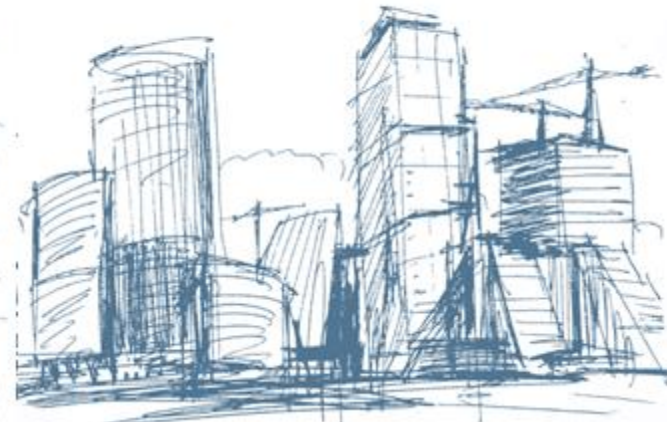




Veles Capital
GROUP OF COMPANIES

Veles Capital Group: add value



Equity Market > Private Equity > Real Estate Investment >

Equity market since 1995

- ▶ Brokerage services on stock and debt market
- ▶ Electronic trading
- ▶ Operations on foreign markets
- ▶ Asset management
- ▶ Wealth management
- ▶ Structured products
- ▶ Access to global markets for Multi Family Offices

Veles Capital Investment Company
Veles Management AM Company
Veles International Limited

Private equity since 1995

- ▶ Private equity
- ▶ Private equity mutual funds
- ▶ IPO / SPO
- ▶ M&A
- ▶ Corporate debt financing (bonds, promissory notes)
- ▶ Organization and management of closed-end mutual funds



Veles Capital
Veles Management

Real estate investment since 2004

- ▶ Commercial real estate mutual funds as a stable source of income and capital saving
- ▶ Real estate funds forming and management
- ▶ Management of non-core assets (land, real estate)
- ▶ Investments in real estate abroad (high street retail)

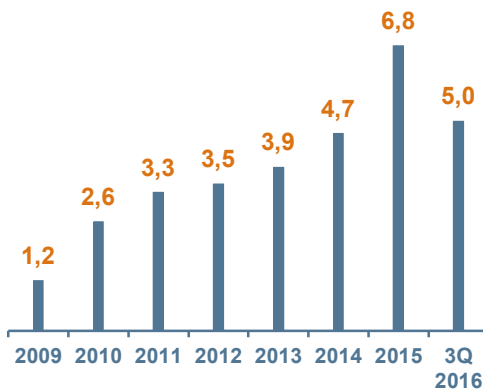
Veles Management

Exchange market

- ▶ Stocks
- ▶ Futures and options, including commodities market
- ▶ Bonds

(growth +44% in 2015)

Exchange market turnover (trln RUB)

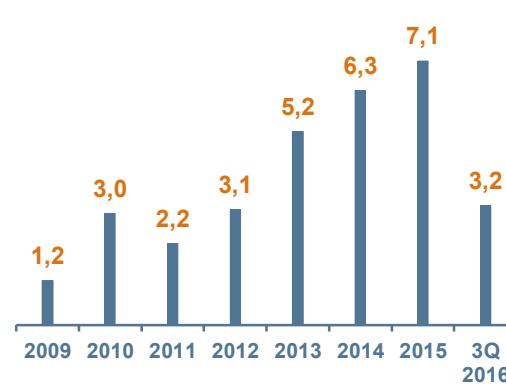


OTC market

- ▶ Eurobonds
- ▶ Promissory notes nominated in RUR, USD
- ▶ 2nd, 3rd tier and non-traded stocks
- ▶ Units of mutual funds

(growth +13% in 2015)

OTC market turnover (trln RUB)

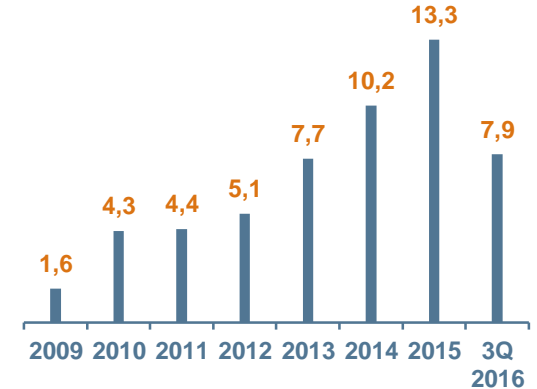


Foreign markets

- ▶ Brokerage services on markets in CIS, Europe, USA, Canada and Australia are rendered by Veles International Limited

(growth +30% in 2015)

Brokerage turnover (trln RUB)



TOP-5 leading operators by the volume of client operations in 2015¹

¹ Data: Moscow Exchange

Individual brokerage services

- ▶ Personal consultations and support of professional traders does not depend on the size of the brokerage account
- ▶ Daily stock and debt markets' research units

Internet trading

- ▶ Direct electronic access to the MICEX and FORTS exchanges via Quik trading system
- ▶ The opportunity to open an individual investment account (for Russian citizens only), providing tax deductions + 9% APR on the cash balance in the account¹ (for the clients of Veles Capital IC)
- ▶ Own depository with the highest reliability rating AAA by PARTAD
- ▶ Brokerage services on foreign markets are rendered by Veles International Limited licensed in EU
- ▶ Broker's liability assured by Ingosstrakh insurance company

¹ with deduction a personal income tax in accordance with the current legislation of the Russian Federation

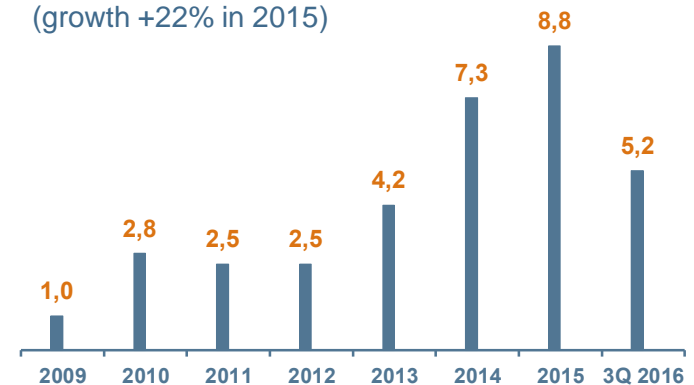
² NRA ranking, Q4 2015

Available markets



TOP-10 brokers on the stock market²

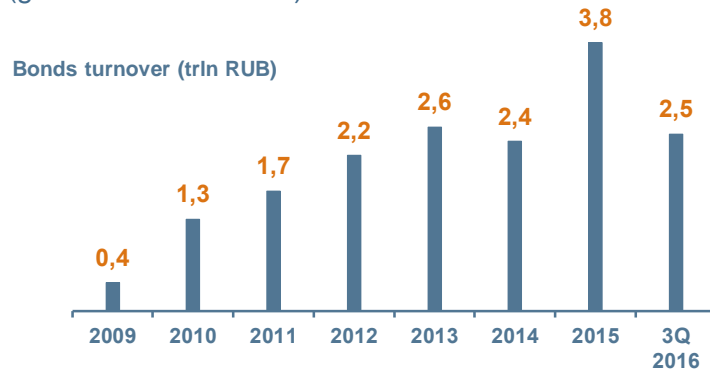
Stock market turnover (trln RUB)
(growth +22% in 2015)



- ▶ Full range of debt market instruments including promissory notes nominated in RUR and USD, bonds and Eurobonds
- ▶ One of the leading Russian investment companies which render services on debt market
- ▶ In-house professionals in promissory-notes verification
- ▶ Strong risk management system



One of the leading Russian investment companies on the bond market (growth +61% in 2015)



The leading investment company on the promissory notes market with 60% of market turnover



The 3rd best brokerage on the bond market (Cbonds Awards, 2015)

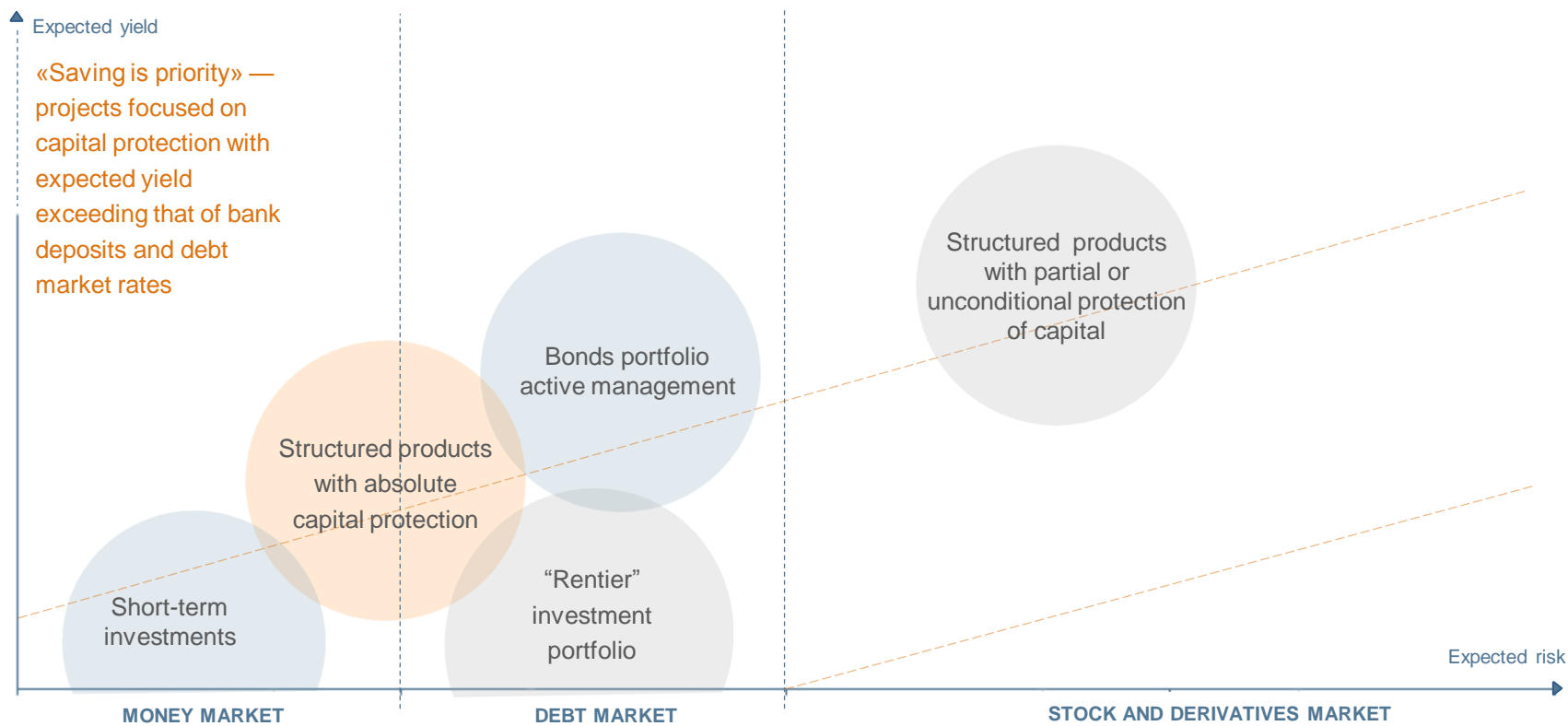
The 3rd best bond market broker for institutional investors (Cbonds Awards, 2014)

TOP-3 leading operators on the bond and OFZ market in 2015¹

TOP-10 brokers on the bond and OFZ market²

¹ Data: Moscow Exchange

² NRA ranking, Q4 2015



TOP-3 individual discretionary asset management companies¹

¹ RA “Expert” ranking, 1Q 2016



All types of operations on the financial market

Investment ideas

High quality service

- ▶ All transactions are pre-approved
 - ▶ Personal manager is available 24/7
 - ▶ Confidentiality is supported by separate client area
-

Additional services

- ▶ Tax advising
 - ▶ Alternative investments
 - ▶ Legal support
-

TOP-10 companies providing family office services in Russia according to Forbes ranking (2015)

Spear's Russia Wealth Management 2016 Award Winner:
Veles Capital CEO Alexey Gnedovsky has been declared the winner of the nomination "Gentleman of the year in Private Banking & Wealth Management"

Access to foreign exchange trading

- ▶ Ability to make currency transactions on Moscow Exchange at the exchange rate through QUIK (system of Internet trading)
- ▶ Available instruments: USD, EUR, GBP, CNY
- ▶ Cost-cutting due to low commissions
- ▶ Free cash withdrawal
- ▶ Safety of transactions is ensured through the supervision by the Bank of Russia

Custody

- ▶ **AAA highest reliability rating** of Veles Capital depository according to National depository reliability rating as of 30.06.2015²
- ▶ **TOP-15** largest depositories by market value of client securities in custody (33,6 bln RUB as of 30.06.2015)

Research

- ▶ Daily stock and debt market reports
- ▶ Weekly promissory notes and money market research
- ▶ Company reports
- ▶ Industry reports
- ▶ Microeconomic monthly review
- ▶ **TOP-15** rating of stock market analysts in 2015³

¹ Data: Moscow Exchange

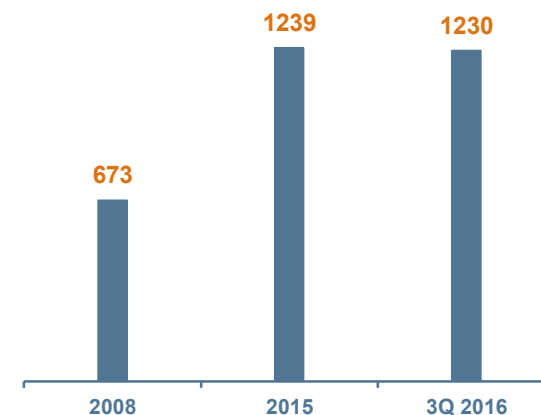
² Fund for financial research development Infrastructure institute (INFI) in cooperation with PARTAD

³ Data: Finam.ru

TOP-15 Moscow Exchange operators by volume of client operations on the foreign exchange market¹ (November, 2016)

TOP-10 operators of the CNY/RUB market¹ (May, 2016)

Active custody accounts



- ▶ Since 1995 on debt market, large contact base of issuers and investors
- ▶ Strong risk management, highly professional traders and back-office personnel
- ▶ In-house professionals in promissory notes verification

Promissory notes programs

- ▶ The largest operator on the primary and secondary promissory notes market (with a share more than 60%)
- ▶ **183 bln RUB** — the volume of promissory notes issues with Veles Capital participation in 2015

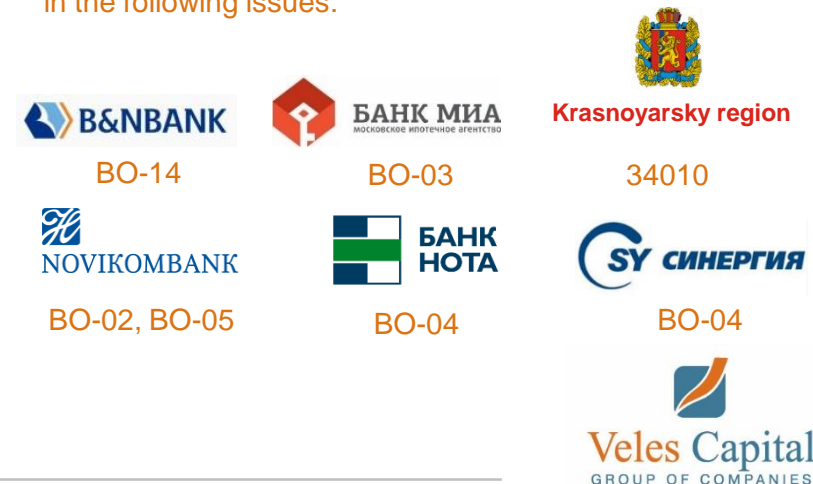
Bond programs

- ▶ **TOP-30** arrangers and underwriters of bond issues¹
- ▶ In 2015, Veles Capital guaranteed **48 bonds issues** with the total volume amounting to **27 bln RUB**

The largest promissory note programs:



Veles Capital was granted the official participant status in the following issues:



¹ Cbonds, 4Q 2015

Veles Management is experienced in **creating and management of mutual funds** of securities, real estate, direct and venture investments for construction and development companies, strategic corporate and private investors.

Closed-end funds of securities, direct and venture investments

- ▶ No income tax
- ▶ An instrument for solving issues relating to de-offshorization
- ▶ A convenient transformation of cash flows for the subsequent sale to different types of investor
- ▶ In case of placing companies' shares into the assets of a closed-end investment fund the investor ceases to be an affiliated person of these companies
- ▶ An instrument for attracting project funding from co-investors and banks by placing their respective assets into closed-end investment funds
- ▶ The assets of a closed-end investment fund is separated from the other investors' and the management company's assets and cannot be arrested or frozen under any lawsuit filed on them
- ▶ The opportunity for the co-investors to combine the assets on more flexible terms than those inherent in joint-stock and limited companies
- ▶ Protection of the investment fund shareholders personal data. Transfer of ownership of investment fund shares is much easier than that of the underlying assets

Real Estate funds

- ▶ Resources for non-debt financing of projects
- ▶ Liquid instrument for sale
- ▶ Limit (if necessary) amount of co-investors
- ▶ Deferral of tax payments, opportunity of reinvestment of profits
- ▶ Securitized financial instrument, profits from real estate market
- ▶ Liquid derivative instrument, it is not necessary to buy real estate property itself
- ▶ Available threshold of access to new profitable markets
- ▶ The chosen assets may be separated from the other businesses of the fund originator to limit risks

Commercial Real Estate investment: mutual funds

Since 2012 Veles Capital Group has been offering its investors a new format of real estate investment — rental mutual funds under management of VELES TRUST allowing not only to **become a co-owner of a high-quality asset** — commercial real estate, but also to **receive stable income** from rental payments.

Basic assets



▶ **Atrium shopping and entertainment complex**

is one of the largest shopping center in Moscow with good location, concept and brand recognition. Atrium is one of the best examples of stability of asset value in volatile market conditions.



▶ **Perlovsky shopping center**

is the most visited shopping center with favorable location at the station Perlovka (Mytishchi, Moscow region) and is highly popular with tenants.

Rental income

- ▶ Participation in the dynamics of the asset value receiving a monthly income from rental payments
- ▶ The source of rental cash-flow is the monthly payments on long-term lease agreement (the rate for the whole period is fixed in USD)
- ▶ Stable long-term alternative to deposits (bank deposits are limited to 2-3 years and involve the interest rate risk)

Investor base is limited and includes institutional investors and several major shareholders invited by individual investment proposal.



«The individual approach to every project and trustful relationship with clients have always been the distinguishing feature of Veles Capital Investment Company. These principles have been the basis of our work for 21 years and we are going to put them into practice henceforth»

Alexey Gnedovsky
Veles Capital CEO

**STANDARD
& POOR'S**

**BB-/B/ruAA-
outlook negative**

Veles Capital IC is one of the oldest Russian investment companies. The company renders a full range of services on the Russian financial market, and its clients can benefit from operations with all types of financial instruments.

- ▶ **TOP-10** largest investment companies by total turnover of securities¹
(13,8 trln RUB in 2015, growth +26%)
- ▶ **TOP-10** largest investment companies by equity capital¹
(2,8 bln RUB as of 31.12.2015)

Veles Capital IC is a dynamically developing and fully independent company that is owned by its top-managers.



¹ NRA ranking, Q4 2015



«The art of asset management is to be able to earn not only in emerging markets but also in the most adverse market conditions. We are able to offer our clients investment products that will definitely meet their objectives and expectations»

Beyshen Isaev,
Veles Management CEO



Veles Management Professional team is providing asset management services within Veles Capital group of companies offering conservative investment strategies with capital protection (e.g. structured and rental products) as well as more risky ones aimed to maximize the potential investment. Veles Management has proven to be an effective management company in creating and maintaining closed-end mutual funds. Veles Management has also been developing the business of compensation fund management and endowment fund management.

- ▶ **6** closed-end mutual funds are being managed. All funds are for qualified investors (real estate, long-term direct investment). Since 2004 the company has established 17 funds.
- ▶ **TOP-15 largest real estate fund management companies¹**
- ▶ **TOP-20 largest endowment fund management companies²**
- ▶ **TOP-20 most qualified** asset management companies³
(the amount of assets under management of qualified investors as of 31.12.2015 — 6,7 bln RUB)
- ▶ **TOP-25** largest asset management **by companies own capital⁴**
- ▶ **35,9 bln RUB** is the total amount of assets under management of the group of companies as of 31.12.2015
- ▶ **TOP-20** companies **by asset volume in closed-end funds⁵**

¹ Kommersant, 2015 ² NRA, 2015 ³ NRA, Q2 2015 ⁴ NRA, Q4 2015 ⁵ Investfunds, Q1 2015

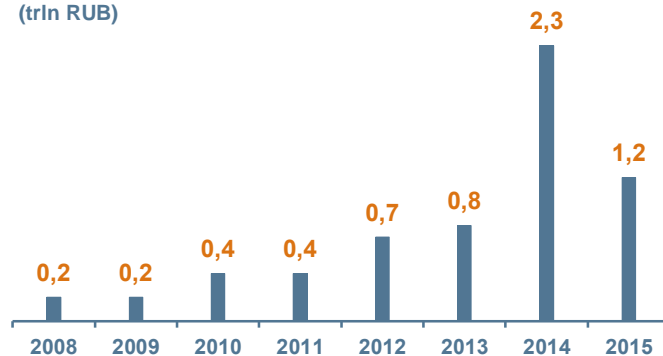


Today it is impossible to imagine successful investment company which is not able to provide services on foreign markets. Veles International Limited has been operating on financial markets for 10 years already and follows demands of Russian investors in foreign markets.

Anna Dotsa,
Veles International CEO.

Veles International Limited is a licensed professional participant in the European financial market. The company renders brokerage, asset management and depositary services on the leading European and US markets. Also, Veles International provides foreign investors with the access to the Russian market.

Veles International's
total turnover of securities
(trln RUB)



Available instruments:

- ▶ Securities, units in mutual funds
- ▶ Instruments of money market
- ▶ Futures and options
- ▶ Currency and equity swaps

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Licenses of a professional participant of the securities market (issued by the Federal Financial Markets Service on 14 October 2003 for an unlimited effective term) for the performance of brokerage activity number 077-06527-100000; for the performance of dealership activity number 077-06541-010000; for the performance of securities management activity number 077-06545-001000; for the performance of custody activity number 077-06549-000100.

Licenses for encryption services number 10285U, for cryptographic hardware providing number 10284R and for cryptographic hardware technical support number 10283X issued by the Federal Security Service of Russia on 16 March 2011.

Veles Management

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License No. № 21-000-1-00656 from 15 September 2009, issued by FFMS for Investment Funds, Mutual Investment Funds and Private Retirement Funds Management.

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Authorization № "KEPEY" 075/06 issued by CySEC on 20 September of 2006. The principal activities of Veles International are the provision of the Brokerage and Asset Management services in accordance with the provisions of the applicable legislation and requirements issued by the Cyprus Securities and Exchange Commission (CySEC).
