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For Immediate Release

3 February 2014



LENТА ANNOUNCES INTENTION TO FLOAT ON THE LONDON STOCK EXCHANGE AND MOSCOW EXCHANGE

Lenta Ltd ("Lenta" or the "Company"), one of the largest retail chains in Russia, today announces its intention to conduct an initial public offering (the "Offering") of its ordinary shares (the "Shares") in the form of global depository receipts ("GDRs") to be admitted to trading on the London Stock Exchange and Moscow Exchange.

Details of the Offering:

- The Company intends to apply for the admission of the GDRs to the Official List maintained by the Financial Conduct Authority and to the London Stock Exchange plc for trading on its regulated market for listed securities through the International Order Book (the "London Admission").
- The Company also intends to apply to CJSC "MICEX Stock Exchange" for the admission of the GDRs to trading on the Moscow Exchange immediately after the London Admission.
- The Offering is expected to be all-secondary with participation from all current shareholders, other than management and directors. The three major selling shareholders are TPG which holds a 49.8% stake, the European Bank for Reconstruction and Development (EBRD) which holds a 21.5% stake, and VTB Capital Private Equity which holds an 11.7% stake. Management and directors own a 1% stake and other minority shareholders own a 15.9% stake in the Company. There will be a lock-up period of 180 days for the Company and the selling shareholders and 365 days for management and directors.
- Credit Suisse, J.P. Morgan and VTB Capital are acting as joint global coordinators and joint bookrunners; Deutsche Bank and UBS Investment Bank are acting as joint bookrunners; TPG Capital BD, LLC is a co-manager. Rothschild is financial advisor to the Company.
- The selling shareholders have granted the joint bookrunners an over-allotment option to purchase additional GDRs representing up to 15% of the GDRs sold in the Offering at the offer price to cover over-allotments, if any, in connection with the Offering.

Jan Dunning, Chief Executive Officer of Lenta, said:

"Our proposed offering represents a major milestone for us and comes at an exciting time in Lenta's development.

Over the past few years we have developed a distinctive, price-led hypermarket model with universal appeal and a focus on local assortment. Our efficient supply chain and standardised low-cost operating model enable us to provide customers with quality products at low prices. Our business model and flexible store formats have a proven ability to capture the growth potential in the Russian food retail market, and Lenta is now pushing ahead with a programme of store roll-out across Russia. We are already the second largest hypermarket chain with 77 hypermarkets in 45 cities and 10 supermarkets in Moscow and the Moscow region as of year-end 2013, and in 2013 alone we increased total store selling space by 35%. We now plan to double our selling space over the next three years."

Company Overview

Lenta is Russia's second largest hypermarket operator by sales in 2013¹. The Company was founded in 1993 in St. Petersburg, and as of 31 January 2014, operated 77 hypermarkets in 45 cities across Russia and 10 supermarkets in Moscow and the Moscow region with a total selling space of approximately 508,000 sq.m. The Company operates four distribution centres for hypermarkets and one for supermarkets and employed approximately 27,800 people, as of 31 December 2013. Lenta's stores are typically located in easily accessible, high-traffic, urban locations in residential areas, open twenty-four hours a day, seven days a week.

According to Euromonitor International, Russia is currently the second largest grocery retail market in Europe, and is expected to grow by a CAGR of 4.4% between 2013 and 2018 in real terms. Lenta is

¹ Based on publicly available information on peer companies

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focused on capturing the significant growth opportunities in the Russian food retail sector, which remains highly fragmented and underpenetrated by modern retail formats.

Lenta's distinctive 'Value-for-Money' customer proposition is based on offering high quality products at affordable prices with a particular emphasis on product lines attractive to families and women and a focus on Russian specialties, own-brand, fresh articles and regional produce alongside a standard assortment. The Company operates a highly successful loyalty card programme with 4.8 million active cardholders as of 31 December 2013 and approximately 90% of all sales in 2013 were made using the Lenta card. Lenta is increasingly using customer insight provided by data from the card, which influences pricing, promotions and assortment, to sharpen further its competitiveness and strengthen its offer for customers.

The Company emphasises a low-cost approach throughout its business, supported by the standardisation of its store operating model, its efficient supply chain, ownership of most of its stores and strong strategic relationships with key suppliers. This has enabled Lenta to achieve remarkable operational efficiencies. Lenta had higher sales per sq. m. of selling space than any Russian publicly-traded food retailer in both 2012 and 2013; and in 2012, the latest year for which comparable data is available, its Adjusted SG&A/sales ratio² was 9.7%, the lowest among its publicly quoted peers.

For the past few years, Lenta has generated strong sales growth, driven by positive like-for-like sales growth as well as significant geographic expansion with a rapid store opening programme funded mostly by cash generated by the business.

In 2013, Lenta opened 21 new hypermarkets and two new distribution centres. The Company also opened 10 new supermarkets in 2013 with its soft launch of the supermarket format in Moscow and the Moscow region. Lenta's sales in 2013 were RUB 144.3 billion, its Adjusted EBITDA was RUB 16.4 billion, its Adjusted EBITDA margin was 11.4%, its net profit for the year was RUB 7.1 billion and its total capital expenditures (defined as net cash used in investing activities) were RUB 23.5 billion. Sales grew by 31.3% in 2013, up from 22.4% in 2012, driven by a combination of strong like-for-like sales growth, equal to 10.0% in 2013 and 13.5% in 2012; and accelerating selling space growth – up 35.1% in 2013 following 30.9% in 2012. Lenta had a net debt to Adjusted EBITDA ratio of 2.4x as of 31 December 2013 and cash from operating activities before net interest paid equalled 90% of Adjusted EBITDA in 2013.

Lenta's business strategy is supported by a highly scalable supply chain infrastructure and HR practices, and by proven store formats, and incorporates a number of key elements, including: a continued focus on its 'Value-for-Money' customer proposition to drive like-for-like sales growth; further store roll-out across Russia with a focus on cities with a population of more than 100,000; and the evolution of its store formats, which include 3 hypermarket formats - Standard, Compact and Super Compact which range in size from 3,000-7,000 s.qm. as well as supermarkets.

² Adjusted SG&A excludes rent, D&A, materials, supplies, impairment of certain assets, bad debt provisions and other company-specific adjustments; sales figures reflect core revenue (i.e., excluding rental, advertising and other income)

Financial Highlights

<i>RUB (millions)</i>	FY2013	Change FY13 - FY12	FY 2012	FY 2011	FY 2010
Revenue	144,266	31.3%	109,910	89,766	70,628
Gross Profit	31,457	38.7%	22,677	16,711	12,752
% margin	21.8	1.2 p.p.	20.6	18.6	18.1
Adjusted EBITDA³	16,395	28.9%	12,718	9,079	7,156
% margin	11.4%	(0.2) p.p.	11.6%	10.1%	10.1%
Net Profit⁴	7,092	38.1%	5,136	1,697	2,220

³ Adjusted EBITDA is reported EBITDA as set out in Note 6 of the IFRS financial statements adjusted for non-recurring one-off items such as changes in accounting estimates and one-off non-operating costs

⁴ Net Profit equates to "Profit for the year" in the Company's consolidated financial statements

The Company's management team has a mix of first-class international expertise coupled with extensive operational experience in Russia.

Lenta's 11-strong Board of Directors includes three independent non-executive directors; nominees of each of the three major shareholders also serve on the Board. The Audit, Nomination and Remuneration committees of the Board are chaired by independent directors.

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