (or who are otherwise located) in the Restricted Jurisdictions will not be sent an Application Form, nor will Open Offer Entitlements or Excess Open Offer Entitlements be credited to the stock accounts in CREST of any such Shareholder.

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements have been or will be registered under the US Securities Act or under the applicable state securities laws of any other jurisdiction. Subject to certain exceptions, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into any of the Restricted Jurisdictions. In particular, none of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of any of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements in the United States.

The attention of Overseas Shareholders and other recipients of this circular who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at paragraph 9 of Part 4 of this document.

In accordance with the AIM Rules, this document will be made available on the Company's website: www.mirland-development.com

This document is dated 17 November 2016.

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DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<i>Directors</i>	Saydam Salaheddin (<i>Non-executive Director and Chairman</i>) Elias Eliades (<i>Non-executive Director</i>) Alexander Regenbogen (<i>Non-executive Director</i>) Constantinos Pandelides (<i>Non-executive Director</i>) Eyal Fishman (<i>Non-executive Director</i>) David Zvida (<i>Non-executive Director</i>) Yevgeny Steklov (<i>Chief Financial Officer</i>) Roman Rozental (<i>Chief Executive Officer</i>)
<i>Company Secretary</i>	Asoted Secretarial Limited Office 1002, 10 th floor Nicolaou Pentadromos Centre Thessalonikis Street 3025 Limassol Cyprus
<i>Registered Office</i>	Office 606, 6 th floor Nicolaou Pentadromos Centre Thessalonikis Street 3025 Limassol Cyprus
<i>Nominated Adviser</i>	Investec Bank plc 2 Gresham Street London EC2V 7QP United Kingdom
<i>Legal advisers to the Company as to English Law</i>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
<i>Legal advisers to the Company as to Cypriot law</i>	Chrysses Demetriades & Co LLC 13 Karaiskakis Street Limassol Cyprus 3032
<i>Legal advisers to the Company as to Israeli law</i>	Steinmetz, Haring Gurman & Co 23 Begin Road Tel Aviv Israel 6618356
<i>Receiving Agent for the Open Offer</i>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom
<i>Registrars</i>	Cymain Registrars Ltd 26 Vyronos Avenue 3 rd Floor 1096 Nicosia Cyprus

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	6.00 p.m. on 15 November 2016
Announcement of the Proposals	17 November 2016
Posting of this document and, to Qualifying Non-Depository Interest Holders only, the Application Form	17 November 2016
Ex-entitlement Date	18 November 2016
Open Offer Entitlements and Excess Open Offer Entitlements credited to CREST stock accounts of Qualifying Depository Interest Holders	18 November 2016
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 2 December 2016
Latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 5 December 2016
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 6 December 2016
Latest time for lodging Forms of Instruction for the General Meeting	8.00 a.m. on 6 December 2016
Latest time for lodging Forms of Proxy for the General Meeting	8.00 a.m. on 7 December 2016
Voting record time	5.00 p.m. on 7 December 2016
Latest time for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 8 December 2016
General Meeting	10.00 a.m. (Cypriot time) on 9 December 2016
Expected date for announcement of results of the General Meeting and the result of the Subscription and Open Offer	9 December 2016
Admission of the Subscription Shares and the Open Offer Shares to trading on AIM	8.00 a.m. 19 December 2016
Expected date by which CREST stock accounts are to be credited for New Ordinary Shares in uncertificated form	19 December 2016
Consolidation Record Date	6.00 p.m. on 19 December 2016
Adoption of the Amended Articles	6.00 p.m. on 19 December 2016
Expected time and date of the Share Consolidation	8.00 a.m. on 20 December 2016

Expected date of suspension of trading on AIM	8.00 a.m. on 20 December 2016
Termination of the Depository Interest structure	6.00 p.m. on 20 December 2016
Expected date of admission of the Enlarged Share Capital on TASE and commencement of dealings in the Company's shares on TASE	21 December 2016
Effective date of the Settlement Plan	21 December 2016
Expected date of cancellation of trading on AIM	21 December 2016

Notes:

- References to times in this document and any accompanying document are to London, United Kingdom time unless otherwise stated.
- The times and dates set out in the timetable above and mentioned throughout this document are indicative and may change, in which event details of the new times and dates will be notified to AIM by means of an announcement through a Regulatory Information Service together with those dates that are not set out above in full.
- The timetable above assumes that the Resolutions are passed at the General Meeting without adjournment.
- Details in relation to transfer of CREST holdings to TASE will be sent to Depository Interest Holders in due course.

KEY STATISTICS RELATING TO THE SUBSCRIPTION AND OPEN OFFER, SHARE CONSOLIDATION

Number of Existing Ordinary Shares in issue on 16 November 2016 (being the last practicable date prior to publication of this document)	103,558,005
Basis of Open Offer	18 Open Offer Shares for every 10 Existing Ordinary Shares
Offer Price	£0.06 per Subscription and Open Offer Share
Number of Open Offer Shares	26,635,854
Number of new Ordinary Shares to be issued by the Company pursuant to the Subscription and Open Offer	188,906,755
Share Capital following the Subscription and Open Offer	292,464,760
Share Capital following the Subscription and Open Offer and the Share Consolidation	14,623,238
Number of Equity for Debt Shares following the Share Consolidation	60,367,726
Share Capital following the Subscription and Open Offer, the issue of the Equity for Debt Shares and the Share Consolidation	74,990,964
Percentage of the Existing Share Capital represented by the Equity for Debt Shares	0%
Percentage of the Enlarged Share Capital represented by the issue of the Equity for Debt Shares	80.5%
Share Consolidation ratio	One Consolidation Share for each 20 Ordinary Shares
Subscription and Open Offer Shares as a percentage of the Enlarged Share Capital immediately following TASE Admission	12.6%
Estimated net proceeds of the Subscription and Open Offer receivable by the Company after expenses	Approximately £11.0 million
Estimated expenses of the Open Offer	Approximately £0.3 million
ISIN of the Basic Entitlements	CY0126912118
CFI code for the Basic Entitlements	RSSXXR
ISIN of the Excess Open Offer Entitlements	CY0126922117
CFI code for the Excess Open Offer Entitlements	RSSXXR
ISIN of the Consolidation Shares	CY0106902113
CFI code for the Consolidation Shares	ESVUFR

ADDITIONAL IMPORTANT INFORMATION

Exchange rates

Unless otherwise stated, the exchange rates for the purpose of this circular are as follows:

US\$ (\$) to Rouble (₽)	\$1.00/65.55
GBP (£) to Dollar (\$)	£1.00/\$1.244
GBP (£) to Rouble (₽)	£1.00/81.89
NIS to US\$ (\$)	NIS1.00/\$0.26
NIS to GBP (£)	NIS1.00/£0.21

Forward-looking statements

Some of the statements in this document include forward looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements are of a future or forward looking nature.

All forward looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward looking statements in this document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

These forward looking statements speak only as of the date of this document. Subject to any obligations under the Prospectus Rules, the AIM Rules or the Disclosure Guidance and Transparency Rules, the Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Queries on procedure

If you have any queries on the procedure for acceptance and payment, you should refer to Part 2 of this document which answers some of the questions most often asked by shareholders about open offers or you should contact the Shareholder Helpline on 0370 707 1548 (UK only) or +44 (0)370 707 1548 (if calling outside the UK). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). Calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Subscription and Open Offer nor give any financial, legal or tax advice.

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise *requires*:

"Adjustment Amount"	the sum equal to the amount paid by Qualifying Shareholders (excluding the Subscribers) for the Open Offer Shares
"AIM"	the AIM market operated by the London Stock Exchange
"AIM Admission"	the admission of the Subscription and Open Offer Shares to trading on AIM
"AIM Cancellation"	the proposed cancellation of admission of the Ordinary Shares to trading on AIM to be effective on 21 December 2016 or such later date as the Directors may approve
"AIM Rules"	the AIM Rules for Companies as published and amended by the London Stock Exchange from time to time
"Application Form"	the application form accompanying this document (except in the case of certain Overseas Shareholders) to be used by Qualifying Non-Depository Interest Holders applying for Open Offer Shares under the Open Offer
"Amended Articles"	the proposed amended articles of association of the Company to be approved at the General Meeting to be adopted at 6.00 p.m. on 19 December 2016
"Articles"	the articles of association of the Company from time to time
"Basic Entitlement"	the entitlement of Qualifying Shareholders to subscribe for 18 Open Offer Share for every 10 Existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
"Bondholders"	holders of Company's debentures (Series A-F)
"Business Day"	any day other than a Saturday, Sunday or a public holiday in England or Israel on which the London Stock Exchange and TASE are open for business
"Capital Raising"	the Subscription and the Open Offer
"certificated form"	not in uncertificated form
"CFI code"	classification of financial instrument

“Closing Price”	the closing middle-market quotation of an Ordinary Share, as derived from the daily official list of the London Stock Exchange
“Company”	MirLand Development Corporation PLC
“Consolidation Shares”	the Existing Ordinary Shares, the Subscription and Open Offer Shares, in each case following the Share Consolidation
“Consolidation Record Date”	means the date of the adoption of the Amended Articles
“Court”	District Court of Paphos
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear, which facilitates the transfer of title to shares in uncertificated form
“CREST Manual”	the CREST manual issued by Euroclear
“CREST Member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST Payment”	shall have the meaning given in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST Sponsor
“CREST Sponsored Member”	a CREST Member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Depository”	Computershare Investor Services PLC
“Depository Interest”	a depository interest issued by the Depository representing an entitlement to an Existing Ordinary Share which may be traded through CREST in dematerialised form
“Depository Interest Holders”	holders of Depository Interests on the register of Depository Interest holders
“Directors”	the directors of the Company as at the date of this document
“enabled for settlement”	in relation to Open Offer Entitlements or Excess Open Offer Entitlements, enabled for the limited purpose of settlement of claim

	transactions and unmatched stock event transactions (each as described in the CREST Manual)
“Enlarged Share Capital” or “Enlarged Share Capital Shares”	the Existing Ordinary Shares as enlarged by the issue of the New Ordinary Shares and the Equity for Debt Shares
“Equity for Debt Shares”	up to 60,367,726 new Ordinary Shares (post Share Consolidation) to be issued to the Bondholders in accordance with the Settlement Plan
“Escrow Account”	a bank account with the Escrow Agent, in the joint names of the Subscribers and the Company to be operated in accordance with the Escrow Agreement
“Escrow Agent”	Fischer Behar Chen & Co Trustees Ltd., a private limited liability company with registration number No. 51-308479-8 of 3 Daniel Frisch St. Tel Aviv-Jaffa
“Escrow Agreement”	the escrow agreement between the Company, the Subscribers and the Escrow Agent dated 17 November 2016
“Escrow Amount”	US\$6,440,000 to be placed and released by the Subscribers into the Escrow Account in accordance with the provisions of the Escrow Agreement
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Application Facility”	the facility for Qualifying Shareholders to apply for additional Open Offer Shares above their Open Offer Entitlements, to the extent that the Open Offer Shares are not fully subscribed for in full by Qualifying Shareholders under the Open Offer
“Excess CREST Open Offer Entitlements”	the entitlement of Qualifying Depository Interest Holders to apply for additional Open Offer Shares above the Open Offer Entitlements credited to their stock accounts, to the extent that the Open Offer Shares are not subscribed for in full by Qualifying Shareholders under the Open Offer, and which is conditional on the relevant Qualifying Shareholder taking up his Open Offer Entitlement in full and which may be subject to scaling back as described in this document
“Excess Open Offer Entitlements”	the entitlement of Qualifying Shareholders to apply for additional Open Offer Shares above the Open Offer Entitlements to the extent that the Open Offer Shares are not subscribed for in full by Qualifying Shareholders under the Open Offer, and which is conditional on the relevant Qualifying Shareholder taking up his Open Offer Entitlement in full and which may be subject to scaling back as described in this document

“Excess Shares”	the Subscription and Open Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 18 November 2016
“Existing Ordinary Shares”	the 103,558,005 Ordinary Shares in issue on the date of this document
“Existing Shareholders”	the Shareholders of the Company as at the date of this document
“FCA”	the Financial Conduct Authority
“Form of Instruction”	the form of instruction for use by Depository Interest Holders in connection with the General Meeting, accompanying the document
“Form of Proxy”	the form of proxy for use in connection with the General Meeting, accompanying this document
“FSMA”	the Financial Services and Market Act 2000 (as amended)
“General Meeting”	the extraordinary general meeting of the Shareholders of the Company to be held at Office 606, 6th floor, Nicolaou Pentadromos Centre, Thessalonikis Street, 3025 Limassol, Cyprus on 9 December 2016 at 10.00 a.m. (Cypriot time)
“Group”	the Company and its subsidiary undertakings
“Independent Directors”	each of Saydam Salaheddin, Elias Eliades, Alexander Regenbogen and Constantinos Pandelides
“Investec”	Investec Bank plc, the Company’s Nominated Adviser and broker
“Israeli Depositary”	registration Company of Israel Discount Bank Ltd
“ISIN”	International Securities Identification Number
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	31 January 2017
“Management Options”	options over 7,416,689 New Consolidation Ordinary Shares to be granted to the Managers pursuant to the Settlement Plan
“Managers”	Yevgeny Steklov, Roman Rozental, Michael Itskovich, Timor Segal, Ivan Fateev and/or any other eligible manager designated by the

	Board
"Member Account ID"	the identification code or number attached to any member account in CREST
"Money Laundering Regulations"	the Money Laundering Regulations 2007 (as amended), the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti-Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
"New Consolidation Ordinary Shares"	ordinary shares of US\$0.20 each in the capital of the Company following the Share Consolidation
"New Ordinary Shares"	the 188,906,755 new Ordinary Shares to be issued pursuant to the Subscription and the Open Offer
"Nominated Adviser"	Investec Bank plc
"Notice of General Meeting"	the notice convening the General Meeting, set out in Part 6 of this document
"Offer Price"	£0.06 per Subscription and Open Offer Share
"Official List"	the Official List of the UKLA
"Open Offer"	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Open Offer Shares at the Offer Price on the terms and subject to the conditions set out in Part 4 of this document and, where relevant, in the Application Form
"Open Offer Entitlements"	the Basic Entitlement and the Excess Open Offer Entitlement
"Open Offer Shares"	the 26,635,854 new Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
"Ordinary Shares"	ordinary shares of US\$0.01 each in the capital of the Company (pre Share Consolidation)
"Overseas Shareholder"	a Shareholder who is resident in or a citizen of, or has a registered address in a jurisdiction outside the United Kingdom
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant

“Pre-Consolidation Shares”	the Existing Ordinary Shares and the New Ordinary Shares in each case prior to the Share Consolidation
“Proposals”	the Subscription, the Open Offer, the Share Consolidation, the adoption of the Amended Articles and AIM Cancellation
“Prospectus Rules”	the rules made by the FCA under Part IV of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Qualifying Depository Interest Holders”	holders of Depository Interests on the register of Depository Interest holders on the Record Date, other than Overseas Shareholders in Restricted Jurisdictions and certain other Overseas Shareholders
“Qualifying Non-Depository Interest Holders”	holders of Existing Ordinary Shares in certificated form on the register of members of the Company on the Record Date, other than Overseas Shareholders in Restricted Jurisdictions and certain other Overseas Shareholders
“Qualifying Shareholders”	Qualifying Non-Depository Interest Holders and Qualifying Depository Interest Holders
“Receiving Agent”	Computershare Investor Services PLC of The Pavilions, Bridgewater Road, Bristol, BS99 6ZY
“Record Date”	5.00 p.m. on 7 December 2016
“Registrars”	Cymain Registrars Ltd, 26 Vyronos Avenue, 3 rd Floor, 1096 Nicosia, Cyprus
“Regulation S”	Regulation S under the Securities Act
“Regulatory Information Service”	has the meaning given in the AIM Rules
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting that appears at the end of this document and “Resolution” shall mean any of them as the context requires
“Restricted Jurisdiction”	the United States, Canada, Australia, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would or might breach any applicable law or regulations
“₽” and “Rouble”	Russian Rouble, the legal currency of the Russian Federation
“SEC”	the US Securities Exchange Commission

"Securities Act"	US Securities Act of 1933 (as amended)
"Settlement Plan"	the conditional settlement plan and its appendices between the Company and the Bondholders approved by the Bondholders, the Shareholders and the Court
"Shareholders"	holders of Existing Ordinary Shares
"Share Capital"	the issued share capital of the Company from time to time
"Share Consolidation"	the proposed consolidation of every 20 Existing Ordinary Shares into one Consolidation Share
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security is credited
"Subscribers"	each of Jerusalem Economy Ltd, Industrial Buildings Corporation Ltd and Darban Investments Ltd
"Subscription"	the subscription of the Subscription Shares at the Offer Price by the Subscribers pursuant to the Subscription Agreement
"Subscription Agreement"	the agreement dated 17 November 2016, entered into between the Company and the Subscribers relating to the Subscription
"Subscription Shares"	up to 162,270,902 New Ordinary Shares subscribed by for the Subscribers pursuant to the Subscription Agreement
"TASE"	the Tel Aviv Stock Exchange
"TASE Admission"	the admission of the Enlarged Share Capital to trading on TASE
"UK"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "uncertificated form"	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United States" or "US"	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
"£" and "p"	means respectively pounds and pence sterling, the lawful currency of the UK

Part 1
Letter from the Chairman of the Company
(incorporated and registered in Cyprus with company registration number HE153919)

Directors:

Saydam Salaheddin *(Non-executive Director and Chairman)*
Elias Eliades *(Non-executive Director)*
Alexander Regenbogen *(Non-executive Director)*
Constantinos Pandelides *(Non-executive Director)*
Eyal Fishman *(Non-executive Director)*
David Zvida *(Non-executive Director)*
Yevgeny Steklov *(Chief Financial Officer)*
Roman Rozental *(Chief Executive Officer)*

Registered Office:

Office 606, 6th floor
Nicolaou Pentadromos Centre
Thessalonikis Street
3025 Limassol
Cyprus

17 November 2016

To: To: Shareholders and, for information purposes only, optionholders

Dear Shareholder

Subscription and Open Offer, Share Consolidation, AIM Cancellation and proposed amendments to the Articles

1 INTRODUCTION

The Company has today announced that it proposes to undertake the Capital Raising to raise approximately US\$14.1 million before expenses (including approximately US\$7.7 million which has previously been provided to the Company by the Subscribers).

The Capital Raising is being undertaken pursuant to the terms of the Settlement Plan. On 5 September 2016, the Settlement Plan was approved by the Shareholders and the Bondholders at their respective meetings and on 11 October 2016 the Settlement Plan was approved by the Court.

The Capital Raising comprises the Subscription and the Open Offer. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the Open Offer Shares.

The Company has conditionally raised gross proceeds of approximately US\$12.1 million through the issue by the Company of 162,270,902 Subscription Shares at the Offer Price to the Subscribers pursuant to the terms of the Subscription Agreement.

Under the Open Offer, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of 26,635,854 Open Offer Shares, to raise up to approximately US\$2 million before expenses, on the basis of 18 Open Offer Shares for every 10 Existing Ordinary Shares at the Offer Price, payable in full on acceptance.

The issue of the Subscription Shares and the Open Offer Shares is conditional, among other things, on:

- (a) receipt of all approvals from TASE and ISA required to effect TASE Admission before or on 30 November 2016 or such later date as agreed between the Subscribers and the Company, and, if necessary, the Bondholders;

- (b) the Resolutions being passed by the requisite majorities at the General Meeting;
- (c) the board resolution of the Company being passed by the requisite majority at the board meeting of the Company approving the issue and allotment of the Subscription and Open Offer Shares; and
- (d) AIM Admission becoming effective at 8.00 a.m. on or around 19 December 2016 or such later date as determined by the Company, being no later than the Long Stop Date.

The Offer Price represents an approximate 63.6 per cent. discount to the closing middle market price of 16.5 pence per Existing Ordinary Share on 16 November 2016 (being the last practicable date before the publication of this document).

The Company is of the opinion that such discount adequately reflects the Company's risk factors detailed in Part 3 of this document, in particular, the uncertainty about the feasibility of the completion of the Settlement Plan, the Company's inability to meet payment obligations without the fulfilment of the Settlement Plan and its equity deficit. It also takes into account the economic environment in Russia according to which companies are traded with high discount on their net asset value. In addition, the 65 per cent. discount reflects the significant expected dilution to the holding of the existing Shareholders upon the issue of the Equity for Debt Shares to the Bondholders on completion of the Settlement Plan.

The Subscribers, as existing Shareholders, have irrevocably undertaken not to take up their entitlements under the Open Offer as they are participating in the Subscription.

In order to ensure that the Company raises the full US\$14.1 million (approximately £11.3 million), the Subscribers have also agreed, pursuant to the terms of the Subscription Agreement, to subscribe for such number of New Ordinary Shares that are equal to the Open Offer Shares (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer).

The resultant holding of the Subscribers, under the assumption that Qualifying Shareholders subscribe for no Open Offer Shares, would be 277,863,082 Ordinary Shares, representing approximately 95.0 per cent. of the Company's issued share capital following the Open Offer and prior to the issue of Equity for Debt Shares.

The Subscribers have entered in to the Escrow Agreement pursuant to which they have placed the Escrow Amount in the Escrow Account with the Escrow Agent. The Escrow Agreement sets out the following release mechanism in relation to the Escrow Amount:

- the Escrow Amount less the Adjustment Amount will be automatically released to the Company on the date of AIM Admission; and
- if AIM Admission does not occur by the Long Stop Date, the Escrow Amount will be automatically released to the Subscribers.

Step	Share Capital held by Existing Shareholders (other than that held by the Subscribers)	Dilution to existing Share Capital (other than that held by the Subscribers)	Cumulative interests of the Existing Shareholders (other than the Subscribers)
Current position	14.1%	0%	100%
Subscription and Open Offer Shares ⁽¹⁾	14.1%	0%	100%
Subscription and Open	5%	64.6%	35.4%

Offer Shares ⁽²⁾			
Equity for Debt Shares ⁽³⁾	2.7%	80.5%	19.5%
Equity for Debt Shares ⁽⁴⁾	1.0%	93.1%	6.9%

⁽¹⁾ Assumes that Existing Shareholders subscribe for their Open Offer Entitlements in full.

⁽²⁾ Assumes that Existing Shareholders subscribe for no Open Offer Shares.

⁽³⁾ Assumes that Existing Shareholders subscribe for their Open Offer Entitlements in full.

⁽⁴⁾ Assumes that Existing Shareholders subscribe for no Open Offer Shares.

The maximum number of Subscription and Open Offer Shares which may be issued under the proposals is 188,906,755 new Ordinary Shares.

Save as described in relation to the subscription by the Subscribers for all the Open Offer Shares, the Open Offer is not underwritten.

The Subscription and Open Offer are each conditional, amongst other things, upon the Resolutions being passed at the General Meeting, admission of the New Ordinary Shares to trading on AIM and receipt of all approvals from TASE and ISA required to effect TASE Admission on or before 30 November 2016 or such later date as agreed between the Subscribers and the Company, and, if required, the Bondholders. In addition, the Open Offer is conditional on the Subscription completing in accordance with the terms of the Subscription Agreement.

There is no guarantee that TASE Admission will occur such that the Settlement Plan completes in accordance with its terms.

The purpose of this document is to explain the background to the Capital Raising, AIM Cancellation and the adoption of the Amended Articles and to set out the reasons why the Board believes that the Capital Raising is in the best interests of the Company and its Shareholders.

2 BACKGROUND TO AND REASONS FOR THE SUBSCRIPTION AND OPEN OFFER

In the last two years there has been a significant deterioration of the economic situation in Russia due to various macroeconomic factors which resulted in, amongst other things, a significant depreciation of the Rouble exchange rate against the US\$. The exchange rate at the beginning of the crises was approximately 33 Roubles to the US\$; in December 2014 the Rouble exchange rate stood at approximately 56 Roubles to the US\$. During 2015, the depreciation of the Rouble exchange rate against the US\$ continued and in December 2015 the Rouble exchange rate stood at approximately 73 Roubles to the US\$. During 2016, the Rouble exchange rate dropped to a minimum of approximately 82.5 Roubles to the US\$, and as at 16 November 2016 (being the latest practicable date prior to circulation of this document) the Russian currency is trading at approximately 64.5 Roubles to the US\$. In addition, the base interest rate in Russia rose sharply from 8 per cent. in July 2014 to 17 per cent. by the end of 2014. During 2015, the central bank of Russia lowered the interest rate gradually to 11 per cent. As at 19 September 2016 (being the latest practicable date prior to circulation of this document) the interest rate stood at 10 per cent.

As a result of the significant depreciation of the Rouble exchange rate against the US\$, the Company has been providing certain discounts and limitation agreements on the exchange rate to its retail and office tenants, which have affected the Company's financial results and liquidity. In addition as the residential sales are nominated in Rouble, the Company's income from residential sales decreased significantly in US\$ terms.

The Capital Raising will assist the Company to continue developing its projects, managing its assets and providing financial support to its subsidiaries to allow the Company to continue its operations as a going concern.

3 **MANAGEMENT OPTIONS**

Upon completion of the Settlement Plan, the Company will issue to the Managers options over 7,416,689 New Consolidation Ordinary Shares. The Management Options, if exercised, will represent 9 per cent. of the issued share capital of the Company on fully diluted basis subject to certain vesting criteria.

The Board believes that upon completion of the Settlement Plan, the Company's future success to a large extent will depend on its senior personnel, therefore, the Management Options have been introduced to reward, incentivise and encourage retention of the Managers and other key employees of the Company.

4 **CURRENT TRADING AND PROSPECTS**

The Company announced its results for the nine months ended 30 September 2016 on 16 November 2016.

Financial highlights included:

- Net operating income ("**NOI**") from the investment portfolio decreased to US\$14.7 million (30 September 2015: US\$17.6 million), mainly due to depreciation in the Russian Rouble's average rate against the US Dollar and due to negative movement in the Russian real estate market;
- Gross profit of US\$7.3 million (30 September 2015: US\$19.8 million);
- EBITDA of US\$5.2 million (30 September 2015: US\$10.5 million);
- Loss of US\$55.6 million (30 September 2015: loss of US\$83.7 million) due to the ongoing impact of adverse conditions in the Russian economy, which resulted in the negative fair value adjustment of investment properties of approximately US\$52.7 million, mainly due to the appreciation of the Russian Rouble against the US Dollar as of 30 September 2016 and a decrease in projected NOI;
- As at 30 September 2016 total assets amounted to US\$582.7 million, of which 91% are property and land assets (31 December 2015: US\$577.8 million);
- As at 30 September 2016 total negative equity of US\$78.2 million (30 June 2016: negative US\$29.4 million); and
- As at 30 September 2016 net leverage stood at 85% of total assets (30 June 2016: 78.5%).

Operational highlights included:

- Residential:

Triumph Park, St. Petersburg

Sales rates continued to remain high with prices in Russian Rouble of later phases increasing ahead of inflation:

Phase III: Sales momentum continued with a further 31 sales in the quarter taking total sales for the year to date to 260. In total, 1,303 apartments out of 1,346 have been pre-sold, equating to circa 97% of the scheme and representing sales of approximately US\$90.5 million. The delivery of phase III commenced at the end of August 2016, and as of today, a total of 681 apartments have been delivered to residents. Total revenues recognised to date for Phase III are US\$20.2 million.

Phase IV: Sales momentum continued with an additional 168 apartment sales in the quarter taking total sales to 385 units since 1 January 2016. In total, 806 apartments out of 1,244 have been pre-sold, equating to circa 65% of the scheme and representing sales of approximately US\$57.6 million.

Western Residence, Perkhushkovo, Moscow

Continued progress has been achieved with a further three sales in the quarter taking sales completed since 1 January 2016 to 13 and the total number of units sold to 64 of the 77 houses within the scheme.

Retail

Satisfactory performance achieved despite pressures on rents and occupancy rates in addition to further depreciation of the average rate of the Russian Rouble against the US Dollar at the beginning of the year with nine months NOI of US\$9.2 million from the Vernissage Mall and Triumph Mall compared to US\$10.4 million last year.

Occupancy remained at approximately 98% (30 June 2016: 98%), up 3% on a like for like basis.

Offices

Occupancy rates showed a marginal decline at the MirLand Business Centre, standing at 69%. NOI has reduced to US\$5.5 million in the first nine months of 2016.

5 **USE OF PROCEEDS**

The Subscription and Open Offer is expected to raise net proceeds of approximately US\$13.7 million (including the capitalisation of the loan of approximately US\$7.7 million previously provided to the Company).

The Company will apply the net proceeds of the Capital Raising to:

- complete its obligations under the Settlement Plan as described below;
- support the existing portfolio of the Company (if required); and
- fund the Company's working capital requirements.

6 **PRINCIPAL TERMS OF THE SETTLEMENT PLAN**

The main principles of the Settlement Plan are as follows:

1. Conversion of the full debt owed to the Bondholders into the following components:
 - (i) approximately 80.5 per cent. of the Company's enlarged share capital (with the possibility of dilution by the issue of the Management Options);
 - (ii) issuance of a new bond series in NIS having a principal amount of approximately US\$45 million (the "**New Series Bonds**").

2. The Subscribers agreeing to subscribe for up to US\$14.1million of the Subscription and Open Offer Shares (including the capitalisation of the loan of approximately US\$7.7 million previously provided to the Company). The Subscription Shares are subject to clawback in respect of valid applications received from Shareholders (other than the Subscribers) in respect of the Open Offer.
3. Upon completion of the Settlement Plan, the Company will issue to the Managers the Management Options, representing, if exercised, 9 per cent. of the issued share capital of the Company on a fully diluted basis subject to certain vesting criteria. The Management Options' exercise price reflects the current valuation of the Company.
4. The primary terms that will apply to the New Series Bonds are as follows:
 - (i) the principal will be repaid through three equal payments on 31 December 2021, 31 December 2022 and 31 December 2023;
 - (ii) the principal will bear an annual fixed interest rate of 1 per cent. which will accrue until December 2017 (PIK interest), without compound interest, and will be paid from December 2017; subsequently, interest will be paid to the Bondholders in annually on 31 December of each calendar year;
 - (iii) the Company will have the right to redeem the New Series Bonds at any time and at its sole discretion without incurring any fees or penalty;
 - (iv) the Company will not be obligated to any restriction and /or financial covenants and will be free from any limitations on the taking of loans and/or financial undertakings and granting any securities to guarantee such; and
 - (v) the right to demand the immediate repayment of the New Series Bonds will only be granted to the bondholders in the circumstances listed in Section 35I1 of the Israel Securities Law, 5728-1968 in accordance with and subject to the provisions of the new trust deed that will be adopted.

7 **PRINCIPAL TERMS AND CONDITIONS OF THE SUBSCRIPTION**

The Subscribers have agreed to subscribe for the Subscription Shares pursuant to the terms of the Subscription Agreement.

The Subscription is conditional upon:

- (a) receipt of all approvals from TASE and ISA required to effect TASE Admission before or on 30 November 2016 or such later date as agreed between the Subscribers and the Company, and, if necessary, the Bondholders;
- (b) the Resolutions being passed by the requisite majorities at the General Meeting;
- (c) the board resolution of the Company being passed by the requisite majority at the board meeting of the Company approving the issue and allotment of the Subscription and Open Offer Shares; and
- (d) AIM Admission becoming effective at 8.00 a.m. on or around 19 December 2016 or such later date as determined by the Company, being no later than the Long Stop Date.

If these conditions are not satisfied by the relevant time, the Subscription Shares will not be issued and all monies received from the Subscribers will be returned to them (at the Subscribers' risk and without interest) as soon as possible thereafter.

The Subscription Shares and the Open Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

It is expected that the Subscription Shares and the Open Offer Shares will be admitted to trading on AIM at 8.00 a.m. on 19 December 2016. Shortly after AIM Admission trading in Pre-Consolidation Shares on AIM will be suspended on 20 December 2016. During this time Shareholders will not be able to trade in those shares.

The Existing Ordinary Shares and the New Ordinary Shares will then be consolidated prior to TASE Admission (please refer to paragraph 10, Part I below for more details).

It is expected that the Enlarged Share Capital will be admitted to trading on TASE on or around 21 December 2016 and admission of the Consolidation Shares to trading on AIM will be cancelled on the same day, i.e. 21 December 2016.

8 **PRINCIPAL TERMS AND CONDITIONS OF THE OPEN OFFER**

A total of 26,635,854 new Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance.

The Subscribers, as existing Shareholders, have each irrevocably undertaken not to take up their entitlements under the Open Offer to provide Shareholders the opportunity to take up more Open Offer Shares to mitigate the dilutive effect of the Subscription and the issue of the Equity for Debt Shares.

The Subscribers have also subscribed for the number of New Ordinary Shares equivalent to all the Open Offer Shares pursuant to the terms of the Subscription Agreement offered under the Open Offer which are not otherwise taken up by Qualifying Shareholders (other than the Subscribers) under the Open Offer.

Subject to fulfilment of the terms and conditions referred to in this document, and where relevant, set out in the Application Form, Qualifying Shareholders may apply for Open Offer Shares under the Open Offer at the Offer Price on the following basis:

18 Open Offer Shares for every 10 Existing Ordinary Shares,

in proportion to the number of Existing Ordinary Shares held on the Record Date. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating an Open Offer Entitlement and made available to Qualifying Shareholders pursuant to the Excess Application Facility.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form for Qualifying Non-Depository Interest Holders or credited to the CREST account of Qualifying Depository Interest Holders.

Under the Excess Application Facility, provided that they have agreed to take up their Open Offer Entitlements in full, Qualifying Shareholders may apply for more than their Basic Entitlement should they wish to do so. Applications by Qualifying Shareholders for Excess Shares under the Excess Application Facility will be limited to a maximum number of Excess Shares equal to three times the Basic Entitlement of such Qualifying Shareholders at the Record Date. If the total number of Excess Shares applied for by all Qualifying Shareholders exceeds the total number of Excess Shares available, applications shall be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, may determine.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 18 November 2016. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 8 December 2016. Applications through the CREST system may only be made by the Qualifying Depository Interest Holder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Open Offer Shares must be paid in full on application. **The latest time and date for receipt of completed Application Forms or CREST application and payment in respect of the Open Offer is 11.00 a.m. on 8 December 2016.** The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 9 of Part 4 of this document.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of this document and on the accompanying Application Form.

The principal conditions to the Open Offer are:

- (a) completion of the Subscription;
- (b) receipt of all approvals from TASE and ISA required to effect TASE Admission before or on 30 November 2016 or such later date as agreed between the Subscribers and the Company, and, if necessary, the Bondholders;
- (c) the Resolutions being passed by the requisite majorities at the General Meeting;
- (d) the board resolution of the Company being passed by the requisite majority at the board meeting of the Company approving the issue and allotment of the Subscription and Open Offer Shares; and
- (e) AIM Admission becoming effective at 8.00 a.m. on or around 19 December 2016 or such later date as determined by the Company, being no later than the Long Stop Date.

Accordingly, if these conditions are not satisfied, the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

The Open Offer Shares and the Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

It is expected that the Open Offer Shares and the Subscription Shares will be admitted to trading on AIM at 8.00 a.m. on 19 December 2016. Shortly after AIM Admission trading in the Pre-Consolidation Shares on AIM will be suspended. During this time Shareholders will not be able to trade in those shares.

The Pre-Consolidation Shares will then be consolidated prior to TASE Admission (please refer to paragraph 10, Part I below for more details).

It is expected that the Enlarged Share Capital will be admitted to trading on TASE on or around 21 December 2016 and admission of the Enlarged Share Capital to trading on AIM will be cancelled on the same day, i.e. 21 December 2016.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-Depository Interest Holders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Depository Interest Holders should note that, although their Open Offer Entitlement will be credited to their CREST accounts, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Depository Interest Holders originally entitled or by a person entitled by virtue of a bona fide market claim. Subscription and Open Offer Shares which are not taken up under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up New Ordinary Shares will have no rights under the Open Offer. Any Subscription and Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Subscribers, with the net proceeds retained for the benefit of the Company.

9 **BACKGROUND AND REASONS FOR CANCELLATION OF TRADING ON AIM**

In connection with the Settlement Plan and pursuant to the requirements of Israeli law, the execution of the Settlement Plan requires the Enlarged Share Capital to be admitted to trading on TASE.

The Directors have undertaken a review of the benefit of the Company's shares to be traded on both AIM and TASE and concluded that it is in the best interests of the Company and its Shareholders as a whole for admission of the Existing Shares and the New Ordinary Shares to trading on AIM to be cancelled.

In making this decision, the Directors have considered the ongoing expense of maintaining a quotation on both AIM and TASE and the current low volumes of trading of the Existing Ordinary Shares on AIM. In addition, the Directors also believe that the dual listing will increase the complexity of the Company's regulatory obligations which will be time consuming for the management of the Company.

The Directors believe that the Company's listing on TASE will give it adequate access to equity capital if needed. The Directors also believe that TASE offers a more attractive platform for trading in the Company's shares, especially in light of their understanding that a majority of the Existing Ordinary Shares are held by Israel-based investors.

TASE Admission is a condition of the Settlement Plan becoming effective.

As part of the TASE Admission process, the Company's share register will need to be transferred to Israel. To effect the transfer of the share registers to Israel, shortly after AIM Admission trading on AIM in the Pre-Consolidation Shares will be suspended. During this time Shareholders will not be able to trade in the Pre-Consolidation Shares. The Company's Depository Interest structure will be collapsed and subscribers for the Subscription Shares and the Open Offer Shares will be issued share certificates unless they provide details to the Israeli Depository as described below. It is envisaged that AIM Cancellation will take place on the day of TASE Admission, i.e. 21 December 2016.

In order to trade shares on TASE, Depository Interest Holders will be given the opportunity to transfer their holding to the Israeli Depository. An "action to be taken" letter which sets out detailed steps to be taken in order to transfer DIs to TASE will be sent to Depository Interest Holders in due course.

AIM Cancellation is conditional upon the Resolution approving AIM Cancellation being passed. Under the AIM Rules, AIM Cancellation can only take place after the expiration of a period of twenty Business Days from the date on which notice of AIM Cancellation is given. In addition, a period of at least five Business Days following the Shareholder approval of AIM Cancellation is required before AIM Cancellation may be put into effect.

If TASE Admission does not occur for any reason the Company will still proceed with AIM Cancellation which will result in the following:

- (a) there will be no public market or trading facility on any recognised investment exchange for the Ordinary Shares and, consequently, there can be no guarantee that a Shareholder will be able to purchase or sell any Ordinary Shares;
- (b) the Company will cease to have a nominated adviser and broker;
- (c) as an unlisted company, the Company will be subject to less stringent accounting disclosure requirements; and
- (d) the cancellation may have either positive or negative taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately.

10

BACKGROUND AND REASONS FOR THE SHARE CONSOLIDATION

The Directors are proposing the Share Consolidation in order to comply with the minimum trading price requirement on TASE being that the trading price cannot be lower than NIS 1.00. Accordingly, the Pre-Consolidation Shares are required to be consolidated after AIM Admission but before TASE Admission in order to satisfy this requirement.

The Share Consolidation will increase the nominal value of the Pre-Consolidation Shares and decrease the total number of the Consolidation Shares by a factor of ten. Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole in order to facilitate TASE Admission and completion of the Settlement Plan.

The Share Consolidation is conditional upon the Resolutions being passed at the General Meeting.

The Share Consolidation will take place on 20 December 2016, while trading on AIM is suspended, and before TASE Admission.

The rights attached to the Consolidation Shares will be the same as the rights attaching to the Pre-Consolidation Shares.

Following the Share Consolidation, Shareholders will own the same proportion of Ordinary Shares in the Company as they did previously (subject to fractional entitlements) but will hold fewer Consolidation Shares than the number of the Pre-Consolidation Shares. The Share Consolidation will result in an issued ordinary share capital of 14,623,238 Consolidation Shares.

No Shareholder will be entitled to a fraction of a New Consolidation Ordinary Share and where, as a result of the Share Consolidation, any Shareholder would otherwise be entitled to a fraction only of a New Consolidation Ordinary Share in respect of their holding of Pre-Consolidation Shares on the Consolidation Record Date (a "**Fractional Shareholder**"), such fractions will, in so far as possible, be aggregated with the fractions of New Consolidation Ordinary Share to which other Fractional Shareholders of the Company would be entitled so as to form full Consolidation Shares ("**Fractional Entitlement Shares**"). These Fractional Entitlement Shares will be aggregated and the Directors will sell (or appoint another person to sell) the whole number of Fractional Entitlement Shares and hold the proceeds of such sale on behalf of the relevant Shareholders.

The provisions set out above mean that any such Fractional Shareholders will not have a resultant proportionate shareholding of Consolidation Shares exactly equal to their proportionate holding of Pre-Consolidation Shares, and as noted above, Shareholders with only a fractional entitlement to a Consolidation Share (i.e. those Shareholders holding a total of fewer than 20 Pre-Consolidation Shares at the Consolidation Record Date) will cease to be a Shareholder of the Company. Accordingly, Shareholders holding fewer than 20 Pre-Consolidation Shares following completion of the Subscription and the Open Offer and who wish to remain a Shareholder of the Company following the Share Consolidation need to increase their shareholding to at least 20 Pre-Consolidation Shares prior to the Consolidation Record Date. Shareholders in this position are encouraged to obtain independent financial advice before taking any action.

11 **AMENDMENTS TO ARTICLES OF ASSOCIATION**

As a general rule, in order to obtain a listing on TASE a company may have only one shareholder on the share register. As the Company is a Cypriot public company and under Cypriot Law a public company must have at least seven shareholders, in order to facilitate settlement on TASE, TASE have agreed (subject to receiving a legal opinion from the Company's legal advisers as to Cypriot law) to make a dispensation from the "one shareholder" rule. Accordingly, the Company may have seven shareholders on the share register at TASE Admission and the number of shareholders must not change at any given time.

In connection with the Settlement Plan, it is proposed that the current Depository Interest structure is collapsed prior to TASE Admission. The Depository Interest Holders will be given the opportunity to transfer their holding to the Israeli Depository. Those Depository Interest Holders that do not provide the relevant information in order to transfer to the Israeli Depository will be registered as shareholders of the Company shortly before TASE Admission, which will result in having more than seven shareholders compromising TASE Admission and the completion of the Settlement Plan.

In order to ensure that the Company complies with the TASE requirements as set out above, the Directors propose the following changes to the Articles:

- The Directors will be given power to sign an instrument of transfer on behalf of a transferor allowing the Directors to transfer Depository Interest Holders' interests in Ordinary Shares who did not provide the relevant information to be transferred to the Israeli Depository from the Company's share register to a trustee to be held on trust for the relevant Depository Interest Holder.
- That instrument of transfer is not required to be signed by a transferee.
- The Directors will be given power to sign an instrument of transfer on behalf of a transferee (if required).

Further, upon completion of the Settlement Plan, the Enlarged Share Capital will be admitted to trading on TASE. As a result, several issues concerning the Israeli Companies Law and the Israeli Securities Law are required by the ISA and TASE to be adopted by the Company in its constitution. Further amendments will be required to the Articles post-TASE Admission to fulfil these requirements and a further circular will be posted to shareholders in due course.

Accordingly, shortly after TASE Admission a separate extraordinary general meeting of the Company will be convened in order to seek shareholders' approval to amend the Articles.

12 **GENERAL MEETING**

A notice convening a General Meeting of the Company, to be held at 10.00 a.m. (Cypriot time) on 9 December 2016, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

Resolution 1

Resolution 1 will be proposed as an ordinary resolution to authorise the directors of the Company to issue and allot new Ordinary Shares up to an aggregate nominal value of US\$1,889,068 in connection with the Subscription and the Open Offer.

Resolution 2

Resolution 2 will be proposed as a resolution such that the pre-emption rights of the Shareholders arising under the provisions of the Articles and/or the Law be waived in connection with the Subscription and Open Offer Shares.

Resolution 3

Resolution 3 to be proposed as an ordinary resolution such that every 20 Existing Ordinary Shares of the Company be consolidated into one Consolidation Share.

Resolution 4

Resolution 4 will be proposed as an ordinary resolution to authorise the directors of the Company to issue and allot up to 60,367,726 New Consolidation Ordinary Shares in connection with the Equity for Debt Shares and to authorise the directors of the Company to issue and allot such number of New Consolidation Ordinary Shares as equivalent to the aggregate of the fractional entitlements arising as a result of the Share Consolidation.

Resolution 5

Resolution 5 will be proposed as a special resolution to amend the articles of association of the Company with effect from 6.00 p.m. on 19 December 2016.

The above resolutions are inter-conditional and should one of the Resolutions fail to be passed by the requisite majority all other resolutions will not be effective.

Resolution 6

Resolution 6 will be proposed as a special resolution to cancel admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM.

13 **ACTION TO BE TAKEN BY SHAREHOLDERS AND DEPOSITORY INTEREST HOLDERS**

13.1 **In respect of the General Meeting**

You will find enclosed with this document a Form of Proxy or Form of Instruction (as applicable) for use at the General Meeting or at any adjournment thereof. Whether or not you propose to attend the meeting in person, you are requested to complete the Form of Proxy or Form of Instruction (as applicable) in accordance with the instructions printed thereon and to return it as soon as possible, but in any event Forms of Instruction should be received by Computershare Investor Services PLC by no later than 8.00 a.m. on 6 December 2016 and Forms of Proxy should be received by no later than 8.00 a.m. on 7 December 2016.

13.2 **In respect of the Capital Raising**

Your attention is drawn to paragraphs 5 and 6 of Part 4 of this document which explains the actions to be taken in respect of the Capital Raising.

14 **OVERSEAS SHAREHOLDERS**

The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares or Depository Interests for the benefit of such persons, (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to paragraph 9 of Part 4 of this document, which sets out the restrictions applicable to such persons. No offer of Subscription and Open Offer Shares is being made under this documents, subject to certain exceptions, to Shareholders with registered addresses, in, or to residents of, the US or any other Restricted Jurisdiction.

15 **ADDITIONAL INFORMATION**

You should read the whole of this document. In particular, you should consider carefully the section headed "Risk Factors" set out in Part 3 of this document.

16 **TAXATION**

If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent tax adviser without delay.

17 **RELATED PARTY TRANSACTION**

As the Subscribers are the substantial shareholders (as defined in the AIM Rules for Companies) of the Company, for the purposes of the Subscription and Open Offer, the Subscription and Open Offer are classified as a related party transaction under the AIM Rules. The Directors (other than Eyal Fishman given his historic connections with the Subscribers and David Zvida, who is a director of the Company and is also a director of the Subscribers) consider, having consulted with Investec, the Company's nominated adviser, that the terms of the Subscribers' participation in the Subscription and the Open Offer are fair and reasonable and in the best interests of the Company and the Shareholders as a whole

18 **IMPORTANCE OF VOTE**

THE SETTLEMENT PLAN IS SUBJECT TO A NUMBER OF CONDITIONS PRECEDENT. SHOULD ANY OF THESE CONDITIONS NOT BE SATISFIED IN FULL OR BE WAIVED BY THE BONDHOLDERS, THE SETTLEMENT PLAN MAY NOT BECOME EFFECTIVE IN ACCORDANCE WITH ITS TERMS, THEREFORE, AS THE COMPANY WILL BE IN DEFAULT UNDER THE TERMS OF THE DEBENTURES, THE BONDHOLDERS MAY COMMENCE INSOLVENCY PROCEEDINGS AGAINST THE COMPANY.

AS STATED ABOVE, IT IS CRITICAL THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS SUCH THAT, ASSUMING THE OTHER CONDITIONS ARE SATISFIED, THE SETTLEMENT PLAN AND THE SUBSCRIPTION AND THE OPEN OFFER CAN PROCEED.

19 **RECOMMENDATION**

The Independent Directors consider that the Settlement Plan, and each of the Resolutions, are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend Shareholders to vote in favour of each of the Resolutions.

Yours sincerely

Saydam Salaheddin

Non-Executive Chairman

17 November 2016

Part 2

Some questions and answers about the Capital Raising

The questions and answers set out in this Part 2 of this document are intended to be in general terms only and, as such, you should read Part 4 of this document, which sets out the terms and conditions of the Open Offer, for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part 2 deals with general questions relating to the Capital Raising and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 9 of Part 4 of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 4 of this document for full details of what action you should take. If you are a CREST Sponsored Member, you should also consult your CREST Sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline on 0370 707 1548 (from inside the United Kingdom or +44 (0)370 707 1548 (from outside the United Kingdom). Please note the Shareholder Helpline will be open from 8.30 a.m. to 5.30 p.m. on any week day. Calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Capital Raising or to provide legal, business, financial, tax or investment advice.

The contents of this document should not be construed as legal, business, accounting, tax investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1 What is a Subscription and Open Offer?

A subscription and open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the "**Open Offer**") and providing for new or existing investors to acquire any shares not bought by the company's existing shareholders (the "**Subscription**"). The fixed price is normally at a discount to the market price of the Existing Ordinary Shares prior to the announcement of the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of 26,635,854 Open Offer Shares at a price of 6 pence per Open Offer Share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, unless you are a Shareholder with a registered address or located in the United States or any of the Restricted Jurisdictions, you will be entitled to acquire Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 18 Open Offer Share for every 10 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to acquire an Open Offer Share in respect of any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at an approximate 63.6 per cent. discount to the Closing Price of 16.5 pence per Ordinary Share on 16 December 2016 (the last practical date before the Capital Raising was announced). Due to this discount, and while the market value of an Ordinary Share exceeds the Offer Price, the right to buy the Open Offer Shares is potentially valuable.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. To the extent that Open Offer Shares are not taken up under the Open Offer then the Open Offer Shares will be issued at the Offer Price to the Subscribers.

Unlike in a rights issue, Application Forms are not negotiable instruments and neither they nor the Open Offer Entitlements can themselves be traded.

2 I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address in the United States or any of the Restricted Jurisdictions, you will be sent an Application Form that shows:

- (a) how many Existing Ordinary Shares you held at 6.00 p.m. on 15 November 2016 (the Record Date for the Open Offer);
- (b) how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (c) how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

If you have a registered address in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions you will not receive an Application Form.

If you would like to apply for any of or all the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE or in the reply-paid envelope provided (for use within the UK only) with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first-class post from within the United Kingdom. Please also see questions 3, 5, 10 and 17 for further help in completing the Application Form and the payment arrangements.

3 I am a Qualifying Shareholder with a registered address in the UK and I hold my Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

(a) *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign the Application Form and send it, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to "Computershare re: MirLand Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE to arrive by no later than 11.00 a.m. on 8 December 2016, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part 4 of this document and will be set out in the Application Form.

(b) *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write "25" in Box 4.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example "25") by 6 pence, which is the price in pence of each Open Offer Share (giving you an amount of 150 pence). You should write this amount in Box 5, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Computershare re: MirLand Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE to arrive by no later than 11.00 a.m. on 8 December 2016, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part 4 of this document and will be set out in the Application Form.

(c) If you do not want to take up your Open Offer Entitlement

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 8 December 2016, we have made arrangements under which the Subscribers will be able to take up New Ordinary Shares equivalent to the number of Open Offer Shares not taken up under Open Offer.

If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 64.6 per cent.

4 I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the open offer?

CREST Members should follow the instructions set out in Part 6 of this document. Persons who hold Existing Ordinary Shares through a CREST Member should be informed by such CREST Member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement, and should contact their CREST Member should they not receive this information.

5 I acquired my Existing Ordinary Shares prior to the Ex-entitlement Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an application form or I have lost my Application Form?

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying Non-Depository Interest Holders, however, will not receive an Application Form but may still be eligible to acquire Open Offer Shares under the Open Offer, namely:

- (i) Qualifying Depository Interest Holders who held their Existing Ordinary Shares in uncertificated form at 6.00 p.m. on 15 November 2016 and who have converted them to certificated form prior to 4.30 p.m. on 2 December 2016;
- (ii) Shareholders who bought Existing Ordinary Shares before or on the Ex-entitlement Date and who hold such Existing Ordinary Shares in certificated form but were not registered as the holders of those Existing Ordinary Shares at 6.00 p.m. on 15 November 2016; and
- (iii) Certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Shareholder Helpline on 0370 707 1548 (from inside the United Kingdom), or +44 (0)370 707 1548 (from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. For legal reasons, the Shareholder Helpline will only be able to provide information contained in this document (and in addition information relating to the Company's register of members) and will be unable to give advice on the merits of the Capital Raising or to provide financial, tax or investment advice.

6 If I buy Existing Ordinary Shares after the record date will I be eligible to participate in the Open Offer?

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 18 November 2016.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Existing Ordinary Shares on or after 8.00 a.m. on 18 November 2016, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

7 I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your Open Offer Entitlement is detailed in Box 2 on the Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced further. Please refer to answers 3.2 and 3.3 of Question 3 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-Depository Interest Holders should also note that their Application Forms are not negotiable documents and cannot be traded.

Qualifying Depository Interest Holders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlements will have neither rights under the Open Offer nor receive any proceeds from it. Any Open Offer Shares for which application has not been made in respect of the Open Offer will be acquired by those Subscribers who participate in the Subscription.

8 What if I change my mind?

If you are a Qualifying Non-Depository Interest Holder once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 6.7 of Part 4 of this document.

9 What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Application Facility.

10 **I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 3 of the Application Form?**

If you want to spend less than the amount set out in Box 3, you should divide the amount you want to spend by 6 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100.00 you should divide £100.00 by 6 pence. You should round that down to the nearest whole number (in this example, 1666.66), to give you the number of shares you want to take up. Write that number (in this example, 1666) in box 4.

To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 1666) by 6 pence and then fill in that amount rounded down to the nearest whole pence (in this example being, rounded down to the nearest whole pence, £100) in Box 5 and on your cheque or banker's draft accordingly.

11 **I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you held shares in the Company directly and you have sold some or all of your Existing Ordinary Shares before 8.00 a.m. on 18 November 2016, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

If you sell any of your Existing Ordinary Shares on or after 8.00 a.m. on 18 November 2016, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

12 **I hold my Existing Ordinary Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. Cheques must be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy money laundering requirements. The funds should be made payable to "Computershare re: MirLand Open Offer". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted. Third party cheques may not be accepted.

13 **Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

Your proportionate ownership and voting interest in the Company may be reduced as a result of the Subscription depending upon the take up of the Open Offer. If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced further.

14 **I hold my existing ordinary shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and monies by post in the enclosed reply-paid envelope (from within the United Kingdom) by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

15 **I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 8 December 2016. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form within the United Kingdom

16 **I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**

Qualifying Shareholders who take up their Open Offer Entitlements will not be sent a definitive share certificate for the Open Offer shares as the Existing Share Capital and the New Ordinary Shares will be consolidated shortly after admission of the Open Offer Shares to trading on AIM.

17 **What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 1 on page 1 of the Application Form) is incorrect?**

If you have bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not be entered on the register of members before the Record Date for the Open Offer. If you have bought Existing Ordinary Shares before 6.00 p.m. on 15 November 2016 but were not registered as the holder of those shares on the Record Date for the Open Offer (6.00 p.m. on 15 November 2016), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 8.00 a.m. on 17 November 2016.

Otherwise, if you are concerned about the figure in Box 1, please call Computershare on 0370 707 1548 or, if telephoning from outside the UK, on +44 (0)370 707 1548 between 8.30 a.m. and 5.30 p.m. Calls may be recorded and monitored randomly for security and training purposes. The Registrars cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

18 **Will I be taxed if I take up my entitlements?**

If you are in any doubt as to your tax position in relation to taking up your entitlements under the Open Offer, or you are subject to tax in any jurisdiction other than the United Kingdom, you should immediately consult a suitable professional adviser.

19 **What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlements. Shareholders with registered addresses in the United States or any of the Restricted Jurisdictions are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in Part 9 of this document. The Company has made arrangements under which the Subscriber will take up your entitlements and those of other Shareholders who have not taken up their entitlements. You will not receive any money when these Open Offer Shares are sold.

20 **How do I transfer my Open Offer Entitlements into the CREST system?**

If you are a Qualifying Non-Depository Interest Holder, but are a CREST Member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 9 on page 4 of the Application Form), and ensure they are delivered to the Crest Courier and Sorting Service to be received by 3.00 p.m. on 5 December 2016 at the latest. CREST Sponsored Members should arrange for their CREST Sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 6 of this document for details on how to pay for the Open Offer Shares.

21 **Do I need to comply with the Money Laundering Regulations (as set out in paragraph 7 of this document)?**

If you are a Qualifying Non-Depository Interest Holder, you may need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (approximately £12,900) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying Depository Interest Holder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Non-Depository Interest Holders should refer to paragraph 7.1 and part 4 of this document and Qualifying Depository Interest Holders should refer to paragraph 7.2 of Part 4 of this document for a fuller description of the requirements of the Money Laundering Regulations.

22

Further assistance

Should you require further assistance, please call the Shareholder Helpline on 0370 707 1548 (from inside the United Kingdom, or +44 (0)370 707 1548 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. and 5.30 p.m. on any Business Day. Calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document or the Company's register of members and is unable to give advice on the merits of the Capital Raising or to provide legal, business, accounting, tax, investment or other professional advice.

Part 3

Risk factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorized under FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in the UK and elsewhere as well as overall global financial conditions.

This is a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. An investment in the Company is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment.

Investors should also take their own tax advice as to the consequences of owning shares in the Company as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and none of the Company or the Directors will be responsible for any tax consequences for any such investors.

1 RISKS RELATING TO THE SETTLEMENT PLAN

1.1 *Should any of the conditions to the Settlement Plan not be met the Company may be in default under the terms of the debentures*

The Settlement Plan is subject to a number of conditions precedent. Should any of these conditions not be satisfied in full or be waived by the Bondholders, the Settlement Plan may not become effective in accordance with its terms, therefore, as the Company will be in default under the terms of the debentures, the Bondholders may commence insolvency proceedings against the Company.

1.2 *Admission of the Share Capital (as enlarged by the issue of the Subscription and Open Offer Shares) to TASE may not occur*

Although the Company will have obtained all relevant approvals from TASE and ISA for the Enlarged Share Capital to be admitted to TASE prior to completion of the Subscription and Open Offer, there can be no certainty that such approvals will not be withdrawn for any reason prior to the proposed date of TASE Admission but after completion of the Subscription and Open Offer.

Should TASE Admission not occur, the Directors will continue to implement AIM Cancellation. In this event, upon cancellation of trading on AIM, there will be no public market or trading facility on any recognised investment exchange for the Subscription and Open Offer Shares and, consequently, there can be no guarantee that the Subscribers and those Shareholders participating in the Open Offer will be able to purchase or sell any Ordinary Shares.

1.3 *Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable*

Investments in Ordinary Shares may be relatively illiquid. There are a limited number of holders of Ordinary Shares and this factor, together with the number of Subscription and Open Offer Shares to be issued pursuant to the Subscription and Open Offer, may contribute to infrequent trading in the Ordinary Shares on AIM and volatile Ordinary Share price movements investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares will not be suitable for short-term investment. AIM Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market exists, the market price for an Ordinary Share may fall below the Offer Price.

2 RISKS RELATING TO THE COMPANY

2.1 ***Exposure to exchange rate fluctuations***

Since the Company's base currency is the US\$, the Company is affected by fluctuations in the rouble exchange rate. Exchange rate fluctuations decreased the Company's proceeds in US\$ terms, and harmed the Company's results which are measured in US\$.

2.2 ***Exposure to inflation***

The Company could be exposed to risks relating to changes in the indices that indicate inflationary changes in Russia, which could increase the Group's costs.

2.3 ***Prices of Goods***

Russia is mostly based upon the manufacturing of natural resources, whereby extreme changes in prices of international goods have an essential effect on the budgetary management of the government of Russia, which is liable to effect rates of exchange, recession and inflation.

2.4 ***The valuation of real estate is subject to uncertainty which could impact the actual market value of the Company's assets.***

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty.

2.5 ***The Company's ownership interests or lease rights in land may be challenged and construction projects may be delayed or cancelled.***

The Company's projects are at various stages of development. Real estate development, construction and acquisition activities are subject to significant risks of delays, non-completion and financial loss.

Russian land and property legislation is complicated and often ambiguous and/or contradictory. In particular, construction approval procedures are complicated and prone to challenge or reversal and construction and environmental rules often contain requirements that are extremely difficult to comply with in practice. As a result, the Company's lease rights to land may be challenged by governmental authorities or third parties, construction projects may be delayed or cancelled and the operation of completed properties may be suspended, all of which could materially adversely affect the Company's business, financial condition and results of operations.

The Company's development projects may also suffer delays due to insufficient availability of energy and other utilities and adequate transportation infrastructure.

The Company may acquire investments where it has only a leasehold interest in the land (but ownership of any building on it). Where there are no structures owned by the Company on the land, the land lease may be terminated early in various circumstances; ordinarily this would be in the event of breach of the land lease provisions, but there may be other circumstances provided for in the relevant lease. In addition, the land lease may not contain renewal rights.

Any termination of a lease or challenges to ownership or delays to or cancellations of the development of projects could have a material adverse effect on the Company's business, financial condition and results of operations.

2.6 ***Fluctuations in the Company's financial results from period to period may prevent steady earnings growth, or affect the Company's ability to raise capital and plan the Company's budget or business activities.***

The Company is likely to experience significant variations in revenues and profits from period to period. These variations can generally be attributed to the fact that, at times, the Company's revenues and profits are earned upon the completion of its various projects. The Company's earnings can be adversely affected if any particular project is not completed, either on time or at all. As a result, it may be difficult for the Company to report steady earnings growth, raise capital and plan the Company's budget and business activities on a period-to-period basis, which could materially adversely affect the Company's business, financial condition and results of operations and the price of the Company's Ordinary Shares.

2.7 ***The Company's business strategy contemplates further geographical expansion of the Company's business, and the Company's future growth and prospects depend on the successful execution of this strategy.***

The Company's strategy contemplates the selective geographical expansion of the Company's business across major secondary cities in Russia. These cities, which are located, in many instances, a great distance from the Company's current central operations in Moscow may present new operating challenges for the Company. In such secondary cities, the Company may have less control over its local activities. In addition, the Company may have less experience and less market knowledge in these secondary cities compared to Moscow and St. Petersburg, and therefore may not be as successful in the identification and development of future projects as it has been to date in Moscow and St. Petersburg. Furthermore, the Company may face more uncertainties with respect to the operational and financial needs of these projects. These factors may materially adversely affect the profitability of the Company's current and future operations in these cities.

2.8 ***The Company competes with real estate companies and developers for properties, development projects, tenants, contractors and purchasers.***

The Company competes with a number of real estate companies and developers for properties, development projects, tenants, contractors and purchasers. Such competition may affect the Company's ability to sell or acquire real properties, attract and retain tenants and increase the rents it is able to charge. The Company's projects upon completion will compete with an increasing supply of similar properties in prime locations in order to attract purchasers, or attract and retain tenants. Furthermore, the Company's competitors may have greater financial resources and a more experienced management team than those of the Company.

Competition in the property market may lead either to an over-supply of commercial and/or residential premises through over-development or to an increase in prices for existing properties or land for development through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis, to acquire properties or develop land at satisfactory prices or to procure purchasers for the Company's developed properties.

The Company is constantly reviewing a number of potential development projects, but there is no expectation it will be able to compete for or will successfully complete all such opportunities it identifies. No assurance can be given that the Company will be able to compete successfully in the future and, as a result, the Company's business, financial condition and results of operations may be materially adversely affected.

2.9 ***The Company is exposed to foreign exchange risk on VAT.***

The Company's principal operating currency is US Dollars. Input VAT incurred by the Russian subsidiaries in the course of their business will be offset or refunded against any output VAT. Where VAT output is less than VAT input, Russian VAT legislation provides that excess input VAT can be either offset in the later periods or claimed for refund from the budget. It should be noted that physical refund of such input VAT is difficult to achieve in practice. Such VAT refunds or offsets will be in Roubles. As such, until such time as the refund or offset is obtained, the Company's performance will be subject to the effect of exchange rate fluctuations in the Rouble (as against the US Dollar), to the extent these exposures are unhedged.

2.10 ***Because the Company is a holding company, its ability to pay dividends and other distributions depends upon the ability of its subsidiaries to pay dividends and advance funds.***

The Company is a holding company and most of its operations are conducted through its subsidiaries and joint ventures. Consequently, it relies on dividends or advances from its subsidiaries. The ability of the Company's subsidiaries to pay dividends and of the Company to receive distributions from its investments in other entities, is subject to applicable local laws and other restrictions, including applicable tax laws and covenants in some of the Company's bank credit facilities. These laws and restrictions could limit the payment of dividends and other distributions to the Company or require deposits to be lodged and so restrict the Company's ability to fund other operations. In addition, the Company's right in any distribution of its subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

Shareholders should note that payment of any future dividends will be at the discretion of the Board, subject to applicable laws. The payment of any initial dividend and the achievement of any future dividend increases in accordance with the Company's dividend policy will depend upon a number of factors, including the availability of sufficient distributable reserves.

2.11 ***The Company's further growth is dependent on its senior personnel***

The Company's further growth depends on the continued services of its directors and other senior management from time to time. The current Directors and senior managers together possess property management, marketing and administrative skills and experience that are important to the operation of the Company's business.

As part of the incentive arrangements designed to retain the Company's key management and Directors, as part of the Settlement Plan the Management Options are being issued upon completion of the Settlement Plan.

There can be no assurance that the measures to attract and maintain suitable employees and executives will be successful. The ability of the Company to meet its operational requirements and the future growth and profitability of the Company may be adversely affected by a lack of senior management personnel.

If the Company lost, or suffered an extended interruption to, the services of a substantial number of its Directors or senior managers or its relationship with the Subscribers suffers, or if it were unable to attract or develop a new generation of senior management, its financial performance and condition could be adversely affected.

The Company's personnel would be free to compete with the business of the Company if they were to leave its employment, which could have a negative impact on the Company's competitive position and/or its financial performance and condition.

2.12 ***Due to the nature of certain of the contracts entered into by the Russian subsidiaries, there is a risk that the indebtedness of such a company will exceed its called up share capital, in contravention of Russian law.***

Under Russian law a company's indebtedness should not exceed its called up share capital. Due to the nature of the Company's business and inter-group loan arrangements, it is possible that the indebtedness of a Russian subsidiary may exceed its called up share capital. If there ever arises a tax inspection and the tax authorities question the ratio of indebtedness to called up share capital, there is a possibility that the taxation authorities could apply to put the relevant Company into liquidation. In such circumstances, however, the Company, as a shareholder, may be able to make further capital contributions to remedy the irregularity.

2.13 ***Takeover protection laws do not apply to the Company.***

As the Company is incorporated in Cyprus, it is subject to Cypriot law and accordingly, the City Code will not apply to the Company. Cypriot law does not contain any provisions similar to those applicable in the United Kingdom which are designed to regulate the way in which takeovers are conducted. It is, therefore, possible that an offeror may gain control of the Company in circumstances where non-selling Shareholders do not receive, or are not given the opportunity to receive, the benefit of any control premium paid to selling Shareholder(s).

3 **RISKS RELATING TO THE COMPANY'S PROPERTY INVESTMENTS**

3.1 ***The Company is exposed to risks related to the impact of a downturn in the Russian real estate market.***

The Company's business includes the acquisition of ownership or lease interests in land plots and buildings in Moscow, St. Petersburg and other parts of Russia such as Saratov and Yaroslavl. If the Company's activities become particularly concentrated in such areas, the Company may be exposed to changes in the local markets within those cities.

The performance of the Company will be adversely affected by a downturn in the property market in terms of capital valuations and rental yields achieved. In the event of a default by a tenant or during any other period during which a property is not let, the Company will suffer a rental shortfall and incur additional expenses if and until the property concerned is re-let. These expenses could include legal costs in re-letting, maintenance costs, insurance, local property taxes and marketing costs.

In addition, a downturn in general economic conditions in Russia may reduce demand for the Company's development projects which could lead the Company to making a loss on such projects or needing to find an alternative use for the development site. A downturn in Russian macroeconomic conditions could slow the entrance of international companies to the Russian market and slow growth of domestic companies, thereby reducing the growth in demand by such companies for office space. Such a downturn could also reduce the available income and thus slow demand for commercial and residential space. Such a decrease of demand in any segment may adversely affect the Company's business results.

Changing residential trends are likely to emerge within markets as they become more sophisticated and, in some regions, relaxed planning policies may give rise to over-development, thereby affecting the sales potential of competing residential developments. These factors will be considered within the investment strategy implemented by the Company but may not always be able to be anticipated.

3.2 ***Income from, and the value of, real estate assets held by the Company may be adversely affected by a number of specific real estate factors.***

Revenue earned from, and the value of, real estate assets held by the Company may be adversely affected by a number of factors, including:

- vacancies that lead to reduced occupancy rates which would reduce the Company's revenue and its ability to recover certain operating costs such as local taxes and service charges and would result in it incurring additional expenses until the property is re-let, including legal fees and marketing costs;
- the Company's ability to obtain adequate management, maintenance or insurance services on commercial terms or at all;
- borrowing costs;
- the Company's ability to collect rent and service charge payments from tenants and other contractual payments under real estate outsourcing contracts, on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all or the termination of a tenant's lease, all of which could hinder or delay the sale of a property;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- a competitive rental market which may affect rental levels or occupancy levels at the Company's properties; and
- changes in laws and governmental regulations in relation to real estate, including those governing permitted and joint ventures, environmental and safety policies, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws.

3.3 ***Because real estate investments are relatively illiquid, the Company may not be able to sell properties when required or considered appropriate.***

Historically, the real estate market in Russia has been relatively illiquid compared to real estate markets in certain other industrialised countries, principally due to the relatively small number of real estate development companies and the limited information on prices paid in comparable real estate transactions. Furthermore, real estate investments generally cannot be sold quickly. The Company's properties are subject to tax laws and are subject to financing covenants. In addition, in raising additional financing the Company may encumber new or existing properties which may further restrict their transferability. The Company has granted and may grant contractual rights of first offer which may affect the value of a particular property. These factors could adversely affect the Company's ability to generate cash through timely sales of its properties or to vary its portfolio promptly in response to economic or other conditions, which could negatively affect the Company's results of operations and create uncertainty as to the market value of the Company's properties and thereby increase the volatility of the price for the Ordinary Shares. Should the Company be unable to sell its developed properties at satisfactory prices or within the anticipated timeframe, the Company's profitability will be adversely affected.

3.4 ***The Company is subject to planning and compliance risks.***

The Company's properties must be permitted for commercial or residential activities of the type intended for development by the Company. In instances where the existing planning is not suitable or in which the planning is yet to be determined, the Company will need to apply for the required classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient. The Company cannot be certain that the process of obtaining proper planning will be completed with sufficient speed and cost to enable the property to be developed ahead of the competition without delays, or at all. Opposition by local residents to planning applications may also cause considerable delays. In addition, arbitrary changes to applicable planning may jeopardise projects which have already commenced. Therefore, if the Company does not receive planning approvals or if the procedures for the receipt of such planning approvals are delayed, the Company's costs will increase which may have an adverse effect on the Company's business.

City of Moscow (or other authorities) reconstruction or other plans may envisage the demolition or reconstruction of buildings. It may be difficult to ascertain whether an investment proposed by the Company is, or may be in the future, subject to and hence affected by such plans.

Buildings constructed in Russia often fail to comply with various matters of public or administrative law. As examples, they may not comply with the detailed requirements of the permits authorising their construction or with local authority planning requirements. It can be difficult or, in some cases, impossible, to verify such compliance due to various factors, including the inability to obtain information from all relevant authorities. Violation of these regulations may subject the Company to additional costs and may affect its expansion from time to time.

3.5 ***The Company is subject to general construction and development risks.***

The Company's construction and development activities may involve the following risks:

- inability to proceed with the development of properties as a result of failing to obtain financing upon favourable terms;
- additional construction costs for a development project being incurred in excess of original estimates, due to increased material, labour or other costs, which may make completion of the project uneconomical;
- inability to obtain, or delays in obtaining, required planning, land-use, building, occupancy, and other governmental permits and authorisations, which could result in increased costs and could require the Company to abandon a project entirely. There is also a risk that planning or permitted use consents are not obtained or are delayed, or are granted subject to uneconomic or unfavourable conditions. Laws may be introduced that may be retrospective and affect existing building consents which restrict development in the Company's target geographies. This could have an adverse effect on the Company's business;

- acts of nature, such as earthquakes and floods, that may damage or delay construction of properties;
- inability to complete the construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs which may result in the termination of existing investment agreements and further result in claims by third parties for damages and termination of respective land leases; and
- building methods or materials used in the Company's developments may prove defective and where a construction company or subcontractor used on a development becomes insolvent it may prove impossible to recover compensation for such defective work or materials. In addition, the Company may incur losses as a result of repairing the defective work or paying damages to persons who have suffered loss as a result of such defective work. Furthermore, these losses and costs may not be covered by the professional liability insurance of the Company, the construction company or the subcontractor.

Any negative change in one or more of the above factors may adversely affect the Company's business, financial condition and results of operations.

3.6 ***The Company depends on contractors and subcontractors to construct its projects.***

The Company relies on subcontractors for all of its construction and development activities. If the Company cannot enter into subcontracting arrangements on acceptable terms (or at all) it will incur additional costs which may have an adverse effect on its business. The competition for the services of quality contractors and subcontractors may cause delays in construction, exposing the Company to a loss of competitive advantage. Subcontracting arrangements may be on less favourable terms than would otherwise be available, which may result in increased development and construction costs. By relying on subcontractors, the Company becomes subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects and the financial stability of the subcontractors. A shortage of workers would also have a detrimental effect on the Company and its subcontractors and, as a result, on the Company's ability to conclude the construction phase on time and within budget.

3.7 ***The Company may be affected by shortages in raw materials and employees.***

The building industry may from time to time experience fluctuating prices and shortages in the supply of raw materials as well as shortages of labour and other materials. The inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to the Company may result in delay in the construction of a project and costs exceeding the project's budget and, consequently, may have a material adverse effect on the results of the Company's operations.

3.8 ***In Russia, authorities may require developers to contribute to the local infrastructure.***

Russian authorities may require developers of real estate to make a contribution towards the local infrastructure. Such demands are arbitrary and, unless accurately budgeted for, may have a material adverse effect on the results of the Company's operations.

3.9 ***Tender for contracts with local authorities are sometimes subject to requirements that either a portion of an interest in the completed project or other compensation be allocated to the local authority.***

In tenders for contracts with local authorities, including that of Moscow, it is common that such contracts require that an interest in the completed development projects be allocated to the relevant city or, alternatively, similar space in a different location or monetary payment be provided by the developer to the city. The interest in the project to be allocated, or amount to be paid, is typically agreed in an investment contract. Sometimes there is an uncertainty as to whether, and to what extent, such a requirement will be made. Any difference between the amount provided for in such investment contract and the actual interest or amount could have an adverse impact on the Company's results of operations.

3.10 ***Changes in laws could adversely affect the Company's properties.***

Various laws and regulations, including fire and safety requirements, environmental regulations, land use restrictions and taxes affect properties held by the Company. If the Company's properties do not comply with these requirements, the Company may incur governmental fines or private damage awards. New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may also adversely affect the Company's ability to operate or resell properties.

3.11 ***The Company may suffer uninsured losses.***

Whilst the Company maintains an appropriate suite of insurance policies to cover its business, operations and assets the Company's real estate assets could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks. The Company would also remain liable for any debt or other financial obligation related to that property. In addition, the Company's insurance policies may not insure for the current aggregate market value of the Company's portfolio, particularly as the market value of the portfolio increases. As a result, the Company may not have sufficient coverage against all losses that the Company may experience. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future.

3.12 ***The Company is dependent on its ability to maintain satisfactory rental levels.***

Rental levels and the market value for properties are generally affected by overall economic conditions in Russia and in the cities in which the Company operates (e.g. growth and absolute levels of gross domestic product, declining demand for certain types of properties, competition, employment trends, inflation and changes in interest rates). These factors may result in a general decline in rents or an increase in defaults under existing leases. Rent reviews, to the extent they are present, may not be agreed at the then estimated rental values.

The Company is dependent on its ability to attract third parties to enter into new leases on favourable rental terms. The Company may find it more difficult to attract third parties to enter into leases during periods when market rents are increasing, or when general consumer activity is decreasing. Upon their expiration, leases may not be renewed by existing tenants, the space may not be re-leased to new tenants promptly or at all or the terms of renewal or re-leasing (including the cost of required renovations or concessions to tenants) may be less favourable to the Company than previous lease conditions.

3.13 ***Environmental liabilities and compliance costs may have a significant negative effect on the Company's results of operations.***

The environmental laws of the Russian Federation impose actual and potential obligations on members of the Company to conduct remedial action on contaminated sites. Such laws often impose liability without regard to whether the owner knew of, or was responsible for the presence of these substances. These obligations may relate to sites:

- that a member of the Company currently owns or operates; or
- where waste from a member of the Company's operations was disposed.

The owner's liability as to any property is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on, or in, any of the Company's properties, or the failure to remedy property contamination from such substances, could adversely affect the Company's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Company's return on investment. In addition, the presence of hazardous or toxic substances on or in a property may prevent, delay or restrict development or redevelopment of such property and this could have an adverse effect on the returns generated from such property.

The Company's accruals for these obligations may be insufficient if the assumptions underlying these accruals prove incorrect or if a member of the Company is held responsible for additional, currently undiscovered contamination.

Furthermore, a member of the Company may become involved in claims and lawsuits relating to environmental matters. An adverse outcome in any of these might have a significant negative impact on the Company's operations. Stricter environmental, safety and health laws and enforcement policies could result in substantial costs and liabilities and could subject the real estate properties that the Company owns or operates (or those formerly owned or operated by any member of the Company) to more rigorous scrutiny than is currently the case. Consequently, compliance with these laws could result in significant capital expenditures as well as other costs and liabilities, thereby materially and adversely affecting the Company's business, prospects, financial condition and results of operations.

3.14 ***Industrial accidents or environmental hazards in the Russian Federation could negatively affect the Company.***

According to publicly available information, approximately 15 per cent. of Russian territories are in ecological distress. This situation negatively affects the health of the population in the Russian Federation. In addition, there are a number of nuclear and other dangerous installations on Russian territory, where safety systems to contain ecological risks may not be sufficiently effective. The occurrence of accidents in these installations, as well as the general unfavourable ecological situation in the Russian Federation, may have a material and adverse effect on the Company's activities.

4 **RISKS RELATING TO RUSSIA**

4.1 ***The Group may be subject to risks that may arise from the current political instability between Russia and the West concerning Ukraine***

The political and economic turmoil witnessed in the region, including the developments in Ukraine have had and may continue to have a negative impact on the Russian economy, including further weakening of the Rouble. The Company has no assets or operations in Ukraine, however, the European Union and the United States have imposed targeted sanctions on a number of Russian individuals and companies. Russia had responded by imposing certain sanctions itself, imposing some import and travel restrictions. This situation is volatile, with further sanctions and actions being considered by all parties. This has led to further uncertainty and volatility in the financial markets including an increase in the perceived risk of investing in Russia. These, and other events, may have a significant impact on the Company's operations, ability to access funding and financial position, the effect of which is difficult to predict. The consequential increase of the perceived risk of investing in Russia could also be materially detrimental to the Company.

4.2 ***Economic instability in Russia could adversely affect the Company's profitability***

The Russian economy has been subject to abrupt downturns. Since the dissolution of the Soviet Union, the Russian economy has experienced, at various times:

- significant declines in gross domestic product;
- hyperinflation;
- an unstable currency;
- high government debt relative to gross domestic product;
- a weak banking system providing limited liquidity to enterprises in Russia;
- high levels of loss-making enterprises that continue to operate due to the lack of effective bankruptcy proceedings;
- significant use of barter transactions and illiquid promissory notes to settle commercial transactions;
- widespread tax evasion;
- growth of a black and grey market economy;
- pervasive capital flight;

- high levels of corruption and the penetration of organized crime in the economy; and
- significant increases in unemployment and underemployment.

In the event of a recession or economic downturn that affects the profitability of business and employment levels in Russia, the demand for properties, and particularly office space for office and retail enterprises in the service sector, retail space in upscale shopping districts and deluxe residential properties, will be directly and adversely affected. In such circumstances the value of the Company's properties may decrease and the number of tenant vacancies may increase. This could adversely affect the value and marketability of the Company's properties, cause the Company to lower its rental rates and/or force the Company to offer economic incentives. Consequently, a recession or an economic downturn could materially and adversely affect the Company's financial condition, results of operations and the value of the Company's properties. Inflation may lead to increased operating costs that are not fully recoverable through increased rents.

4.3 ***Reliance on oil***

The Russian economy has been heavily dependent on the production and export of oil and has, therefore, been highly sensitive to changes in the world oil price. It is impossible to predict future oil price movements with any certainty. A reduction in the world oil prices may lead to a decline in the value of Russian assets. In addition, it may have materially adverse effects on the Russian economy and consequently on the Company's business.

4.4 ***Crime and corruption***

Parts of the Russian economic system continue to suffer from corruption. Legal rights may be difficult to enforce in the face of organised crime or corruption. Prospective counterparties to the Company may seek to structure transactions in an irregular fashion, and to evade fiscal or legal requirements. They may also deliberately conceal information from the Company and its advisers or provide inaccurate or misleading information.

4.5 ***Legal system***

The volume of new legislation that has appeared, as well as the magnitude of the legislative changes taking place, has resulted in a lack of precedent available to the Russian courts to enable them to give clear and consistent judgments. Legal acts are published by a variety of state bodies and complete compliance with legal rules and standards, including in relation to privatisation, has often been difficult to achieve even for those attempting to do so. Due to the inconsistency of Russian legislation, the same provisions of the law may be applied differently by different local authorities and state bodies.

The independence of the judicial system and its immunity from economic, political and nationalistic influences in Russia remain largely untested. The court system is under-staffed and under-funded. Judges and the courts are generally inexperienced in the area of business and corporate law. Judicial precedents have no binding effect on subsequent decisions as Russia is a civil law jurisdiction. In addition, most court decisions are not readily available to the public. Enforcement of court judgments can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims may be used in furtherance of political or private objectives and court judgments are not always enforced or followed by law enforcement agencies.

Disputes concerning real estate are within the exclusive competence of the court of the Russian Federation. This does not therefore allow such disputes to be referred to arbitration outside Russia so that the Company may well be exposed to the issues outlined above.

4.6 ***Foreign investment restrictions***

The laws and regulations affecting foreign investment in Russian enterprises continue to evolve in an unpredictable manner. Laws and regulations, particularly involving taxation, foreign investment and trade, title to securities, and transfer of title that are applicable to the Company's activities can change quickly and unpredictably (sometimes with retrospective effect) in a manner far more volatile than in more developed market economies. Although basic commercial laws are in place, they are subject to varying interpretations and may at any time be amended, modified, repealed or replaced in a manner materially adverse to the interests of the Company.

4.7 ***Nationalisation, requisition, compulsory purchase***

The law on investment activity in Russia provides that in the event that property (including, by implication, real estate) is nationalised or requisitioned by the state, the owner is entitled to full reimbursement for all incurred losses, including loss of profit. It is not clear from the law how such losses will be calculated nor whether there is any way to seek to challenge (and so to prevent) confiscation of real estate.

During Russia's transformation from a centralised economy to a market economy, legislation has been enacted to protect private property against expropriation and nationalisation. However, it is possible that due to the lack of experience in enforcing these provisions and due to political or legal changes, these protections could not be enforced, in the event of an attempted expropriation or nationalisation. Some government entities have tried to invalidate earlier privatisations. Expropriation or nationalisation of the companies in which the Company invests, or of their assets or portions thereof, potentially with little or no compensation, would have a material adverse effect on the Company.

4.8 ***Repatriation restrictions***

Russian foreign investment legislation currently guarantees the right of foreign investors to transfer abroad income received from investments such as profits, dividends and interest payments. This right is subject to settlement of all applicable taxes and duties. However, more recent legislation governing currency regulation and control, guarantees the right to export interest, dividends and other income on investments, but does not expressly permit the repatriation of capital from the realisation of investments. Current practice is to recognise the right to repatriation of capital. Authorities currently do not attempt to restrict repatriation beyond the extent of the earlier Russian foreign investment legislation which did not expressly prevent the repatriation of capital. No guarantee can be made, however, that amounts representing realisation of capital or income will be capable of being remitted. Any restriction on the repatriation of capital or income may have a materially adverse effect on the Company.

4.9 ***Russian taxation***

Russian tax law and practice is not as clearly established as that of the UK. It is possible that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect, although legislation with retrospective effect that cause a deterioration in taxpayers' positions is generally prohibited. Russian tax laws have been in force for a short period relative to tax laws in more developed market economies: therefore the government's implementation of these tax laws is often unclear or inconsistent. Often, differing legal interpretations exist between companies that are taxed and government organisations, such as the Ministry of Finance, the Federal Tax Service and its various inspectorates, creating uncertainties and areas of conflict. Generally, tax declarations remain open and subject to inspection by tax authorities for a period of three years following the tax period in question. Further, the tax authorities have in the past sought, and may again in the future, seek, ways to look back beyond the three year period. The fact that a tax declaration relating to a certain tax period has been reviewed by tax authorities under audit does not close that period from further review during the three-year period. On certain occasions set forth in the Tax Code, a taxpayer may be subject to repeated tax audits. Should the Company be subject to an adverse tax law change or interpretation, it could increase the effective tax rate of the Company and reduce profitability.

4.10 ***Servitude and easement***

In Russia, the concept of an easement or servitude such as right of way or access is non-existent or in its infancy. Accordingly the rights relating to a property over another's land (e.g. for drainage, access, rights of light, cabling, structural support etc,) are generally ill-defined concepts. The Company may be uncertain as to its rights over adjoining land, and similarly, neighbours to the Company's property may have ill-defined rights over the Company's property.

4.11 ***Liability of investors in joint stock companies and limited liability companies***

The Russian Civil Code, the Federal Law on joint stock companies and the Federal Law on limited liability companies generally provide that shareholders in a Russian joint stock company and members of a Russian limited liability company are not liable for the obligations of the company and bear only the risk of loss of their investment. An exception to these rules, however, is when one company is capable of determining the decisions of its subsidiary. Under certain circumstances, such joint stock company or limited liability company may bear joint and several responsibility for transactions concluded by its subsidiary in carrying out these decisions. Other members of the subsidiary (if any) in certain cases may also be entitled to claim for damages incurred by the subsidiary due to the fault of the relevant company. In addition, a joint stock company or limited liability company may be secondarily liable for its subsidiary's debts if it becomes insolvent or bankrupt resulting from the action or inaction of the company. This liability could have a material adverse effect on the Company's business, financial position and result of operations.

5 **RISKS RELATING TO TAX**

It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.

If any of the risks referred to above crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.

Part 4
Terms and conditions of the Open Offer

1 INTRODUCTION AND GENERAL

- 1.1 As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise up to US\$14.1 (approximately £11 million net of expenses) by way of the Subscription and Open Offer. Up to 26,635,854 new Ordinary Shares will be issued at the Offer Price through the Open Offer, conditional on AIM Admission.
- 1.2 The Subscribers have subscribed, pursuant to the terms of the Subscription Agreement, for Open Offer Shares which have not otherwise been taken up by Qualifying Shareholders under the Open Offer.
- 1.3 Qualifying Shareholders are being offered the right to subscribe for 26,635,854 Open Offer Shares in aggregate, pro-rata to their holdings of Existing Ordinary Shares (excluding fractional entitlements), and under the Excess Application Facility, to apply for Excess Shares, in each case at the Offer Price and in accordance with the terms of the Open Offer. Save as described in relation to the subscription by the Subscribers for all the Open Offer Shares in para 1.2 above, the Open Offer has not been underwritten.
- 1.4 Application Form for Qualifying Non-Depository Interest Holders accompany this document. Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to stock accounts of Qualifying Depository Interest Holders in CREST by 18 November 2016.
- 1.5 The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 8 December 2016 with AIM Admission and commencement of dealings in Open Offer Shares expected to take place at 8 a.m. on 19 December 2016.

2 THE OPEN OFFER

- 2.1 Subject to the terms and conditions set out below (and, in the case of Qualifying Non-Depository Interest Holders, in the Application Form), the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Offer Price *pro rata* to their holdings of Existing Ordinary Shares (excluding fractional entitlements), payable in full on application, free of expenses, on the basis of:
- (a) 18 Open Offer Shares for every 10 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date and so in proportion for any other number of Ordinary Shares then held; and
 - (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).
- 2.2 Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.
- 2.3 Entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. The fractional entitlements may be aggregated and made available via the Excess Application Facility.
- 2.4 Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-Depository Interest Holders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying Depository Interest Holders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Open Offer Entitlement.

- 2.5 The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying Non-Depository Interest Holders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant boxes on the Application Form. Qualifying Depository Interest Holders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 6.3 of Part 4 of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.
- 2.6 Applications for Excess Open Offer Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.
- 2.7 The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 2.8 The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Subscription and Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.
- 2.9 The Open Offer Shares will be admitted to trading on AIM. Applications will be made for the Open Offer Shares to be admitted to trading on TASE. Shortly after AIM Admission, trading in Ordinary Shares on AIM will be suspended with a view to cancel admission to trading on AIM on the day of TASE Admission, i.e. on 21 December 2016.
- 2.10 TASE Admission is expected to occur on 21 December 2016, two Business Days after AIM Admission, when dealings in the Open Offer Shares are expected to begin.
- 2.11 If you have received an Application Form with this document please refer to paragraph 5 of this Part 4.
- 2.12 If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraph 6 of this Part 4 and also to the CREST Manual for further information on the CREST procedures referred to below.
- 2.13 **The Open Offer is not a rights issue. Qualifying Non-Depository Interest Holders should note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying Depository Interest Holders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of those who do not apply under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under the Open Offer will not be issued by the Company other than to the Subscribers. Save as described in relation to the subscription by the Subscribers for all the Open Offer Shares in para 1.2 above, the Open Offer is not underwritten.**
- 2.14 **The attention of Overseas Shareholders is drawn to paragraph 9 of this Part 4.**
- 2.15 The Open Offer Shares will when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. Conditions and further terms of the Open Offer.
- 2.16 No temporary documents of title will be issued.

2.17 In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts on 19 December 2016.

3 **CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER**

3.1 The Open Offer is conditional on:

- (a) completion of the Subscription;
- (b) receipt of all approvals from TASE and ISA required to effect TASE Admission before or on 30 November 2016 or such later date as agreed between the Subscribers and the Company, and, if necessary, the Bondholders;
- (c) the Resolutions being passed by the requisite majorities at the General Meeting;
- (d) the board resolution of the Company being passed by the requisite majority at the board meeting of the Company approving the issue and allotment of the Subscription and Open Offer Shares; and
- (e) AIM Admission becoming effective at 8.00 a.m. on or around 19 December 2016 or such later date as determined by the Company, being no later than the Long Stop Date.

3.2 If these conditions are not satisfied by the relevant time, the Open Offer will not proceed and any applications made by Qualifying Non-Depository Interest Holders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

3.3 In the event that the Subscription and Open Offer does not become unconditional, the Subscription and Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and Computershare will refund the amount paid by a Qualifying Depository Interest Holder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

3.4 This document and, for Qualifying Non-Depository Interest Holders only, the Application Form, contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 2 of this Part 4 "Terms and Conditions of the Open Offer" which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 9 of this Part 4.

4 **PROCEDURE FOR APPLICATION AND PAYMENT**

The action to be taken by you in respect of the Open Offer depends on whether you are sent an Application Form in respect of your Open Offer Entitlement and Excess Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess Open Offer Entitlement is credited to your CREST stock account.

Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form will receive the Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements and Excess Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 6.7 of this Part 3.

5 IF YOU HAVE AN APPLICATION FORM IN RESPECT OF YOUR OPEN OFFER ENTITLEMENT

5.1 General

Subject to paragraph 9 of this Part 4 in relation to Overseas Shareholders, Qualifying Non-Depository Interest Holders will receive an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 1. It also shows the Open Offer Entitlements allocated to them set out in Box 2. Entitlements to Open Offer Shares are rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Application Facility. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-Depository Interest Holders may apply for less than their entitlement should they wish to do so. Qualifying Non-Depository Interest Holders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided that they have agreed to take up their Open Offer Entitlements in full, Qualifying Shareholders may apply for more than their Basic Entitlement should they wish to do so. Applications by Qualifying Non-Depository Interest Holders for Excess Shares under the Excess Application Facility will be limited to a maximum number of Excess Shares equal to three times the Basic Entitlement of such Qualifying Shareholders at the Record Date. If the total number of Excess Shares applied for by all Qualifying Shareholders exceeds the total number of Excess Shares available, applications shall be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, may determine.

The instructions and other terms set out in the Application Form which form part of the terms of the Open Offer in relation to Qualifying Non-Depository Interest Holders.

5.2 Bona fide market claims

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-Depository Interests Holders named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 6.00 p.m. on 15 November 2016. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-Depository Interest Holder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-Depository Interest Holders who have sold all or part of their registered holding should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into the United States, any other Restricted Jurisdiction, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 5.4 below.

5.3 Excess Applications

Qualifying Non-Depository Interest Holders applying for their Basic Entitlement may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The total number of Open Offer Shares will not be increased in response to any excess applications. Applications for Excess Shares will, therefore, only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements. Qualifying Shareholders applying for their Basic Entitlement will be entitled to apply for a maximum number of Excess Shares of up to a maximum number of Excess Shares equal to 1 times the Basic Entitlement of such Qualifying Shareholders at the Record Date. If applications under the Excess Applications Facility are received for more than the total number of Excess Shares available following take up of Basic Entitlements, applications shall be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility, allocated in such manner as the Board may, in its absolute discretion, determine.

Qualifying Non-Depository Interest Holders who wish to apply for Open Offer Shares in excess of their Basic Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional in all respects and applications for Excess Shares exceed the total number of Excess Shares available following the take up of Basic Entitlements, resulting in a scale back of applications, each Qualifying Non-Depository Interest Holder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for Excess Shares under the Excess Application Facility has been received, will receive a Pounds Sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-Depository Interest Holder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter by cheque, without payment of interest and at the applicant's sole risk. Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

5.4 **Application procedures**

Qualifying Non-Depository Interest Holders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement and including any of their entitlements under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted to Computershare, Corporate Actions Projects, Bristol, BS99 6AH, or returned by hand (during normal business hours only) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE (being the Receiving Agent) so as to be received by the Receiving Agent by no later than 11.00 a.m. on December 8 December 2016, after which time Application Forms will not be valid, save as provided below. Qualifying Non-Depository Interest Holders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (a) Application Forms received after 11.00 a.m. on 8 December 2016; or
- (b) applications in respect of which remittances are received before 11.00 a.m. on 8 December 2016 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

5.5 **Payments**

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Computershare re: Mirland Open Offer and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Open Offer does not become unconditional as set out above, the Open Offer will lapse and no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

If Open Offer Shares have already been allotted to a Qualifying Non-Depository Interest Holder and such Qualifying Non-Depository Interest Holder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-Depository Interest Holder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-Depository Interest Holder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrars, the Receiving Agents, or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Depository Interest Holder as a result of the such actions.

5.6 **Incorrect Sums**

If an Application Form encloses a payment for an incorrect sum, the Company through the Receiving Agents reserves the right:

- (a) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Non-Depository Interest Holder in question; or
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Non-Depository Interest Holder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or

- (c) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form up to that shareholder's entitlement, refunding any unutilised sums to the Qualifying Non-Depository Interest Holder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate account by the Receiving Agent.

5.7 **Effect of application**

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (a) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (c) confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (d) acknowledges that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, that he is able to obtain or access the Exchange Information without undue difficulty and that neither the Company nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- (e) represents and warrants to the Company that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or has received such entitlements by virtue of a *bona fide* market claim;
- (f) represents and warrants to the Company that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (g) requests that the Open Offer Shares, to which he will become entitled be issued to him on the terms set out in this document and the Application Form;

- (h) represents and warrants to the Company that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States, any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prohibited or restricted by law or regulation and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States, any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prohibited or restricted by law or regulation (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (i) the purchase by him of Subscription and Open Offer Shares does not trigger in the jurisdiction in which he is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- (j) represents and warrants to the Company that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (k) confirms that in making the application he is not relying and has not relied on the Company or any person affiliated with the Company in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Corporate Actions Projects, Bristol, BS99 6AH, or you can contact Computershare on 0370 707 1548 or +44(0)370 707 1548 if calling from outside of the United Kingdom. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) on Business Days. Calls may be recorded and randomly monitored for security and training purposes. Please note the Registrars cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or give any financial, legal or tax advice.

6 **IF YOU HAVE AN OPEN OFFER ENTITLEMENT CREDITED TO YOUR STOCK ACCOUNT IN CREST IN RESPECT OF YOUR ENTITLEMENT UNDER THE OPEN OFFER**

6.1 **General**

Subject to paragraph 6 of this Part 3 in relation to certain Overseas Shareholders, each Qualifying Depository Interest Holders will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer equal to the Basic Entitlement and the Excess Open Offer Entitlement.

Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Open Offer Shares arising will be aggregated.

The CREST stock account to be credited will be an account under the Participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying Depository Interest Holders in respect of which the Basic Entitlement and Excess Open Offer Entitlement have been allocated.

If for any reason Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying Depository Interest Holders cannot be credited by, 5.00 p.m. on 18 November 2016, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying Depository Interest Holder in substitution for the Open Offer Entitlement and Excess Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-Depository Interest Holders with Application Forms will apply to Qualifying Depository Interest Holders who receive an Application Form.

CREST Members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare on 0370 707 1548 or +44(0)370 707 1548 if calling from outside of the United Kingdom. Please note that the Registrars cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

6.2 **Market claims**

Each of the Open Offer Entitlements and the Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlements and Excess Open Offer Entitlements will thereafter be transferred accordingly.

6.3 **Excess Applications**

Qualifying Depository Interest Holders applying for their Basic Entitlement in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish, up to a maximum number of Excess Shares equal to 1 times the Basic Entitlement of such Qualifying Depository Interest Holder at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, applications shall be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion determine.

Excess Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 9 of this Part 4 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying Depository Interest Holders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares pursuant to the Excess Application Facility to be settled through CREST. The credit of such Excess Open Offer Entitlement does not in any way give Qualifying Depository Interest Holders a right to the Excess Shares attributable to the Excess Open Offer Entitlement as an Excess Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

Qualifying Depository Interest Holders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purpose of market claims only). Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying Depository Interest Holders must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlements and the relevant Basic Entitlements are transferred, the Excess Open Offer Entitlements will not transfer with the Basic Entitlements claim, but will be transferred as a separate claim. Should a Qualifying Depository Interest Holder cease to hold all of his Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess Open Offer Entitlements credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess Open Offer Entitlements.

The total number of Open Offer Shares is fixed and will not be increased in response to applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for the Basic Entitlements. Qualifying Shareholders applying for their full Basic Entitlement will be entitled to apply for Excess Shares in proportion to the number of Existing Ordinary Shares held respectively by such Qualifying Shareholders, rounded down to the nearest whole number of Excess Shares. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

6.4 **Unmatched Stock Event ("USE") instructions**

Qualifying Depository Interest Holders who are CREST Members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of Computershare under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Computershare in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (a) above.

6.5 **Content of USE instruction in respect of Open Offer Entitlements**

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Computershare);
- (b) the ISIN of the Basic Entitlement. This is CY0126912118;
- (c) the CREST Participant ID of the accepting CREST Member;
- (d) the CREST Member account ID of the accepting CREST Member from which the Open Offer Entitlements are to be debited;
- (e) the Participant ID of Computershare in its capacity as a CREST receiving agent. This is RA62;
- (f) the Member Account ID of Computershare in its capacity as a CREST receiving agent. This is MIRLAND;
- (g) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Subscription and Open Offer Shares referred to in (a) above;

- (h) the intended settlement date. This must be on or before 11.00 a.m. on 8 December 2016; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 8.00 a.m. on 19 December 2016. In order to assist prompt settlement of the USE Instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (a) a contact name and telephone number (in the free format shared note field); and
- (b) a priority of at least 90.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE Instruction may settle on 8 December 2016 in order to be valid is 11.00 a.m. on that day.

6.6 **Content of USE instruction in respect of Excess Open Offer Entitlements**

The USE instruction must be properly authenticated in accordance with Euroclear UK specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Excess Open Offer Shares for which the application is being made (and hence the number of the Excess Open Offer Entitlements being delivered to the Receiving Agent);
- (b) the ISIN of the Excess Open Offer Entitlements. This is CY0126922117;
- (c) the CREST participant ID of the accepting CREST Member;
- (d) the CREST Member account ID of the accepting CREST Member from which the Excess Open Offer Entitlements is to be debited;
- (e) the participant ID of the Receiving Agent, in its capacity as Receiving Agent. This is RA62;
- (f) the member account ID of the Receiving Agent, in its capacity as CREST Receiving Agent. This is MIRLAND;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Subscription and Open Offer Shares referred to in paragraph (i) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 8 December 2016; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of Excess Open Offer Entitlements under the Open Offer to be valid, the USE instruction must comply with the requirement as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 December 2016.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 90.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 8 December 2016 in order to be valid is 11.00 a.m. on that day.

6.7 **Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

A Qualifying Non-Depository Interest Holder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-Depository Interest Holders is also a CREST Member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 December 2016. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Open Offer Entitlements which will be managed by Computershare registrars.

In particular, having regard to normal processing times in CREST and on the part of Computershare, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 5 December 2016 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 2 December 2016 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 8 December 2016.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Computershare by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and Computershare from the relevant CREST Member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any other jurisdiction in which the application for Subscription and Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

6.8 **Validity of application**

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 8 December 2016 will constitute a valid application under the Open Offer.

6.9 **CREST procedures and timings**

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 8 December 2016. In this connection CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6.10 **Incorrect or incomplete applications**

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through Computershare, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST Member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST Member in question (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction up to the CREST Member's entitlement, refunding any unutilised sum to the CREST Member in question (without interest).

6.11 **Effect of valid application**

A CREST Member who makes or is treated as making a valid application for some or all of his *pro rata* entitlement to the Open Offer Shares in accordance with the above procedures thereby:

- (a) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Computershare's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (c) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England;
- (d) confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference). Nothing in this paragraph shall exclude the liability of any person for fraud;

- (e) acknowledges that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "**Exchange Information**"), and that he is able to obtain or access the Exchange Information without undue difficulty. Neither the Company nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- (f) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (g) represents and warrants to the Company that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (h) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the articles of association of the Company from time to time;
- (i) represents and warrants to the Company that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (j) the purchase by him of Subscription and Open Offer Shares does not trigger in the jurisdiction in which he is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- (k) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (l) confirms that in making the application he is not relying and has not relied on the Company or any person affiliated with the Company in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

6.12 **Company's discretion as to the rejection and validity of applications**

The Company may in its sole discretion:

- (a) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 4;
- (b) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid application if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Computershare has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (d) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

7 MONEY LAUNDERING REGULATIONS

7.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, Computershare may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Computershare. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to Computershare to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 4 the "relevant Open Offer Shares") shall thereby be deemed to agree to provide Computershare with such information and other evidence as Computershare may require to satisfy the verification of identity requirements.

If Computershare determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. Computershare is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Computershare nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Computershare has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. The interest earned on such monies will be retained for the benefit of the Company.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and Computershare from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (b) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);
- (c) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (d) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (e) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £12,900).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (f) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Computershare RE: MirLand Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
- (g) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Computershare. If the agent is not such an organisation, it should contact Computershare at Computershare, Corporate Actions Projects, Bristol, BS99 6AH.

To confirm the acceptability of any written assurance referred to in (g) above, or in any other case, the acceptor should contact Computershare on 0370 707 1548 or +44(0)370 707 1548 if calling from outside of the United Kingdom. Calls may be recorded and randomly monitored for security and training purposes. Please note Computershare cannot provide financial or taxation advice or comment on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlement.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £12,900) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 8 December 2016, Computershare has not received evidence satisfactory to it as aforesaid, Computershare may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

7.2 **Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlements and Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements and Excess Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Computershare such information as may be specified by Computershare as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare as to identity, Computershare may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

8 **ADMISSION, SETTLEMENT AND DEALINGS**

The result of the Open Offer is expected to be announced on 9 December 2016. Subject to the Subscription and Open Offer becoming unconditional in all respects (save only as to AIM Admission), it is expected that AIM Admission will become effective at 8.00 a.m. on 19 December 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Subscription and Open Offer Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 8 December 2016 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Subscription and Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Subscription and Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 19 December 2016, Computershare will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from AIM Admission. The stock accounts to be credited will be accounts under the same CREST Participant IDs and CREST Member account IDs in respect of which the USE Instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying Depository Interest Holders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

The Share Consolidation will take place on 20 December 2016, while trading on AIM is suspended, and before TASE Admission.

It is envisaged that TASE Admission will occur on 21 December 2016 and that AIM Cancellation will take place on the same day, i.e. on 21 December 2016 (or such later date as the Directors may approve).

In order to trade shares on TASE, the Depository Interest Holders will be given the opportunity to transfer their holding to the Israeli Depository. An "action to be taken" letter which sets out detailed steps to be taken in order to transfer DIs to TASE will be sent to Depository Interest Holders by Computershare in due course.

9 OVERSEAS SHAREHOLDERS

The comments set out in this paragraph 9 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

9.1 General

The distribution of this document and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, Overseas Shareholders or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

Neither the Company nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 4 "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 9.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST Member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying Depository Interest Holder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

9.2 **United States**

The Subscription and Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Subscription and Open Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no Subscription and Open Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Subscription and Open Offer Shares and wishing to hold such Subscription and Open Offer Shares in registered form must provide an address for registration of the Subscription and Open Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Subscription and Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Subscription and Open Offer Shares, that they are not, and that at the time of acquiring the Subscription and Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Subscription and Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Subscription and Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Subscription and Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Subscription and Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Subscription and Open Offer Shares may be transferred. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST Member with a registered address in the United States in respect of the Subscription and Open Offer Shares. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Subscription and Open Offer Shares within the United States by a dealer (whether or not participating in the and Open Offer) may violate the registration requirements of the US Securities Act.

9.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

9.4 **Other Overseas Territories**

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, Overseas Shareholders or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

9.5 **Representations and warranties relating to Overseas Shareholders**

(a) Qualifying Non-Depository Interest Holders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and Computershare that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction;
- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;
- (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and

- (iv) such person is not acquiring Open Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Open Offer Shares into any of the above territories.

The Company and/or Computershare may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
- (iii) purports to exclude the warranty required by this sub-paragraph (a).

(b) Qualifying Depository Interest Holders

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Part 4 "Terms and Conditions of the Open Offer" represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (i) he or she is not within the United States or any Restricted Jurisdiction;
- (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares;
- (iii) he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

(c) Waiver

The provisions of this paragraph 9 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 9 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 9 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 9 shall apply to them jointly and to each of them.

10 **TIMES AND DATES**

The Company shall be entitled to amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

11 **TAXATION**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

12 **FURTHER INFORMATION**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-Depository Interest Holders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

13 **GOVERNING LAW AND JURISDICTION**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, by way of their Open Offer Entitlement, in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

Part 5
Additional information

1 DIRECTORS' AND OTHER INTERESTS

1.1 As at 16 November 2016 (being the latest practicable date prior to the date of this document) and as expected to be held on AIM Admission of the New Ordinary Shares, the interests (all of which are beneficial) of the Directors and their immediate families in the Company's issued share capital are or are expected to be as follows:

Director	Before		Following AIM Admission of the New Ordinary Shares (assuming full take-up of the Open Offer)		
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares under option under the share schemes
Roman Rozental	0	0%	0	0%	449,198
Yevgeny Steklov	0	0%	0	0%	258,750
Eyal Fishman	135,000	0.13%	381,262	0.13%	0

1.2 As at 16 November 2016 (being the latest practicable date prior to the date of this document) and as expected to be held immediately following AIM Admission of the New Ordinary Shares the Company is aware of the following existing Shareholders (other than any Director) who by virtue of the notifications made to it pursuant to the 2006 Act and/or the Disclosure Guidance and Transparency Rules, are or will be immediately following AIM Admission be interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

Name	As at the date of this document		Following the issue of the New Ordinary Shares (assuming full take-up of the Open Offer) and AIM Admission		Following the Share Consolidation (assuming full take-up of the Open Offer) and AIM Admission		Following the issue of the Equity for Debt Shares (post Share Consolidation)	
	Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares	Percentage of voting rights
Industrial Buildings Corporation Ltd	41,660,688	40.23%	117,653,339	40.23%	5,882,667	40.23%	6,559,378	8.75%
Jerusalem Economy Ltd	31,551,701	30.47%	89,104,697	30.47%	4,455,235	30.47%	5,522,898	7.36%
Darban Investments Ltd	15,746,405	15.21%	44,469,192	15.20%	2,223,460	15.20%	2,479,544	3.31%
Neon Liberty Emerging Markets Fund LP	3,704,806	3.58%	10,462,979	3.58%	523,149	3.58%	Not Available	Not Available
Clal Group	6,349,520	6.13%	17,932,085	6.13%	896,604	6.13%	1,398,177	1.86%

2 **SUBSCRIPTION AGREEMENT**

On 17 November 2016, the Company entered into the Subscription Agreement with the Subscribers.

Pursuant to the terms of the Subscription Agreement, the Subscribers have agreed to subscribe for the Subscription Shares at the Offer Price. The Subscribers have also agreed to subscribe for such number of New Ordinary Shares that are equal to the Open Offer Shares (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer).

The Subscription Agreement contains only fundamental warranties in relation to the title, capacity and insolvency.

Each party has the right to terminate the Subscription Agreement in the event of a material breach of any of the warranties given by the other party.

The Subscription Agreement is conditional upon, among other things:

- (a) receipt of the TASE approval and ISA approval on or before 30 November 2016 or such later date as agreed between the Subscribers and the Company;
- (b) the Resolutions being duly passed;
- (c) the board resolution to allot and issue New Ordinary Shares to the Subscribers being passed, conditional only on AIM Admission, by no later than the Long Stop Date; and
- (d) AIM Admission occurring by 8.00 a.m. on 19 December 2016 (or such later time and/or date as the Company and the Subscribers may agree in writing, being no later than the Long Stop Date).

The Subscription Agreement is governed by Israeli law.

3 **EXPENSES**

The total costs and expenses of or incidental to the Subscription and Open Offer are estimated to amount to approximately £0.3 million (excluding VAT) (assuming the Open Offer is fully subscribed).

4 **CONSENTS**

Investec has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.

5 **AVAILABILITY OF THIS CIRCULAR**

This circular will be available for a period of twelve months from the date of this circular on the Company's website www.mirland-development.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Part 6
Notice of General Meeting

MIRLAND DEVELOPMENT CORPORATION PLC
(THE "COMPANY")

Notice is hereby given that a General Meeting ("**Meeting**") of the Company will be held at Office 606, 6th floor, Nicolaou Pentadromos Centre, Thessalonikis Street, 3025 Limassol, Cyprus on 9 December 2016 at 10.00 a.m. (Cypriot time) to transact the following business:

1 ORDINARY RESOLUTION - ALLOTMENT OF SHARES

1.1 THAT the directors of the Company be authorised to proceed with the issue and allotment of new ordinary shares up to an aggregate nominal value of US\$1,889,068 to the Shareholders.

1.2 THAT the secretary of the Company be and is hereby authorised to register the aforementioned issues and allotments of shares with the Registrar of Companies within the time prescribed by the Law.

2 RESOLUTION - WAIVER OF PRE-EMPTION RIGHTS

THAT the pre-emption rights of the shareholders of the Company arising under the provisions of the Company's Articles of Association and/or the Law be and are hereby waived, in connection with the Subscription and the Open Offer.

3 ORDINARY RESOLUTION- SHARE CONSOLIDATION

3.1 THAT the authorised share capital of the Company, which on the date hereof is US\$17,000,000 divided into one billion seven hundred million (1,700,000,000) Ordinary Shares of \$0.01 nominal value each and the issued share capital of the Company which on the date hereof is US\$1,035,580.05 divided into one hundred three million five hundred fifty eight thousand and five (103,558,005) Ordinary Shares of US\$0.01 nominal value each, be consolidated and the authorised share capital of the Company will be US\$17,000,000 divided into eighty five million (85,000,000) Ordinary shares of US\$0.20 nominal value each and the issued share capital of the Company will be US\$1,035,580.05 divided into five million one hundred seventy seven thousand and nine hundred (5,177,900) Ordinary shares of \$0.20 nominal value each.

3.2 THAT any the fractional entitlements arising as a result of the share consolidation (as per Resolution 4.1 above) be consolidated into new ordinary shares of US\$0.20 each in the share capital of the Company (the "**New Ordinary Shares**"), provided that, where such consolidation and division results in a shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall be aggregated with other such fractions of New Ordinary Shares and the Directors be authorised to sell (or appoint another person to sell) the whole number of New Ordinary Shares so arising and to hold the proceeds of such sale on behalf of the relevant Shareholder.

4 SPECIAL RESOLUTION- AMENDMENT OF ARTICLES

THAT the Articles of Association of the Company be amended as follows, with effect from 6.00 p.m. on 19 December 2016:

a) By the insertion of the following definitions in paragraph 1:

“ "ISA" means the Israeli Securities Authority.”

“TASE Rules” means the rules of the Tel Aviv Stock Exchange, as amended from time to time.”

- b) By the deletion and replacement of the definition of “Shares” in paragraph 1 with the following definition:

“ “Shares” means ordinary shares of nominal value USD \$0.20 each in the share capital of the Company”

- c) by the deletion and replacement of paragraph 4 with the following new paragraph:

“4. The authorized share capital of the Company at the date of adoption of these Articles is US\$17,000,000 divided into 85,000,000 ordinary shares of US\$0.20 nominal value each. The powers, preferences, rights, restrictions and other matters relating to the shares are as set out in these Articles. Warrants, options and other securities convertible or exercisable into shares shall not be considered as shares for purposes of these Articles.”

- d) By the deletion and replacement of the word “Nothing” in paragraph 36 with “Subject to Article 43A and 43B, nothing”

- e) By the deletion and replacement of paragraph 37 with the following:

“37 The instrument of transfer of any share shall be executed by or on behalf of the transferor (in accordance with Article 43B or otherwise), and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. For the avoidance of doubt, the execution of the instrument of transfer by the transferee is not required to effect the transfer of a share.”

- f) By the deletion and replacement of paragraph 40 with the following:

“40 If the Board refuse to register the transfer pursuant to Article 39, they shall within 14 days after the date on which the instrument of transfer was lodged with the company send to the transferee notice of the refusal.”

- g) By the insertion of the following new paragraphs after paragraph 43:

“RESTRICTIONS ON TRANSFER

43A The Board may at its absolute discretion refuse to register any transfer of a share to a transferee where by doing so the Company shall be in breach of the TASE Rules and/or any requirement of the ISA from time to time and may also for the same reason require any person who is or may become a registered member of the Company to transfer any shares registered in his name to a person who would hold the same in trust for him and such member shall be obliged to do so.

A declaration by the board of directors shall be conclusive irrespective of whether notice of such obligation has been given or received by such member concerned.

43B The members of the Company hereby appoint the Board, and/or any one of the directors of the Company who may be nominated by the Board for this purpose to act as their agents, to execute and sign any documents including an instrument of transfer, in relation to the transfer of any shares which are held by them or any one of them, in one or more lots at the discretion of the Directors to any person they shall at their sole discretion determine and who shall hold the shares on trust for that member and such member who shall as from such transfer be registered as the registered member of all such shares.

43C An instrument of transfer executed by any director of the Company authorised in accordance with Article 45 by the Board shall be as effective as if it has been executed by the holder of the transferred shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating to the transfer.

43D If the Board refuse to register the transfer pursuant Article 43A, the Board may authorise in writing any director of the Company to execute any necessary transfer on behalf of any transferee (if required)."

5 **ORDINARY RESOLUTION - ALLOTMENT OF SHARES**

5.1 THAT the directors of the Company be authorised to proceed with the issue and allotment of up to 60,367,726 ordinary shares of \$0.20 nominal value each, to be issued and allotted, at par, between the Bondholders in accordance and subject to the Settlement Plan.

5.2 THAT the directors of the Company be authorised to proceed with the issue and allot such number of ordinary shares as equivalent to the aggregate of the fractional entitlements arising as a result of the Share Consolidation (as defined in the Settlement Plan).

5.3 THAT the secretary of the Company be and is hereby authorised to register the aforementioned issues and allotments of shares with the Registrar of Companies within the time prescribed by the law.

6 **SPECIAL RESOLUTION – CANCELLATION OF TRADING ON AIM**

THAT, the cancellation of admission of the Company's ordinary shares to trading on AIM, a market operated by London Stock Exchange plc, on 21 December 2016 or such later date as the directors of the Company may approve (the "**Cancellation**") be approved in accordance with the AIM Rules for Companies of the London Stock Exchange plc and that the Company's directors and officers, or persons authorised by the directors of the Company, be authorised and directed to execute all documents and take all necessary actions in connection with the Cancellation.

NOTES:

1. Each shareholder shall be entitled to appoint one or more proxies to attend the above General Meeting of the Company, on condition however that such appointment shall be made in one single instrument. A proxy need not be a shareholder of the Company.

2. A form of instructions and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by 8.00 a.m. on 6 December 2016 at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

3. A form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by 8.00 a.m. on 7 December 2016 at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.