

ETALON GROUP PLC

Registration number HE 368052

Registered office at Arch. Makariou III, 2-4, CAPITAL CENTER, Floor 9, 1065 Nicosia, Cyprus

NOTICE OF EXTRAORDINARY GENERAL MEETING

TO ALL THE MEMBERS

Notice is hereby given that an Extraordinary General Meeting (**EGM**) of ETALON GROUP PLC (the **Company**) will be held at 36 Agias Elenis str., Galaxias Building, Block B, 6th floor, office 602, 1061, Nicosia, Cyprus on Monday, 22 March 2021, at 11 a.m. Cyprus time for the purposes listed below. Mr. Charalampos Avgousti has been appointed to act as chairman of the EGM in accordance with the articles of association of the Company (the **Articles**).

AGENDA

- 1 Welcoming the Members
- 2 Members present at the EGM
- 3 Resolutions to be considered and voted upon:

ORDINARY RESOLUTION – Increase of authorised share capital

MAJORITY RESOLUTION – Waiver of pre-emption right

ORDINARY RESOLUTION - Authority to the Board of Directors to allot and issue shares

- 4 Result of Resolution Voting
- 5 Close of Meeting

EXPLANATORY NOTES

More than 90 per cent of the subscribed capital of the Company is represented by global depositary receipts (**GDRs**) which have been admitted to trading on the Main Market of the London Stock Exchange since 20 April 2011 and on the Level 1 List of Moscow Exchange since 31 January 2020 under the ticker ETLN.

The authorised share capital of the Company at the date hereof is £34,747.899 divided into 294,957,971 ordinary shares of £0.00005 each and 20,000 redeemable preference shares of £1.00 each.

The board of directors of the Company (the **Board**) are proposing that the Company increases its authorised share capital to £39,172.2686 by the creation of 88,487,391 new ordinary shares of nominal value £0.00005 each. This would result in the total number of unissued shares being 88,487,391. The Company may issue in one or more tranches of up to 88,487,391 shares as ordinary shares of nominal value £0.00005 each (the **Share Capital Increase**).

¹ Pursuant to Section 59A(1) of the Cyprus Companies Law, Cap 113, the Majority Resolution requires a decision to be taken by a majority of two-thirds of the votes cast. When at least half of the issued share capital is represented, the resolution shall be taken by simple majority.

The Share Capital Increase is expected to offer the Company additional flexibility and options for raising capital, in particular in the form of public offerings or private placement. Such offering or placement is subject to further approval by the Board. If approved, proceeds from such offering or placement will be used for the acceleration of the Company's investment programme and business expansion.

The Share Capital Increase is expected to be structured in the form of one or several public and / or institutional offerings of newly issued ordinary shares represented by GDRs to a broad group of qualified investors with the assistance of reputable investment banks having relevant expertise. The Share Capital Increase may additionally entail that any such public and / or institutional offering or offerings may be conducted concurrently with a private placement or placements of newly issued ordinary shares in the Company, which may be addressed to existing investor(s) in the Company. Such offerings and, as applicable, placements, if approved by the Board, may happen at any time or from time to time, subject to market conditions.

Conditional upon the Ordinary Resolution for the Share Capital Increase being sanctioned, authority is sought for the Board of Directors to allot and issue shares.

In accordance with section 60B of the Companies Law Cap 113 (the **Law**), whenever the share capital of a public company is increased by considerations in cash, the shares must be offered on a pre-emptive basis to existing shareholders in proportion to the capital represented by their shares. The shareholders' existing preferential rights may be disapplied by a Majority Resolution² passed at a general meeting.

In order for the Members to consider and decide whether to waive the pre-emption rights, the Board of Directors in accordance with section 60B of the Law, have prepared a written report indicating the reasons for the proposal to exclude the pre-emption rights and justifying the subscription price of the Proposed Shares (the **Report**). A copy of the Report is attached hereto as Appendix A.

Important note: Changes following the United Kingdom's exit from the European Union

Following the expiry of the transitional period for the UK's withdrawal from the European Union on 31 December 2020, certain changes implemented by the UK Takeover Panel have come into effect.

As relevant to the Company, being a company organised under the laws of Cyprus, an EU Member State, these changes mean that from 01 January 2021 the UK Takeover Panel no longer exercises shared jurisdiction over transactions involving the Company which would otherwise be subject to the UK Takeover Code, including takeover bids, merger transactions, or schemes of arrangement resulting in the change or consolidation of control over the Company.

In addition, from 01 January 2020, the London Stock Exchange (where the Company's Global Depositary Receipts are admitted to trading) no longer constitutes a regulated market within the meaning of the EU Markets in Financial Instruments Directive 2014/65/EU (MiFID II). As a result, the legislation in Cyprus regulating takeovers implementing the provisions of Directive 2004/25/EC of the European Parliament and of the Council on takeover bids requiring mandatory takeover offers in certain situations (including where a person acquires interests in shares carrying 30% or more of the voting rights), is no longer applicable to the Company.

PROPOSED RESOLUTIONS

	RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD
1.	<p>ORDINARY RESOLUTION</p> <p>THAT the authorised share capital of the Company be increased from £34,747.899 to £39,172.2686 by the creation of 88,487,391 ordinary shares of nominal value of £0.00005 each.</p>			

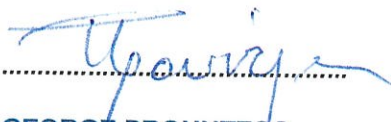
² Pursuant to Section 59A(1) of the Cyprus Companies Law, Cap 113, the Majority Resolution requires a decision to be taken by a majority of two-thirds of the votes cast. When at least half of the issued share capital is represented, the resolution shall be taken by simple majority.



2.	<p>MAJORITY RESOLUTION</p> <p>THAT any pre-emption rights under section 60B of the Law, as well as any other pre-emption rights or rights of first refusal, howsoever arising, be and are hereby unconditionally WAIVED and DIS-APPLIED in connection with the proposed issue of up to 88,487,391 ordinary shares at par or at a premium as the board of directors deem fit, for a period ending on the expiry of two (2) years from the date of approval of this resolution, 22 March 2023.</p>			
3.	<p>ORDINARY RESOLUTION</p> <p>THAT authority is hereby given to the Board of Directors to allot and issue, out of the authorised/registered (as increased) but unissued share capital of the Company, up to 88,487,391 ordinary shares at par or at a premium as they deem appropriate, such authority to expire on the expiry of two (2) years from the date of approval of this resolution, 22 March 2023, save that the Company may before such expiry make offers, agreements or arrangements which would or might require shares to be allotted after such expiry and so that the Board of Directors may allot shares in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.</p>			

N.B Pursuant to Section 59A(1) of the Cyprus Companies Law, Cap 113, the Majority Resolution requires a decision to be taken by a majority of two-thirds of the votes cast. When at least half of the issued share capital is represented, the resolution shall be taken by simple majority.

By order of the Board of Directors


 GEORGE PROUNTZOS



for and on behalf of

G.T. GLOBALTRUST SERVICES LIMITED,

Company Secretary

1 March 2021



NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

1 Record Date

Shareholders registered in the Register of Members of the Company as at 11:00 a.m. Cyprus time on 20 March 2021 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend or vote at the EGM in respect of the shares registered in their name at that time. Changes to entries on the Register of Members after 11:00 a.m. Cyprus time on 20 March 2021 will be disregarded in determining the rights of any person to attend or vote at the EGM.

2 Proxies

A member of the Company who is entitled to attend and vote at the EGM of the Company is entitled to appoint another person (who need not be a member of the Company) to exercise all or any of his or her rights to attend, speak and vote on his or her behalf at the EGM.

The proxy form must be received at the registered office of the Company no later than 48 hours prior to the EGM.

A member may appoint more than one proxy in relation to the EGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. Members who wish to appoint more than one proxy in respect of their holding may photocopy the Form of Proxy provided with this document indicating on each copy the name of the proxy appointed and the number of ordinary shares in the Company in respect of which that proxy is appointed. All Forms of Proxy should be returned together in the same envelope.

A Form of Proxy is enclosed with this Notice. Completion of the Form of Proxy will not prevent a member from subsequently attending and voting at the EGM in person if they so wish. The Form of Proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be received by post, fax or email or (during normal business hours only) by hand (fax: 00357 22 257577 or email: info@globaltrust.com.cy) by no later than 11.00 a.m. Cyprus time on 20 March 2021, being 48 hours before the time appointed for the holding of the EGM.

3 Corporate Representatives

A corporate shareholder may authorise a person or persons to act as its representative(s) at the EGM. Each such representative may exercise (on behalf of the corporate shareholder) the same powers as the corporate shareholder could exercise if they were an individual shareholder in the Company, provided that they do not do so in relation to the same shares.

4 Total Voting Rights

Holders of the Company's ordinary shares are entitled to attend and vote at general meetings of the Company. Each ordinary share entitles the holder to one vote on a poll. As at 28 February 2021, being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 294,957,971 ordinary shares. The Company holds 3,946 GDRs representing 3,946 of the Company's ordinary shares. As a consequence, the total voting rights in the Company as at 28 February 2021 are 294,954,025.

5 Voting at the EGM

Each of the resolutions to be put to the EGM will be voted on by way of a poll and not by a show of hands. In this way, the voting preferences of all shareholders are taken into account not only those who are able to physically attend the EGM. Any shareholder who is entitled to attend and vote at the EGM or its duly appointed proxy may address a speech and/or submit questions. The results of the poll will be notified to the market in the usual way and published on the Company's website after the meeting.



6 [Information available on the website](#)

All the documents in relation to the EGM consisting of the following can be found at www.etalongroup.com:

- (a) Copy of the Notice of the EGM
- (b) Form of Proxy

7 [Electronic address](#)

Please note that shareholders may **not** use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The Company does not intend to register any portion of any such offering in the United States.



ETALON GROUP PLC

Registration number HE 368052

registered office at Arch. Makariou iii, 2-4, Capital Center, floor 9, 1065 Nicosia, Cyprus

(the "Company")

DIRECTORS REPORT

(the "Report")

IN ACCORDANCE WITH SECTION 60B(5) OF THE COMPANIES LAW, CAP 113 OF THE STATUTE LAWS OF CYPRUS

IN RELATION TO THE DISAPPLICATION OF THE PRE-EMPTION RIGHTS OF THE HOLDERS OF ORDINARY SHARES IN THE COMPANY

This Report has been prepared in connection with the extraordinary general meeting of the Company to be held on 22 March 2021 (the "EGM"), where it is proposed to waive the pre-emption rights of the holders of ordinary shares in the Company under or pursuant to section 60B of the Companies Law Cap. 113 (the "Companies Law") of the statute laws of the Republic of Cyprus (the "Pre-emption Rights"), in respect of the possible issue in one or more tranches of up to 88,487,391 ordinary shares of nominal value £0.00005 each (the "Share Capital Increase").

Proposal

As set out in the notice sent calling the EGM (the "Notice"), a Share Capital Increase will require the members of the Company to waive and disapply the Pre-emption Rights. In order for the members of the Company (the "Members") to consider and decide whether to waive and disapply the Pre-emption Rights, the board of directors (the "Board" or the "Board of Directors") must prepare in accordance with section 60B of the Companies Law Cap 113 a written report indicating the reasons for proposing to exclude the Pre-emption Rights and justifying the proposed issue price, which Report must be presented to the EGM. This Report constitutes the mandatory report required to be made under the Companies Law in connection with this proposed disapplication of Pre-emption Rights.

Background and rationale

The Share Capital Increase is expected to be structured in the form of one or several public and / or institutional offerings of newly issued ordinary shares represented by global depositary receipts to a broad group of qualified investors with the assistance of reputable investment banks having relevant expertise (the "underwriters"). The Share Capital Increase may additionally entail that any such public and / or institutional offering or offerings may be conducted concurrently with a private placement or placements of newly issued ordinary shares in the Company, which may be addressed to existing investor(s) in the Company. Such offerings and, as applicable, placements, if approved by the Board, may happen at any time or from time to time, subject to market conditions.

The sale price of the offered and, as applicable, placed securities will be determined by the Board based on the results of the book building, an exercise addressed to qualified investors and coordinated by the underwriters, and further pricing discussions with them or otherwise based on the then current market price of the shares.

The offerings or placements would be made on a non-pre-emptive basis, but, in case of public and / or institutional offerings, the Board may use reasonable endeavours to give allocations to existing institutional investors of the Company. The Board believes this would give the Company a more flexible offer structure and should result in more advantageous fund-raising results, while also being fair to existing investors.

It is expected that the offerings and, as applicable, placements would enable the Company to replenish and develop its land bank, as well as finance the early development of new projects.

The Company has no current or contingent obligations to issue shares.

The Directors of the Company consented to the contents of this Report and approved it at a meeting of the Board on the 26 February 2021.



Sergey Egorov

Chairperson of the Board of Directors,

Non-Executive Director