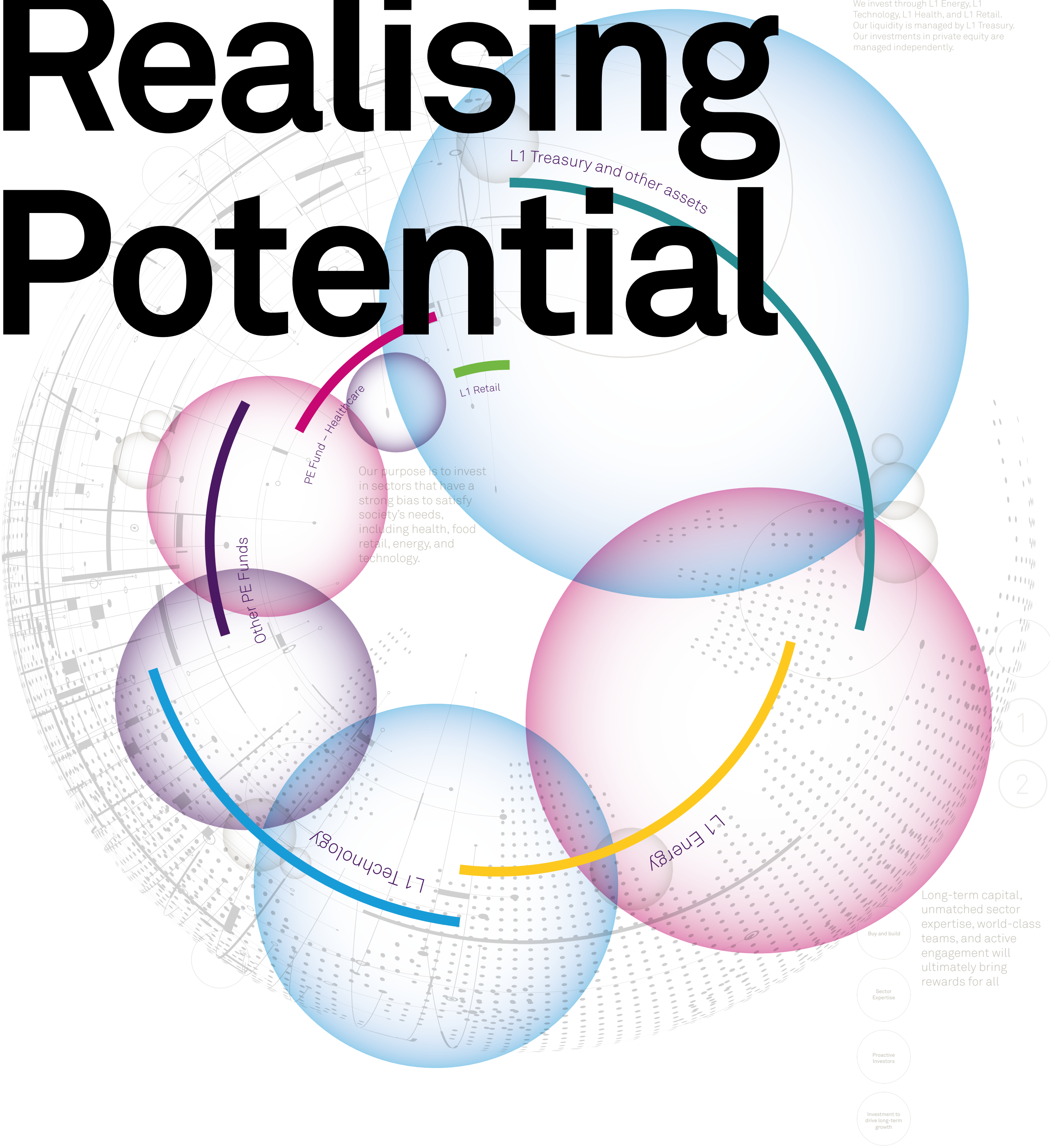
Realising Potential

We invest in sectors that satisfy society's needs

We invest through L1 Energy, L1 Technology, L1 Health, and L1 Retail. Our liquidity is managed by L1 Treasury. Our investments in private equity are managed independently.



Long-term capital, unmatched sector expertise, world-class teams, and active engagement will ultimately bring rewards for all

Highlights

LETTERONE

Realising potential

Our purpose is to invest in sectors that have a strong bias to satisfy society's needs, including health, food retail, energy, and technology.

We are a partnership of successful entrepreneurs, CEOs and international business people who aim to create one of the world's pre-eminent international investment firms.

Contents

Foreword

"We have made good progress this year. In this volatile world it has not been plain sailing, however the future looks bright"

In this year's Annual Review we tell our story as we navigate through global uncertainty, building companies of the future as long-term investors.

We first hear from our business unit leaders who give their perspective on how their sectors are changing as demographics and technology continue to change.

We focus on three areas highlighting our progress and the challenges we have faced.

We look at the merger of DEA and Wintershall to create a German energy giant, which is on track to complete by mid-year and set itself up for IPO potentially in 2020.

We then look at VEON, one of the world's largest mobile telecoms companies, where Ursula Burns is making solid progress transforming the company into an efficient and innovative emerging markets operator.

And finally we look at our research into the environment in which we invest, our new global health index, and the thought-leading work we are sponsoring at Cambridge to explore new measures for 21st century economies.

Jonathan Muir
Chief Executive

We invest in sectors that satisfy society's needs

We invest through L1 Energy, L1 Technology, L1 Health, and L1 Retail. Our liquidity is managed by L1 Treasury. Our investments in private equity are managed independently

Our main focus is long-term investing, and buying and building businesses. We have our own permanent capital and take a long-term view.

Financial highlights
At 31 December 2018

Net assets
$22.2bn
(2017: $25.1bn)

Decline in net asset value
9.84%
(2017 Growth: 12.9%)

Capital deployed during 2018
$1.8bn
(2017: $4.7bn)

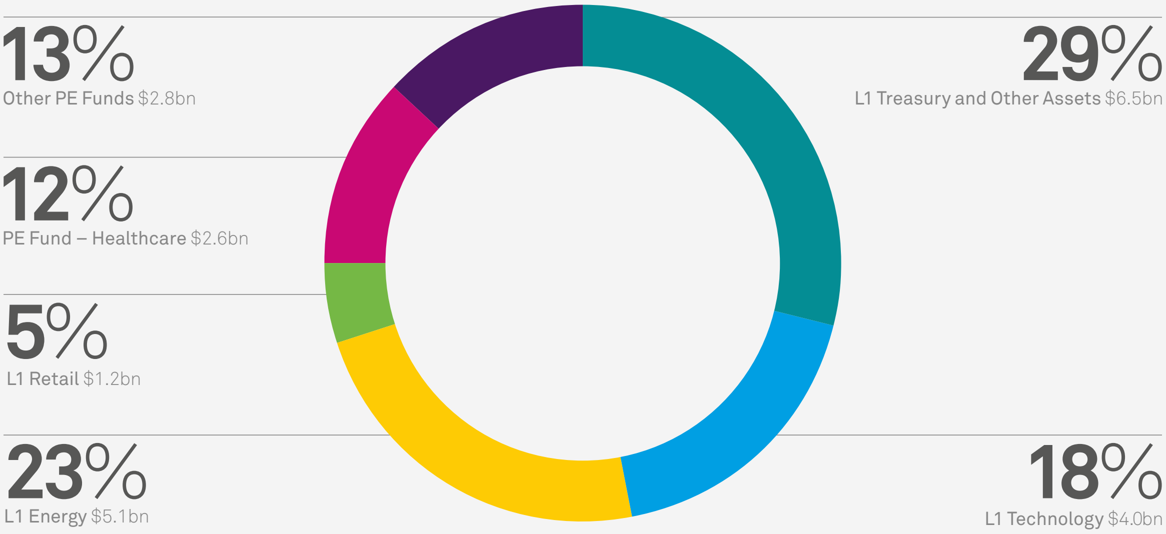
Liquidity
$6.6bn
(2017: $7.1bn)

Cash realisations
$0.7bn
(2017: $1.6bn)

Dividends paid
$0.5bn
(2017: $0.07bn)

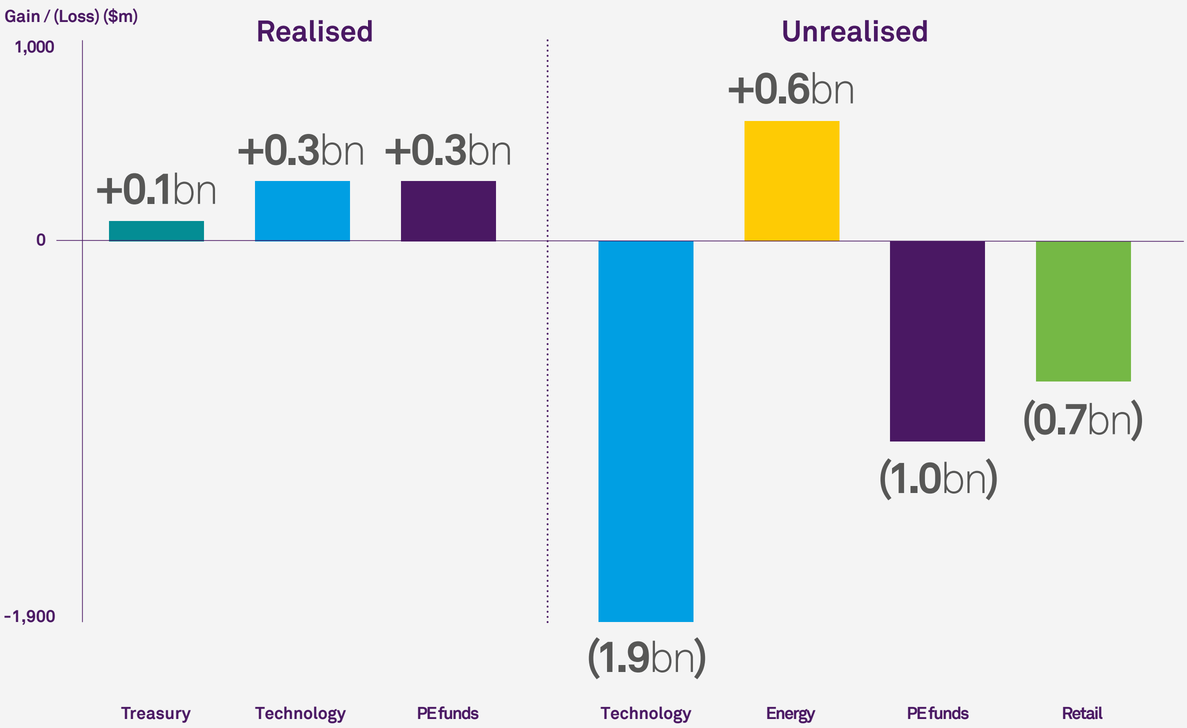
Reporting currency
We report in US dollars unless otherwise stated.

Net assets under management
At 31 December 2018



Like any business we constantly review our portfolio strategy and shift our focus when necessary.

Return by business unit during 2018
At 31 December 2018



Navigating through global uncertainty

Q&A with Lord Davies, Non-Executive Chairman

It's been a mixed year. The signing of the Wintershall DEA merger shows L1's potential to buy and build businesses and deliver value at scale. L1 has also made good progress this year with its investments in VEON and Holland & Barrett. Both of these companies have adopted new strategies and are now under new leadership. Our Treasury also enjoyed a successful year against a backdrop of volatile markets in the last quarter. But these gains were offset by currency impacts in VEON and Turkcell and accounting irregularities in DIA, where shareholders lost 90% of their equity in 12 months, which impacted our net asset value.

Q Will this mean a change in investment strategy or portfolio weighting?
No, I don't think so. Firstly Wintershall DEA is aiming to IPO in 2020, market conditions allowing, which will enable us to realise value. L1 is making good progress and is well positioned, such as with our investments in Uber and Qvantel, but some of our assets, which are weighted towards emerging markets and telecoms, do create short-term shocks.

Q What happened at DIA? It was the most shorted stock in Europe last year.
We are minority investors in DIA. The company's share price fell due to accounting irregularities, and as a 29% shareholder we lost the most. We still believe in the investment proposition, but our decision was based wrongly on the competence of the DIA board and audited accounts. It did not take into account governance issues. For me this emphasises the importance of strong governance and culture, which need to be a critical part of any investment decision.

Q As a veteran international investor, how do you view today's macro environment?
There is a danger that countries are becoming too insular, and it's clear that capitalism is leaving too many people behind, particularly in the West. I visited India recently and saw both the extraordinary strides they are making and yet the challenges they face in terms of climate change and infrastructure. I really think in the long term people are underestimating the impact India and China will have on global trade and global issues, which will be extraordinary.

Q How is this insularity affecting your investments?
More broadly, this year trade and investment have been slowing due to increases in tariffs, while emerging markets are seeing capital outflows and their currencies weakening. This generates even more uncertainty for business plans and investment. You can see the effect of this on our investments in VEON and Turkcell. Closer to home, Brexit continues to be a source of much economic and political uncertainty. In my view, it is imperative that the UK strikes a deal that maintains the closest possible economic relationship between Europe and the UK. It's very important as a long-term investor to understand the environment in which you are investing and contribute to society. Some important phenomena contributing to the current political turmoil have been invisible in measures such as GDP. We are sponsoring research at Cambridge to provide a more comprehensive understanding of modern economies and economic measurement. How should we measure progress toward the kind of society we want?

"We are in the midst of an industrial revolution. Barriers to entry are coming down. New skills and talent, that are international and flexible, are key to evolving our business models. Every business that we are involved in faces disruption and change"

Capitalism is undoubtedly facing a period of fundamental change, isn't it?
We are in the midst of an industrial revolution. Barriers to entry are coming down. New skills and talent, that are international and flexible, are key to evolving our business models. Every business that we are involved in faces disruption and change, whether it's in retail such as Holland & Barrett, or telecoms such as VEON or Turkcell.

This is happening at a time when trust in business and politics continues to be at an all-time low. The global recovery since the financial crisis has not led to tangible improvements in the standards of living of many people. I think business has to change and this is an opportunity for an alternative approach in which companies specify their purposes, clarify their commitments, and demonstrate how their ownership, governance, performance, and management enable them to fulfil their obligations to society.

Does L1 embody that new approach?
We are buy and build long-term investors, with permanent capital, so our purpose is to enable businesses to undertake radical restructuring over 7-10 years and avoid the pressures of short-termism. This enables us to build businesses, with good governance, and create long-term sustainable growth that benefits all stakeholders, such as employees, suppliers, franchises, and shareholders.

E. Mervyn Davies

Lord Davies of Abersoch
Non-Executive Chairman

"LetterOne has continued to make progress, but financial performance was mixed"

Building companies of the future

In the 2017 Annual Review, I stated that our priorities for 2018 were to execute well across our asset classes. In particular, this meant delivering on the various investment thesis, closing on the planned DEA merger with Wintershall, and continuing to enhance our reputation and profile as good investors.

We have made solid progress towards these priorities, but it has not been plain sailing in what was a volatile and sometimes adverse business environment.

Of particular note were:

- signing the merger with Wintershall,
- creation of a new health venture, K2 Health Ventures, to invest in progressive biotech companies,
- launch of enhanced strategies in VEON and Holland & Barrett – designed to deliver market-beating returns,
- continued realisation and value creation in private equity,
- enhancing our profile and brand with key stakeholders.

Challenges abound, and we will work to improve returns and realisations, and to recover value lost.

Performance highlights

In 2018 our financial performance was mixed. On the plus side, we increased value in L1 Energy, with some positive momentum in Uber and Holland & Barrett. L1 Treasury also delivered a positive result, despite most markets ending the year in negative territory.

We have recorded $0.7bn in cash realisations, but unfortunately this was offset by some significant unrealised falls in VEON, Turkcell, and DIA. Overall therefore we ended the year with a 10% decrease in net asset value (after taking into account the dividend paid in the year) to $22.2bn (2017: $25.1bn). Clearly we have much to do in 2019.

Energy continued out-performance and signing of landmark deal

DEA retained its focus on performance, despite the distraction of the merger. On a standalone basis it delivered improved revenue and EBITDA as well as free cash flow. It also further consolidated its entry into the highly prospective Mexican oil and gas market with an acquisition of some excellent acreage. We also signed the deal with BASF involving the hugely significant merger of DEA with Wintershall. This will create a true European oil and gas powerhouse. The merger was signed mid-year and is now moving forward toward completion, with all sides working in harmony to deliver the deal. This bodes well for the future of this exciting new company.

Disciplined execution – driving improvement in portfolio companies

L1 Technology had a big agenda in 2018 and worked with the portfolio companies to position them for value creation. VEON management took a hard look at their strategy and has started to execute on a number of initiatives. The successful sale of Italian assets to Hutchinson was hugely significant, allowing the realisation of good multiples, in turn reducing debt and focusing the portfolio more on emerging economies. At the same time, a focus on cost, efficiency, and a more localised approach to innovation should lead to continued performance enhancements. Turkcell also performed well in local currency terms (revenues and EBITDA up 21% and 41%, respectively). However, the macro environment in Turkey led to dollar declines in valuation overall.

In October 2018, the Spanish retailer DIA (an L1 Retail investment) announced a restatement of its 2017 accounts and a significant profit warning for 2018. These developments, combined with a failure in corporate governance and a high level of debt, have constrained DIA and resulted in the company's share price falling by 89.3% over the past 12 months. On 5 February L1 Retail announced a voluntary tender offer for the 71% of shares it does not own and a comprehensive rescue plan to secure the future of DIA.

L1 Health launched a brand new company, focusing on providing finance to established but innovative biotech and healthcare companies. This should provide not only great returns but a potential launchpad for closer alliances with companies at the forefront of healthcare innovation.

Our investments in private equity funds continued to add value with asset sales in existing funds exceeding new investments as they took advantage of the strong sales environment to realise profits.

L1 Treasury made solid returns and ended the year with a return on total assets of 1.9%. This result was achieved despite investment classes generally being down year on year in what proved to be very challenging and unpredictable conditions.

Finally, Holland & Barrett, our wellness platform, continued to deliver like-for-like growth in a very difficult UK retail market. Valuation remained flat because of this, but with a re-vitalised strategy and best in class management team to execute it, we expect significant upside in the future.

Continued building of our brand

Our efforts continued in 2018 to differentiate ourselves and enhance our reputation as strong, entrepreneurial, and reliable investment partners, whether with government, local communities, or portfolio companies. Despite an environment which was sometimes hostile and deeply national in outlook, we made great progress. We have excellent relationships with financial institutions and believe we are positioned well to invest in the markets we choose to invest in.

Jonathan Muir
Chief Executive Officer

Cash realisations

$0.7bn

At 31 December 2018

Capital deployed

$1.8bn

At 31 December 2018

2019 Priorities

1

Deliver the promises made to our stakeholders, whether through investment activities, efficiency targets, or reputational initiatives. Outstanding execution remains our top KPI.

2

In DIA we have lost significant value but believe we have the capability and plan to re-build it into the excellent retailer it can be. Control is key.

3

Finally, a number of strategies have been developed and agreed in 2018. These include in particular in VEON, Holland & Barrett, and closing the merger of Wintershall DEA. These must be delivered.

"We increased value in L1 Energy, with some positive momentum in Uber and Holland & Barrett. L1 Treasury also delivered a positive result. We recorded $0.7bn in cash realisations but this was offset by some significant unrealised falls in VEON, Turkcell, and DIA"

A changing world

Many industries are in significant flux because of changes in society, demographics, and technology

Companies around the world are transforming their operating models. Our experience as executives in many industries helps us identify long-term trends.

Understanding societal trends

"Our ageing populations mean that health needs are changing with more people living longer with chronic medical conditions"

Meghan FitzGerald
Managing Partner L1 Health

There are four drivers that will shape the future of healthcare: demographics, funding, technology, and consumerism. Our ageing populations mean that health needs are changing with more people living longer with chronic medical conditions. Increased costs present a financial challenge, as payers are unable to sustain historical healthcare growth levels. At the same time, new treatments, new technologies, and big data are changing ways of delivering care, while there are increasing patient expectations and drive to ensure more consistently high quality care at a good value.

Healthcare expenditure varies by country but broadly correlates with GDP. Healthcare expenditure is expected to continue to rise over the next few decades. Like most global healthcare systems, US and European healthcare are facing a growing funding gap. If healthcare costs continue on today's trajectory in a worsening fiscal context, then some countries could face financing gaps of 3-5% of GDP by 2025.

This is forcing disruption and change across the sector. We are already seeing transactional and process changes, such as the growing adoption of tele-health for outpatient clinics and GP consultations.

In the medium term we expect to see more patient empowerment, with patients moving to self-service and monitoring, with the aid of credible sources of information. We expect primary care doctors to take on more of the secondary care functions as care shifts into community and home. We also expect a cultural shift as doctors are encouraged to adopt a mindset of continuous improvement, and proactively leverage technology and data.

And in the future, technology and healthcare will be more inextricably linked. Our increasing ability to process deep stacks of genomic information allow us to know more about the science behind a disease, thus advancing the development of therapies for specific individuals. And automation, robotics, and apps to stay connected will continue to evolve how we treat and care for our ageing population.

Lord Browne of Madingley
Executive Chairman L1 Energy

I have worked in industry for more than 50 years and have witnessed a number of extraordinary global changes. The number of people living in extreme poverty has fallen from nearly three-quarters of the global population to less than 10%; average life expectancy has risen by more than two decades; and it is now possible to communicate with anyone, anywhere, at any time. Energy – specifically energy from fossil fuels – has underpinned these advances.

In recent years, however, fossil fuels have come under growing scrutiny for the contribution they make to climate change. Society no longer seems comfortable with an industry that has done so much good, but which now seems to pose so much risk. Some have suggested that oil and gas firms should plan to return money to their investors and wind down – but this would be a mistake.

In some areas there are currently no viable substitutes for oil, including aviation, maritime, and heavy commercial shipping, while natural gas is already playing a role as a lower-carbon transition fuel, replacing coal in the power generation sector.

The oil and gas company of the future will have a dual mission: firstly, to continue to supply the hydrocarbons the world needs in as environmentally responsible a manner as possible; secondly, to contemplate the role it can play in the transition to a low carbon global economy.

There are a number of specific steps companies can take to deliver this dual mission. One is working in partnership with governments and researchers to unlock the potential of carbon capture, storage, and use technologies so that hydrocarbons can be decarbonised. Another is to build portfolios, which are naturally lower in carbon by focusing on long-term supplies of natural gas.

Actions like these will provide a firm foundation on which to rebuild the relationship between oil and gas companies and the rest of society. Continued economic and human progress depends on it.

“Oil and gas companies will have a role to play for many years to come. Demand for both oil and gas continues to rise”

Stephan DuCharme
Managing Partner L1 Retail

What is the role of the shop? Retail is constantly evolving as retailers fight to stay relevant to their customers and profitable.

Over the last 25 years, the retail landscape has changed dramatically, having moved from independent family stores with limited selections and localised pricing, to international retail chains with multiple stores, vast selections and greater pricing power.

Today, retailers are having to respond to new threats to their business models of e-commerce, infinite product-selection, and visible pricing. What's more is that the pace of change is increasing. The number of net store closures is accelerating as sales of product move online, raising the question about the role of a physical shop.

Retailers are responding in different ways. Physical retailers look to increase the share of digital sales, while online-only players are starting to realise the importance of a physical presence on the high street. These new blended retail business models are blurring cost structures and it makes their management more complex.

To transform their business models, retailers need to have the right teams that understand how the business needs to change, while maintaining their traditional retail offering, and have the resources and experience to transition the business profitably into the future.

At the heart of this transformation is the customer, and how well retailers understand their increasing demands and what they will buy – whether that's a product, a service, experience or an all-encompassing lifestyle.

The role of the board is to make sure that the management understands the evolving nature of the business and what that means for the future. It also has to ensure that the team operates cohesively with a shared vision on where the business needs to be going forward, but also manage to drive profits today.

Forming that vision and the appropriate management team to take it forward, is critical to ensure the business delivers on what the consumer wants, in the way they want it.

"Over the last 25 years, the retail landscape has changed dramatically, having moved from independent family stores with limited selections and localised pricing, to international retail chains with multiple stores, vast selections and greater pricing power"

Alexander Pertsovsky
Managing Partner L1 Technology

The telecoms industry debate about 5G will continue throughout 2019. Unlike previous generations of wireless technology, 5G represents an evolutionary development. In between 4G and 5G, there is a so-called transitory "4.5G", which is an extension of 4G already enabling some of the 5G features, such as efficient "internet of things" connectivity and higher data rates.

While 5G is gaining ground faster than expected, L1 Technology believes that 2019 will largely be the year of "4.5G" where operators will focus on maximising the value of their 4G investments, stretching the existing capacity, and moving towards more software-defined (virtualised) networks.

For many operators, the moment of truth will come when it is time to decommission their old legacy 2G and 3G networks. For this reason, telecoms companies are already incentivising their customers to migrate to 4G. L1 Technology expects 2G and 3G networks switch-offs to happen in 2020-2022 in developed markets, and from 2022 in developing markets.

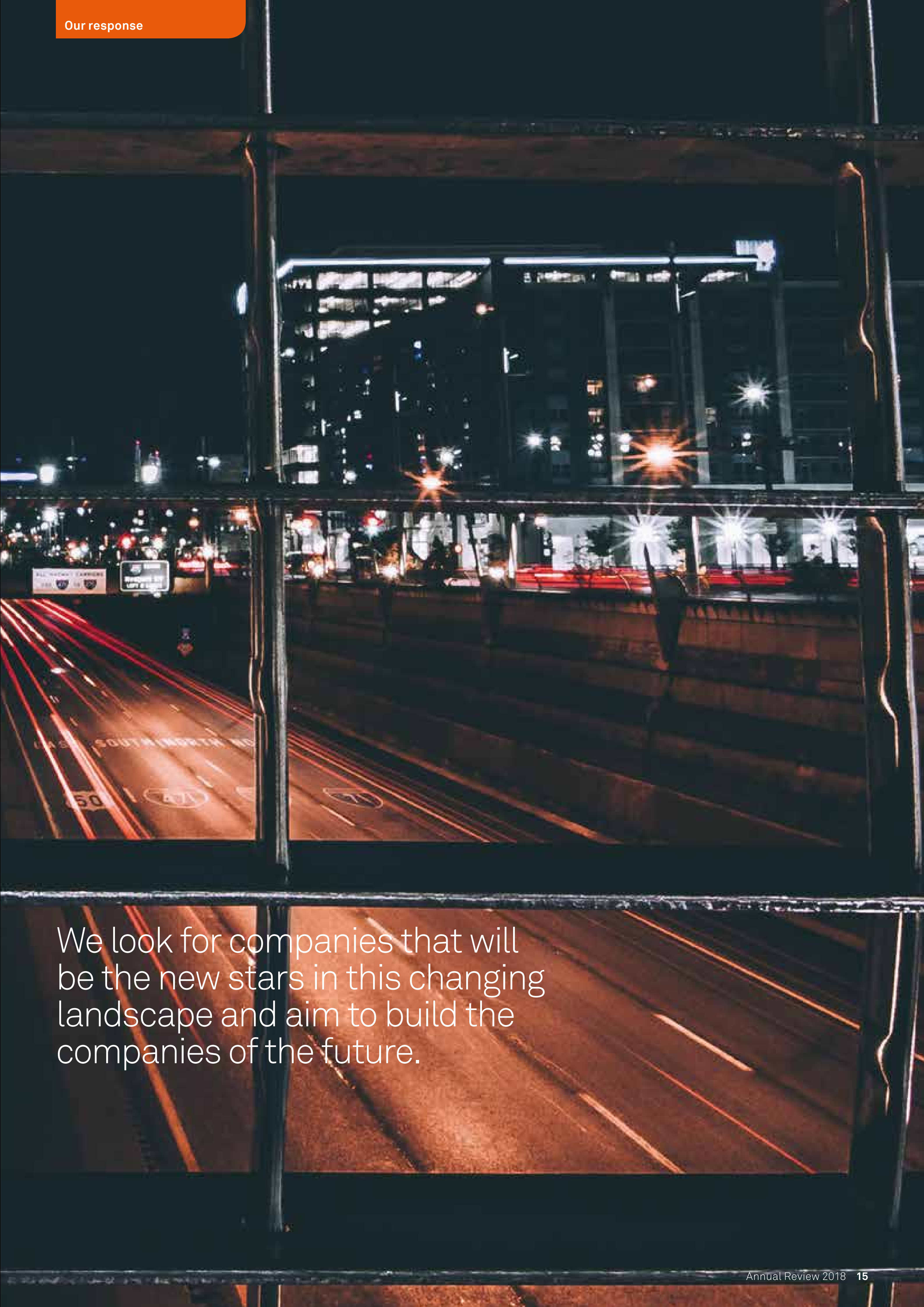
On the network equipment side, the industry is still struggling to diversify their supplier base with trade wars and sanctions against certain vendors complicating the issue. As a result, L1 Technology believes that major European and US vendors may benefit from a global market share re-distribution.

The telecoms industry network vision is focused around "software is the new hardware" mantra. However, while 5G promises to deliver the new technology, mainstream connectivity services and core IT systems remain to be telecoms operators' main responsibility. Therefore, transforming them is crucial to harness the promise of new revenues in a 5G era.

"While 5G is gaining ground faster than expected, L1 Technology believes that 2019 will largely be the year of "4.5G" where operators will focus on maximising the value of their 4G investments"

Our response

Companies must transform as demographics and technology continue to change

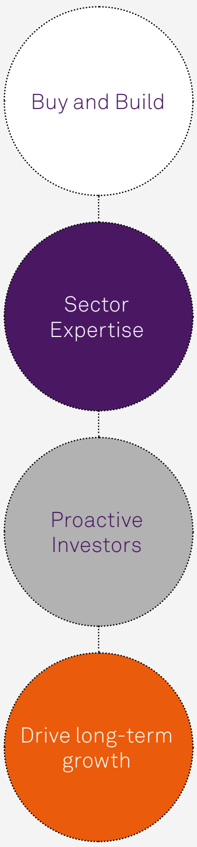


We look for companies that will be the new stars in this changing landscape and aim to build the companies of the future.

Active investing

Long-term capital, unmatched sector expertise, world-class teams, and active engagement will ultimately bring rewards for all

Our Investment Approach



1

Buy and Build

At L1, we generally seek to buy and build companies over the long term in sectors where we have world-class expertise. By providing long-term capital and advising the management teams of the companies we invest in, we aim to help them realise their individual and their company's potential and create the next generation of leading international companies.

2

Sector Expertise

We invest in sectors that have a strong bias to satisfy society's needs. People need energy, food retail, telecoms, and technology. As demographics change, people are increasingly concerned about their health and wellbeing. We target sectors and companies that have longevity and opportunity.

Many industries are in significant flux because of changes in society, demographics, and technology. Companies around the world are transforming their operating models and deepening their relationships and knowledge of their consumers.

Our experience as executives in many industries helps us identify long-term trends. We look for companies that will be the new stars in this changing landscape. We seek long-term disruptors in their sectors and robust platforms for future growth.

3

Proactive Investors

As businesspeople, we like to understand how businesses work. We want to know their structure, skills, processes, and the basis of their competitive strengths. We look at everything with fresh eyes, always asking what works and what doesn't. Our specialist investment teams then work actively with the management of the companies in which we invest by providing strategic input, managing performance, and building competitive teams.

We have recruited world-class CEOs, sector investment teams, and Advisory Boards to invest at scale. We have successfully managed companies through volatile periods like these and will undoubtedly do so again. We are different from private equity companies.

We buy and build assets, which we can develop over time as platforms of long-term sustainable growth.

4

Drive long-term growth

As entrepreneurs and successful businesspeople, we invest by buying and building companies where we see an attractive valuation, good management teams, competitive advantage, and market opportunity, and where our involvement will build significant value. We are investing our own capital in companies where we believe our sector experience and strategic and geographic expertise will improve performance.

Our portfolio and capital allocation reflects a balance of sector and company exposure with diversification across cycles, geographies, currencies and commodities.

This allows us to capitalise on long-term sector growth and cash flow generation opportunities. It also gives us cyclical and non-cyclical opportunities, geographical diversification, and commodity exposure.

L1 Strategy

Our investment teams are structured to invest at scale in the oil and gas, retail, health, telecoms, and technology sectors. Our strategy is principally to buy and build, developing our businesses over the long term.

Oil and gas Increasing population growth means increased demand for energy. For the next few decades at least, oil and gas will be an important contributor to global energy requirements. We invest in good development and production opportunities at low breakeven oil prices, then target operating improvements and cost optimisation.

Telecoms Telecoms companies of the future will play a role in fundamentally altering the way we live, work, and relate to one another. Our telecom investments have a presence in some of the most interesting markets in the world for long-term growth and where there is significant potential to enhance the customer experience through digital offerings.

Technology Big international companies are evolving their operating models, automating, and changing their customer relationships in the 21st century digital economy. We invest opportunistically in technology companies, which will provide the services to enable this transformation. Our expertise in retail, banking, health, oil and gas, and telecoms will help us make world-class investments.

Health Technology and demographic trends are pushing the boundaries of healthcare and creating new investment opportunities in contract manufacturing, life science tools, and medical distribution. L1 Health aims to make sizeable investments aimed at generating high cash flow and growth in these areas and in providing flexible capital to help venture capital backed companies succeed.

Retail The retail sector is in the midst of substantial change, driven by demographics and technology. We look to back companies operating in non-cyclical niches and companies that will be disruptors in the sector. These are the companies that will generate cash flow and growth.

Private equity We will leverage the insights we gain from our investments in private equity to build expertise in new sectors. The funds in which we invest are independently managed.

Treasury The majority of assets are invested in low risk, highly liquid assets so that funds can be released quickly and provided to the rest of L1 in order to have adequate funds available at relatively short notice. L1 Treasury selects a broad mix of investments.

Creating the largest E&P merger in Europe

In 2015, L1 Energy acquired DEA Deutsche Erdoel AG, the oil and gas division of RWE. DEA had good potential, but it had been a division of a power utility and had legacy operations and offices in 17 countries. With principal assets in Norway, Germany, and Egypt, L1 Energy believed DEA could become a high quality platform for growth.

L1 Energy's aim is to double the value of DEA in five years.

Our strategy involved refocusing the business in core countries Norway, Germany, Denmark, Egypt, and Algeria; divesting non-core positions; incubating new business in countries such as Mexico and Brazil, where we believed we could create long-term value; and modifying DEA's business model for a low commodity price environment.

Important steps were taken to execute this strategy. In 2015, DEA acquired a portfolio of assets in Norway from E.ON and sold its UK assets to INEOS. The acquisition of E.ON Norge, valued at $1.6bn, doubled DEA's production in Norway to 75,000 barrels of oil equivalent per day. DEA also funded major organic growth projects in Norway, Egypt, and Algeria. These projects are projected to support average annual production growth of almost 15% over the next five years.

In Mexico, L1 Energy took DEA from new entrant to leading player in just a few years. DEA partnered with state operator Pemex to

Wintershall DEA

€5.7bn
Combined sales in 2018

€200m
Synergies per year

3,150+
Employees combined

win the tender for a shallow water exploration block in the Tampico-Misantla Basin, and to acquire a 50% share and operatorship of the Ogarrio onshore oilfield, becoming the first non-Mexican onshore operator in the country. In December 2018, DEA signed an agreement to acquire Sierra Oil & Gas, a leading independent Mexican oil and gas company with interests in a portfolio of exploration and appraisal blocks, including the world-class Zama discovery. The acquisition of Sierra closed on 19 March 2019.

Although DEA had been transformed, it still lacked the scale needed to deliver long-term value and sustainable growth.

Creating the largest independent E&P in Europe

On 27 September 2018, LetterOne and BASF signed an agreement to merge their respective oil and gas businesses and create Wintershall DEA. LetterOne will initially own 33% of the combined company. Wintershall DEA will be the largest independent European exploration and production company, with activity in 12 countries across Europe, Latin America, North Africa, and the Middle East.

Wintershall DEA will have relevance and a leading position in core regions and world-class partnerships. Based on the expected production volumes in 2018, the company will be:

- the largest independent producer in Northwest Europe,
- the largest independent producer in Argentina,
- the largest international producer in Russia,
- among the top 5 international producers in North Africa.

Wintershall DEA will be one of the most cost-efficient operators with low reserve replacement costs and low production costs. It has a superior growth portfolio across the whole E&P lifecycle and will generate strong free cash flows.

Wintershall DEA is on track to grow production to around 800,000 boe per day by the early 2020s, compared to 590,000 boe per day today, equivalent to annual production growth of around 7%. This puts Wintershall DEA at the top of its peer group. To deliver sustained shareholder value, Wintershall DEA will now focus on project execution, the creation of new long-term growth opportunities, and the delivery of at least 200m euros of annual synergies.

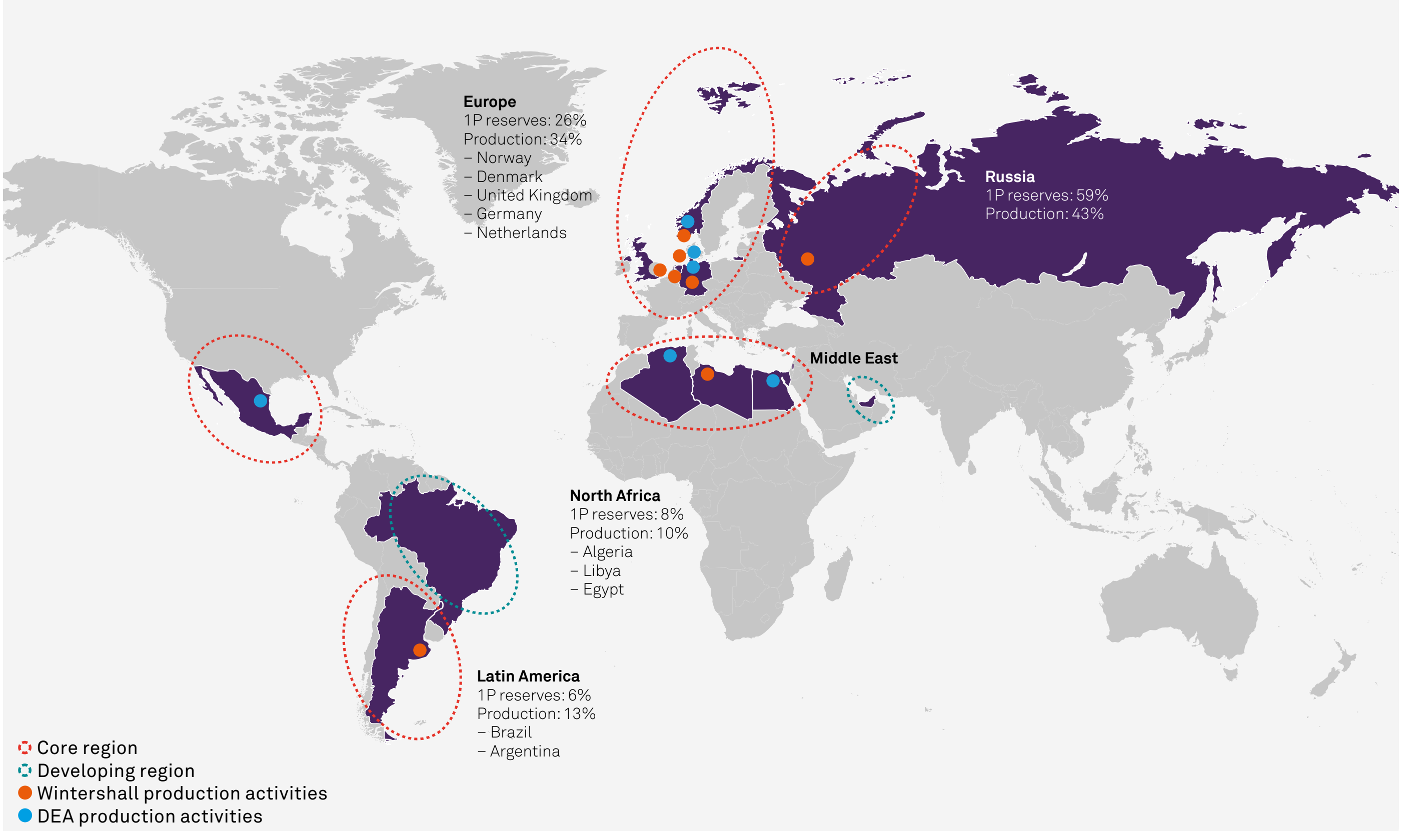
L1 Energy expects closing to take place in the first half 2019. Work is taking place to ensure Wintershall DEA is ready for an Initial Public Offering (IPO) by early 2020. The IPO will take place subject to market conditions.

"We expect the company to evolve rapidly into a world-class and globally competitive organisation with an international portfolio. We look forward to working with our new partners to create a disciplined, responsible, and sustainable oil and gas company"

Lord Browne of Madingley, Executive Chairman L1 Energy

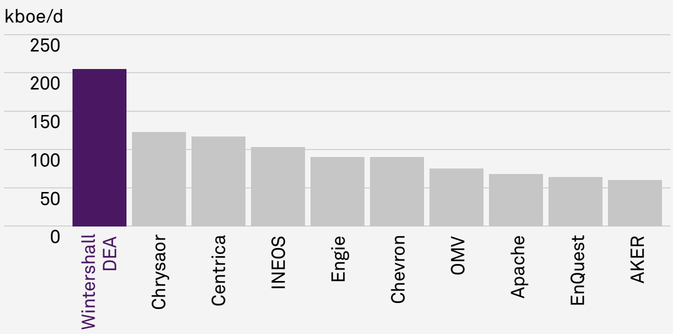
Scale Geographically diversified footprint with significant growth

Combined share of production and 1P reserves by region, end of 2018 (pro forma)

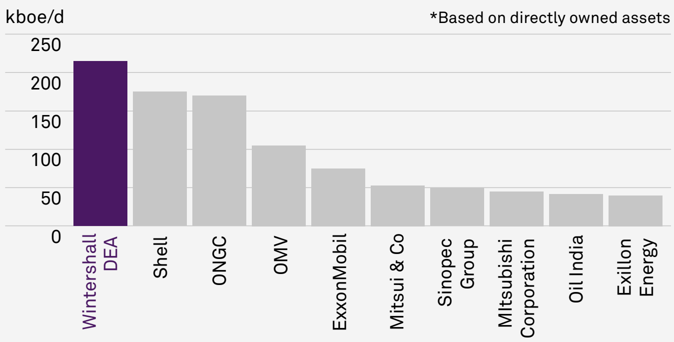


Relevance Leading position of Wintershall DEA in core regions

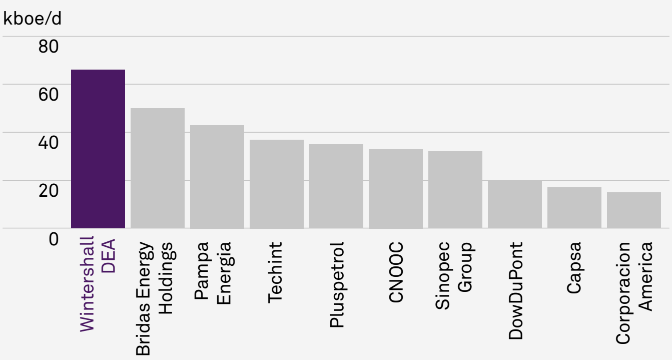
Largest independent producer in Northwest Europe 2018E



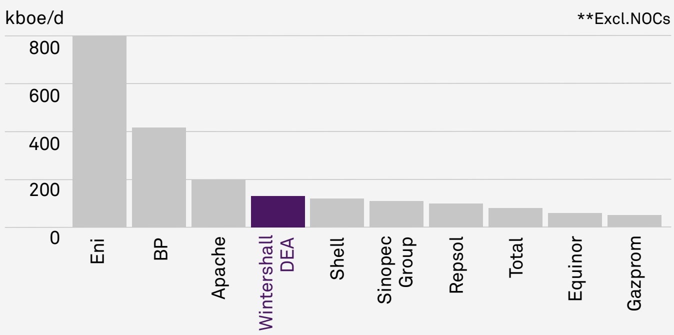
Largest international producer in Russia* 2018E



Largest independent producer in Argentina 2018E



Among top 5 international producers in North Africa** 2018E



Source: Wood Mackenzie UDT. Note: Northwest Europe consists of production in UK, Germany, Norway, Denmark, the Netherlands; North Africa consists of production in Egypt, Algeria and Libya.

Repositioning VEON as emerging markets telecoms

L1 has a minority stake in VEON, which is listed in NL on Euronext and the USA on NASDAQ stock exchanges. L1 has no involvement in execution or day-to-day management of VEON and has welcomed the appointment of a strong independent Chairman. L1 has the ability to provide input into strategy discussion at the Board level. Under its new Chairman, VEON has announced a new strategy and is making good progress executing its plan.

2018 was a landmark year for VEON during which the company delivered on its financial targets, strengthened its financial foundations, and repositioned its business for emerging markets growth.

Executive Chairman appointed

In December 2018, Ursula Burns was appointed VEON Chairman and CEO. She has served as Chairman of the VEON Board of Directors since July 2017 and as Executive Chairman since March 2018, during which time she has successfully introduced a simplified corporate structure with an increased focus on emerging markets.

Simplifying VEON operating model

In July 2018, VEON adopted a new strategy aimed at the creation of greater value for shareholders. This was built on four key pillars with the aim to build a new lean operating model, to optimise VEON's portfolio, to streamline the company, and to focus on growth in emerging markets.

1. Enhance VEON core – invest in core IT systems critical for customer experience and central to harnessing new revenue models. Increase investments in wireless and wireline network infrastructure to improve service quality and prepare for transition into next-generation networks.

2. Capture cost efficiencies – simplify organisation, redistribute operational activities between HQ and business units (BU), and rigorously apply lean methods to eliminate waste. HQ run-rate costs are to be halved by the end of 2019 from FY 2017 levels and reduce operating costs across VEON through adoption of new technologies and innovative approaches.

3. Actively manage VEON's portfolio – focus on emerging markets, further optimise the group portfolio, pursue market consolidation, deploy capital to maximise shareholder returns, and maintain a strong balance sheet.

4. Foster new revenue streams – recognise and serve emerging customer demands around content, mobile financial services, and data; deepen customer engagement based on personalisation; develop new business models; and monetise already made investments.

Good progress executing strategy

2018 was a year of significant change for VEON, which made good progress executing its strategy. VEON simplified its structure, adopted a new lean operating model and executed a major disposal to streamline the company and refocus VEON on growth and emerging markets. Its leaner operating model is delivering cost and efficiency benefits whilst enabling it to maintain robust compliance and internal controls across the businesses.

VEON – emerging market focus

L1 Technology believes that VEON's portfolio of leading emerging markets mobile communication operators and its expertise in emerging markets offers exciting prospects for VEON's future success. These are attractive growth markets with increasing

210m+
VEON customers

"VEON's portfolio of leading emerging markets mobile communication operators is a competitive strength. These markets are attractive because of population growth, prosperity growth, and increasing smartphone penetration. In addition, VEON knows the markets well, leveraging off its strong positions in these countries"

Ursula Burns, Executive Chairman, VEON

population and prosperity growth, and rapidly growing levels of smartphone penetration.

VEON – simplified structure

In 2018, VEON adopted a new, lean operating model. It achieved its corporate cost targets and continued to focus on efficiencies across the group. VEON is adopting a country-based operating model, reducing HQ and central overheads, which puts VEON in a better position to act locally, to focus on cost, to be dynamic in the marketplace, and to offer new localised digital services.

VEON is committed to digitising the core of its operations so that it can provide better service to its customers and lower its cost of operation. VEON has already managed to reduce costs significantly, but the full ambition has yet to be achieved.

Strong balance sheet – progressive dividends

VEON continues to manage its portfolio in order to deliver greater value for its shareholders by adopting different levels of asset intensity based on the assessment of BU returns with the overall goal of maximising equity free cash flow and paying dividends.

Q&A with Ursula Burns, Executive Chairman, VEON

Q Why is VEON focusing on emerging markets? Is it an area of competitive strength?

VEON's portfolio of leading emerging markets mobile communication operators is a competitive strength. These markets are attractive because of population growth, prosperity growth, and increasing smartphone penetration. In addition, VEON knows the markets well, leveraging off its strong positions in these countries.

Q Why are you adopting a country-based operating model?

We are giving our country-based operating companies more flexibility to operate locally and to make the most of the local market opportunities and directly address the challenges. This puts VEON in a better position to act locally, to focus on cost, to be agile in the marketplace. We have also invested in digitising our core. That helps us improve the customer experience, and drive operational excellence and efficiency across all of our markets.

Q How will you manage your portfolio to deliver value for shareholders?

We sold our 50% stake in the Italy joint venture reinforcing our focus on emerging markets helping us to realise value for the shareholders. It strengthened the group's balance sheet. We received $2.9bn, which almost entirely was used to repay debt. And finally, with an improved leverage and strong cash generation, we announced the payment of a US 29 cent dividend for 2018. This maintains our record of paying dividends as long as the company's cash flow is strong; we will continue this policy as we go into the future.

New global index measuring health of nations

150
Countries ranked

UK
17th place in health ranking

40%
Of adults in the UK insufficiently active

L1 has published a new global health ranking – the Indigo Wellness Index – which showed the world's healthiest countries based on 10 key measures, offering one of the most comprehensive global "state of nations" health comparisons to date.

Canada leads the index, scoring consistently highly across the 10 health measures with the exception of obesity, where it ranks 16th – the worst country in the G20 for obesity.

This insight highlights one of the primary objectives of the Indigo Wellness Index – to illuminate health disparities across the world and benchmark the relative wellbeing of a nation compared to other countries by striking a contrast with the relative wealth of these nations.

Indigo Wellness Index – trends for key metrics

1. Obesity – The data demonstrates that obesity is a rising trend in most countries. The UK now ranks 12th in the G20 – better than the US (20th in G20), Saudi Arabia, Canada, and Turkey.
2. Inactivity – The UK scores notably badly on inactivity, with 40% of adults insufficiently active, causing a ranking of 13th in the G20 – and the most inactive country in Europe – and the 129th most inactive in the world.

3. High blood pressure – In many countries, the prevalence of high blood pressure has dropped hugely. The UK ranks 8th in the G20, while France, Germany, Italy, and Russia rank among the worst in the G20. This may be due to the availability of cheap drugs or the prescription process in these countries for medicines that combat hypertension.
4. Blood sugar levels – Overall most countries have become more prone to elevated blood sugar levels, a figure supported by Public Health England, which suggests that based on current population trends by 2035, 4.9m people in the UK will have diabetes.
5. Drinking – Across Europe, Russia and Ireland have more heavy drinkers than other developed and European countries. In contrast to national stereotypes, the data suggest that France and Germany have more binge drinkers than the UK.
6. Depression – Countries reporting some of the lowest rates of depression include Indonesia, Korea, Philippines, and Egypt. The United States, with the highest GDP, has the second highest depression rate in the world, after Ukraine.

This new index is one of the first comprehensive global wellness indices to be published, covering over 150 countries, compared to the existing OECD index, which aggregates data from fewer than 50 countries.

"An unhealthy population is expensive – for Government, for businesses, for communities, and for individuals. Globally, $47 trillion of cumulative economic output will be lost between 2012 and 2030 because of the impact of chronic ill health"

Professor John Deanfield, Professor of cardiology at The Heart Hospital

Exploring new measures for 21st century economies

Can we move beyond GDP? How should we measure progress toward the kind of society we want? A research project at the Bennett Institute for Public Policy, University of Cambridge, has been launched with funding from LetterOne to develop better metrics of social and natural assets.

It is evident that the standard metric of success – GDP growth – is an inadequate guide for policy at a time of increasingly deep social fractures, combined with an ever more connected and complex global economy. Some important phenomena, contributing to the current political turmoil in many countries, have been invisible within the existing framework of standard measures.

In her Indigo Prize winning essay with Benjamin Mitra-Kahn, Making the Future Count, Professor Diane Coyle (Bennett Institute, Cambridge) argues that our measurement of economic success should include six critical assets: physical, financial, intangible, human, natural, and social capitals. A radical replacement of GDP that would build in sustainability and fairness could include a dashboard indicating access to these six key resources.

This research project, managed by Professor Coyle, will focus initially on social and natural capital measures. It aims to improve the quality of policy advice, provide a more comprehensive understanding of modern economies, refine definitions of social capital to inform its economic measurement, and contribute to the ongoing process of constructing national natural capital accounts.

One might ask why is it important to focus on measurement of such concepts? Social capital is a measure of the level of trust and network of relationships prevailing within an economy. It is vital for businesses and communities to thrive, and there is evidence of its importance for outcomes ranging from individuals being able to find jobs more easily to more successful innovation and start-ups.

Natural capital consists of the assets nature provides, which provide a stream of services to humankind ranging from the clean air vital for everyone's health to mineral resources used in production or the quality of the soil enabling crops to grow. Both are omitted from standard economic statistics and, as a result, have too little traction in government policy.

Diane Coyle believes that, "the two offer different types of opportunity to improve measurement and thus have an impact on policy and ultimately all of our wellbeing."

She says, "There has been surprisingly little recent progress on measuring social capital, despite a range of evidence for its importance in economic outcomes. Natural capital, by contrast, has an international definition (in the System of Environmental Economic Accounts), and some statistical agencies have begun developing natural capital estimates, but there are significant conceptual and data gathering challenges.

L1 is delighted to be able to sponsor this important project, hopes it will inspire others around the world, and will be publishing updates as it progresses.

"The costs of our GDP-centric approach to measurement are becoming clear, and there are more and more suggested alternatives. We propose a system of economic measurement that ensures the future gets due weight in present decisions"

Diane Coyle & Benjamin Mitra-Kahn, Making the Future Count

Realising the potential of the next generation

The Felix Project is a London-based charity that helps tackle the twin problems of food insecurity and food waste, by collecting surplus food

"The substantial multi-year donation from LetterOne was critical for Felix, allowing the charity to quadruple the size of its West London depot. The speed with which the donation was authorised was evidence of a donor who truly understands the urgency of addressing food poverty and homelessness in a city with one of the highest levels of deprivation of any major city in Europe"

Justin Byam Shaw, founder, The Felix Project

The Felix Project

In 2018, Felix provided 3.3m meals to 250 charities and schools ensuring that some of London's most deprived communities have regular access to good quality nutritious food. The charity has two depots and operates a fleet of 19 vans that distribute the food to recipient charities. A large pool of motivated volunteers man the depots and drive the vans to collect and redistribute the food. Felix delivers the food free of charge to the recipients.

‘LetterOne “RISING STARS” Jazz Award’ goes worldwide in 2018/19

There are many awards in the world of jazz that recognise talent. Yet the undoubted prestige they bring does not always have a lasting professional impact on the winners

The ‘LetterOne “RISING STARS” Jazz Award’ was conceived to address that real concern first and foremost by offering invaluable practical support for the artists in question. The winners do not win a cash prize, but the winner is taken on an extensive all-expenses paid tour. The musicians play at some of the world’s best jazz festivals, with the tour, marketing, and PR handled by the highly respected Air Artists Agency.

What started in 2017 as a Europe-centric event with 18-year old French guitarist TOM IBARRA as the winner has since expanded into North America.

The American version of the award sees the US winner of the ‘LetterOne “RISING STARS” Jazz Award’ playing at ten major festivals across the States and Canada, including the Blue Note Jazz Festival in New York, DC Jazz Fest in Washington, SF Jazz in San Francisco, and the world renowned Monterey Jazz Festival in California.

The winner of the European prize, which this year was Adrien Brandeis, will play at some of Europe’s top festivals such as Love Supreme (UK), JazzOpen in Stuttgart (Germany), the Kongsberg Jazz Festival (Norway), and the Umbria Jazz Festival in Perugia (Italy). All of which will give the L1 Rising Stars a golden opportunity to perform in front of large audiences and rub shoulders with experienced players.

Legendary artists, such as the vocalist Dee Dee Bridgewater, were on the American jury for the 2018 edition of the award, and she has high hopes for the winner of the North American edition, vibraphonist Sasha Berliner. Dee Dee said, “She convinced us with her musicality, dedication, but also that she is pushing the jazz envelope forward. We are convinced that we will hear a lot from her in the future.”

Above all, artists who know exactly how tough it is for any young musician to launch a career in jazz are on board. The popular British vocalist and BBC Radio 2 presenter Jamie Cullum, who was a member of the UK jury, said, “I was super excited because I had seen so many talented musicians over the years not getting the right support and not developing according to their abilities. This award gives them the platform and publicity to excel and achieve on a European level.”

For listings please visit
www.adrienbrandeis.com/copie-de-concerts

“The long-term aim of the annual competition is to propel the musical career of an outstanding young jazz musician and enable them to quickly find an audience. It is an investment in Europe’s brightest jazz talents”

Mikhail Fridman, Co-founder of LetterOne

Supporting young homeless people in Manchester

In 2017, Depaul and Nightstop UK provided LetterOne with an opportunity to be part of a solution to end youth homelessness in Greater Manchester

This collaboration enabled LetterOne to invest in a new Nightstop service, a unique volunteer, community led service providing "same day" emergency overnight accommodation for young people aged 16-25 years old who are experiencing homelessness in the region.

Across Greater Manchester, Nightstop has a network of trained and vetted volunteer hosts who offer a spare room in their home to young people who have nowhere else to go for the coming night. Since the service has opened, the team have:

- trained, vetted, and recruited 15 volunteers across the region as "Nightstop Hosts" and supported 14 young people,
- built 29 partnerships with referral agencies across the Greater Manchester region,
- provided 120 bednights ensuring young people had a safe place to stay and were not at risk of sleeping on the street or in other dangerous places.

In 2019 , Greater Manchester Nightstop will continue to grow, raising awareness of the service throughout the community, providing the service within schools and local organisations, and building key relationships with local authorities, charities, and agencies. They aim to:

- provide 300 nights of safe Nightstop accommodation,
- accommodate at least 60 young people (on average a young person will stay with Nightstop for 5-10 nights),
- provide 75% of young people with a suitable move-on within three weeks of being placed with Nightstop.

"We are now making real progress towards our goal of ending rough sleeping in Greater Manchester by 2020. We will support Nightstop to expand their service and hope others will support them too"

Andy Burnham, Mayor of Greater Manchester

LetterOne also funded Depaul UK to produce further quantitative research into youth homelessness, following publication of their Danger Zones & Stepping Stones Phase 1 Research report launched in 2016.

This enabled Depaul to produce rigorous and highly regarded research to highlight the growing support needed for those young people affected by homelessness across the UK. This included:

- investigating the experiences of young people affected by homelessness. A new approach was proposed to assess temporary living circumstances using the Danger Zones and Stepping Stones Model,
- drafting a report making recommendations based on a quantitative survey of 712 young people who were receiving help from homelessness organisations,
- building a stakeholder group of 10 experts from partner organisations to assist in the development of Danger Zones Phase 2 research.

Upskilling future generations of business leaders

LetterOne supports North American National Quiz Bowl Competitions

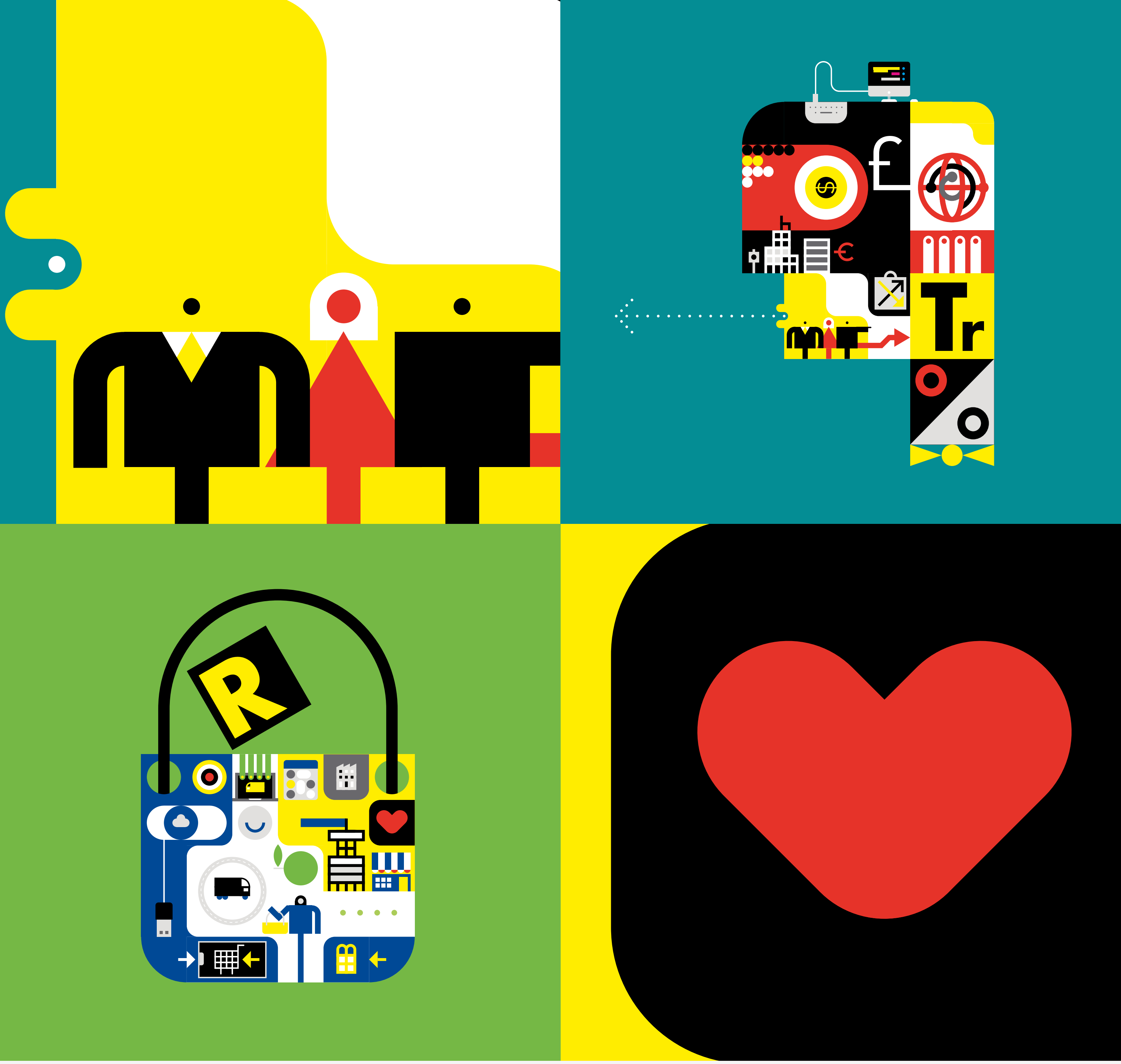
350+
high school teams

NAQT quiz bowl is the US premier student academic competition that raises awareness of the need to prioritise learning in young people's lives. LetterOne supports the US national intercollegiate and high school championships, in addition to the individual player competition.

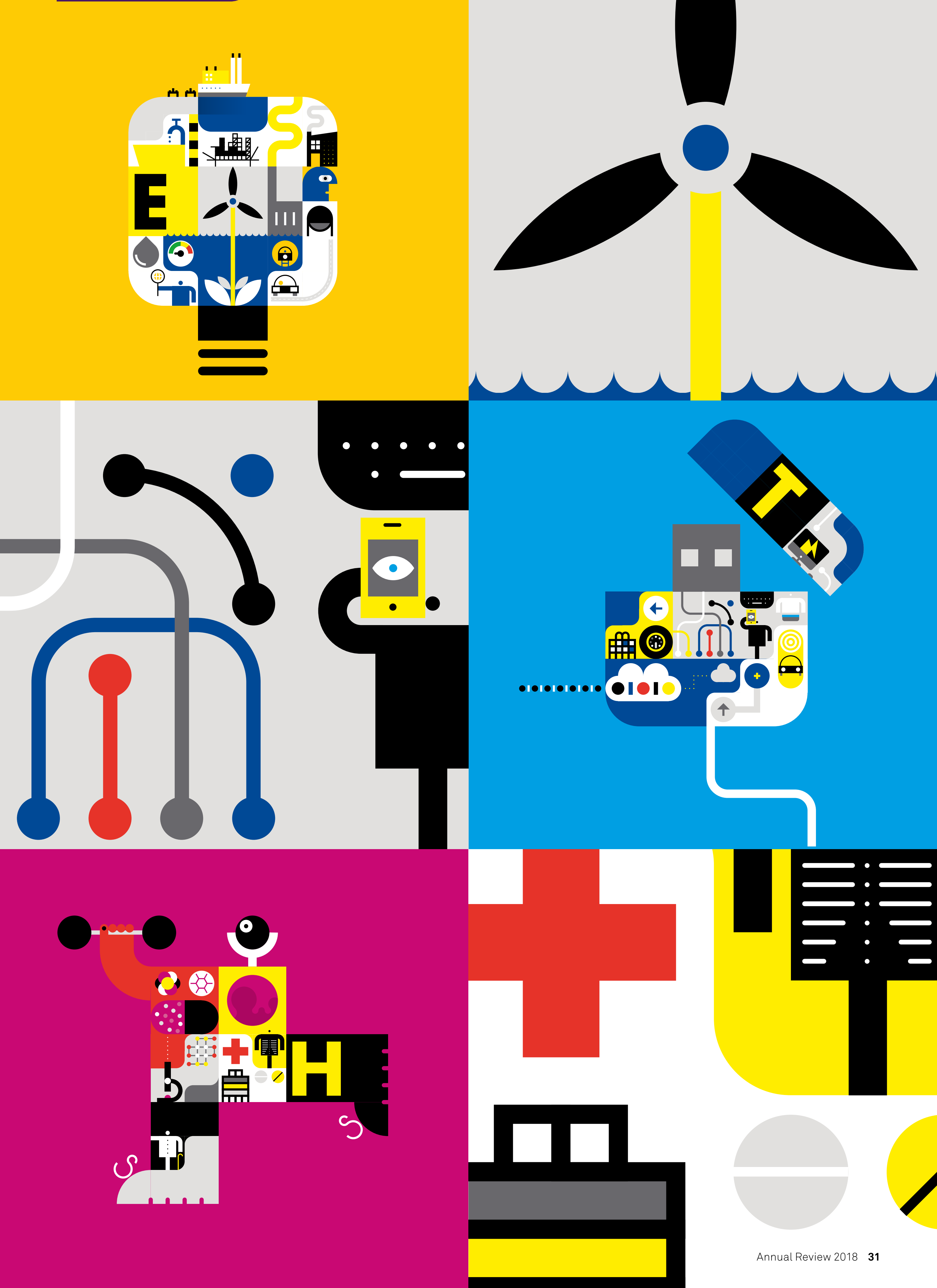
Quiz bowl is a fast-paced buzzer competition in which teams of four players compete to answer questions that cover academic subjects like literature and science as well as the broader world of popular culture and current events.

Academic tournaments, through demanding rigorous training and building strong networks, turn students into leaders who have the knowledge and skills to create positive change in their communities. LetterOne is helping to amplify the important role that these academic tournaments play in helping to shape young professional leaders by providing them with critical tools and experiences.

In 2019, the Intercollegiate Championship Tournament will be in Chicago and the high school tournament in Atlanta.



our businesses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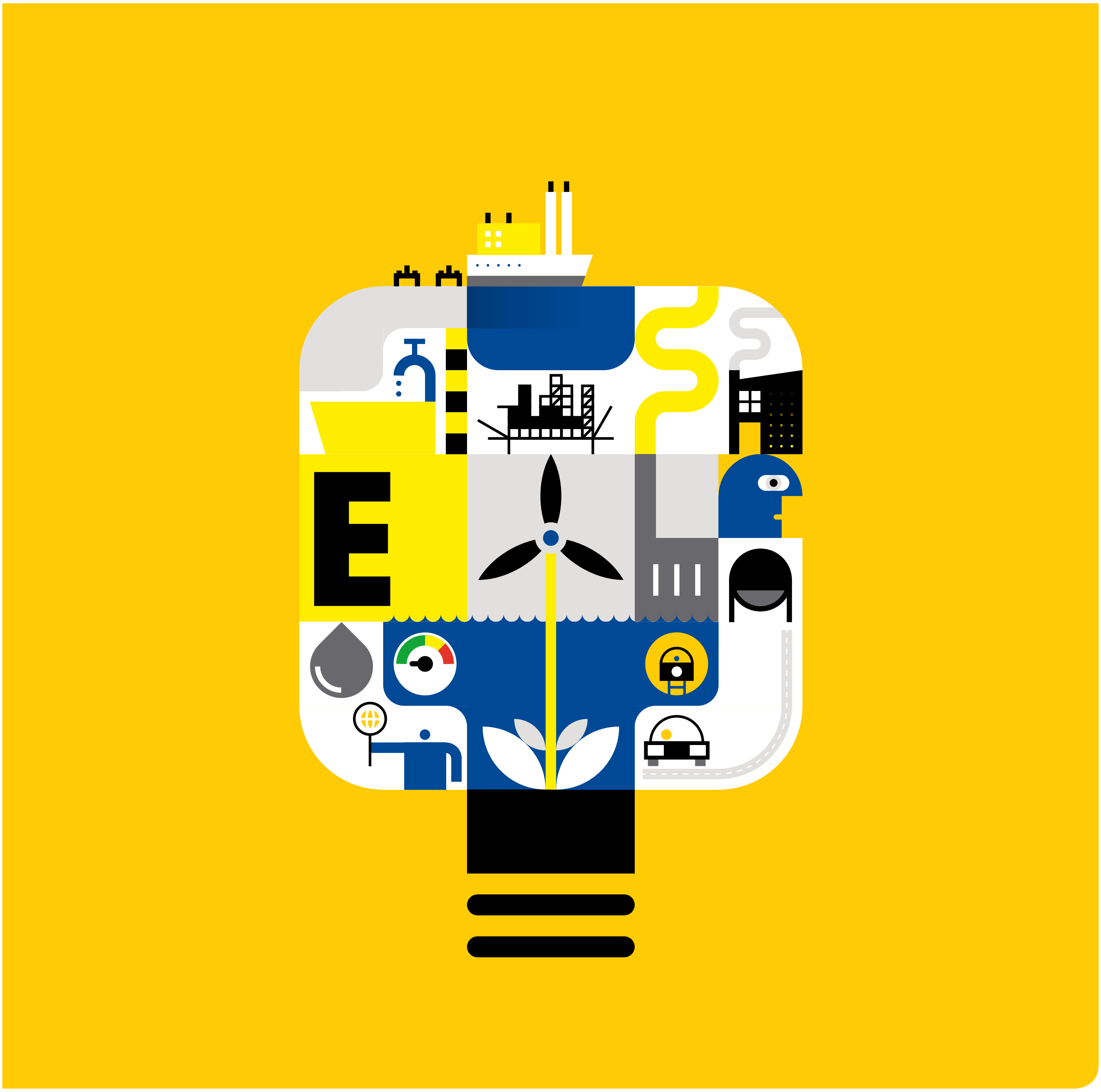


Completing a landmark merger

"Wintershall DEA is the largest E&P merger in Europe for over a decade and will have a diverse portfolio of outstanding growth prospects, with the scale needed to access important new opportunities"

Lord Browne of Madingley, Executive Chairman L1 Energy

L1 Energy's ambition is to build a safe, sustainably growing energy group, which is recognised as a partner of choice in its industry. We took decisive steps in 2018 towards realising this ambition.

Europe's largest independent oil and gas company

In September 2018, L1 Energy and BASF signed an agreement to merge their oil and gas businesses and create Wintershall DEA.

Wintershall DEA will be the largest independent European exploration and production company, with activity in 12 countries across Europe, Latin America, North Africa, and the Middle East. The combined business would have had pro forma production of approximately 590,000 barrels of oil equivalent per day in 2018, almost 70% of which comes from natural gas. Production is expected to rise to around 800,000 barrels of oil equivalent per day in the early 2020s as the company executes its business plan.

In 2018, the combined business would have generated revenue of €5.7bn and earnings before interest, taxes, depreciation, and amortisation (EBITDA) of €3.6bn. Based on the combined proven (1P) reserves of almost 2.4bn barrels of oil equivalent at the end of 2018, the reserves to production ratio of the combined business would be approximately 11 years.

The combined portfolio and scale of Wintershall DEA will provide significant potential for sustainable, long-term growth. LetterOne and BASF expect to be able to realise synergies equivalent to at least €200m per annum. In the medium term, the shareholders intend to offer shares in the company to the public through an initial public offering.

DEA's strong operational and financial performance

In 2018, DEA's daily production averaged 121 kboe/day, representing a slight decrease from 2017 levels. However, as a result of higher commodity prices and cost savings, 2018 EBITDAX amounted to $1,219m, almost 20% higher than in 2017.

In December, DEA acquired Sierra Oil & Gas in Mexico. This acquisition is a key step towards a stronger portfolio and a concrete move that shows our strategic commitment to Mexico. As a result of the acquisition, DEA will acquire shares in a number of highly promising exploration and appraisal blocks, including a 40% share in the world-class Zama discovery, one of the largest shallow-water discoveries in the world in recent years.

In Norway, major milestones were reached in DEA's operated Dvalin development with offshore operations, installation of the subsea template on the field, and installation of the first utility module on the Heidrun platform.

In Germany, DEA celebrated having produced 60 billion cubic metres of natural gas in the Voelkersen gas field since the early nineties. In Egypt, the company began Phase II of the Disouq field development, which involves connecting additional wells to the production facilities.

Extensive investments have also been made in the West Nile Delta development to bring the Taurus Libra and Giza Fayoum fields into production. The final field in the West Nile Delta concession, Raven, is expected to come online towards the end of 2019.

As of 31 December 2018, DEA had 2P reserves of 692m barrels of oil equivalent, on a par with the 2017 level.

Find out more at: www.letterone.com/our-businesses/l1-energy/

121kboe/day
DEA produced in 2018

70%
Wintershall DEA oil from natural gas

DEA acquires Sierra Oil & Gas in Mexico, including stake in world-class Zama discovery

In December 2018, DEA signed an agreement to acquire Sierra Oil & Gas, a leading independent Mexican oil and gas company.

Sierra holds interests in approximately 9,400 square kilometres of exploration acreage in the core of the Sureste Basin, including a 40% share in the world-class Zama discovery. Zama is one of the world's largest shallow water discoveries, estimated to hold between 400 and 800m barrels of oil equivalent (boe) in recoverable volumes.

The Sierra Oil & Gas team has a tremendous track record in Mexico and brings in-depth knowledge of the Mexican upstream sector to DEA. DEA will add Sierra's acreage to its existing portfolio of operated production and exploration blocks, becoming one of the largest exploration acreage holders in Mexico.

The transaction is an important milestone in DEA's international growth strategy, fulfilling DEA's objective of building a significant portfolio in the Mexican upstream market. The acquisition closed on 19th March 2019. It was the largest upstream M&A transaction in the country since the liberalisation of the petroleum sector in 2013.

Realising retail potential

L1 Retail is a differentiated investor with a longer-term investment horizon than many other financial investors. We seek to deploy capital into platforms that can be positioned for strong sustainable growth over 10 years and beyond. As a result, we favour investments, which are exposed to long-term secular trends that have proven organic growth and which can be platforms for industry consolidation.

Over the course of the past 12 months, L1 Retail has established its market positioning and expanded its team to support its portfolio companies and invested in sustainable growth initiatives.

L1 Retail owns Holland & Barrett, which provides attractive exposure to the growing health and wellness market. It also owns 29% of Distribuidora Internacional de Alimentación S.A. (DIA), the Spanish food retailer.

Investment approach

Established in December 2016, L1 Retail's strategy is to identify and invest in companies that are well-positioned platforms for long-term growth and sustainable competitive differentiation. L1 Retail seeks investments where we can play an active role and leverage

L1 Retail team's prior investment experience, industry expertise and an extensive global retail network to successfully implement this approach.

We work in close partnership with management teams and place a strong emphasis on recruiting, developing and retaining top-tier talent. A key focus for any investment is to best position the business for it to react and take advantage of sector disruption driven by technology and digital innovation.

As a long-term investor, we are attracted to business models that are exposed to structural sector themes. We look to partner with sector leaders that operate in broad addressable markets and have strong customer value proposition. We believe customer focus and convenience provide long-term growth opportunities. As a result, we are attracted to the convergence of physical and digital retail, along with the conjunction of products and services.

We seek to invest up to $1bn of equity per platform. Our capital has a global mandate and can be invested in minority or control investments.

L1 Retail team

Our investment team comprises retail and investment professionals with extensive experience in leading, advising and financing leading retail organisations. The team works closely with our Advisory Board, which comprises experienced CEOs and entrepreneurs with a proven track record in retail. The investment team and Advisory Board work together to formulate strategy, develop and execute investments and support our management teams.

L1 Retail is led by Stephan DuCharme. Previously, Stephan was the X5 CEO and oversaw a period of strong growth from 3,800 stores to over 14,000 stores today. During the year, the investment team has expanded and includes professionals with strong expertise in investment, finance and operations. The investment team is supported by a highly experienced Advisory Board comprising Karl-Heinz Holland (the former CEO of LIDL AG), Clive Humby (chief data scientist at Starcount and founder of dunnhumby), and John Walden (CEO of FTD and former CEO of Home Retail Group and Argos). Each member of the Advisory Board brings complementary expertise from commercial and operations, data science and innovation through to digital and technology.

Driving retail and digital excellence at Holland & Barrett

In 2017, L1 Retail acquired Holland & Barrett for £1.77bn. Originally founded in 1870, Holland & Barrett has grown to be Europe's largest health and wellness retail chain with strong brand loyalty and a wide store footprint. It operates 1,076 stores in five countries including 833 stores and concessions in the UK and Ireland, and 243 stores internationally in the Netherlands, Belgium, and Sweden.

Working with the management team at Holland & Barrett, L1 Retail has developed an ambitious long-term vision for the company, which will be driven by digital transformation of all aspects of the business, leveraging data needs, defining the technology capabilities required, and shaping the leadership and culture to drive focus on achieving long-term success in a changing retail environment.

In 2018, Holland & Barrett grew its revenues 7.1% on the back of strong like-for-like sales growth of 3.9%, 32.2% growth in digital sales, and new store space. Technology is dramatically reshaping the retail landscape as consumers increasingly use mobile and other internet devices to communicate, learn, and transact.

DIA voluntary tender offer

In 2018, it became clear that DIA was undergoing serious financial difficulties. In 2019, L1 Retail, which owns 29% of the company, announced a voluntary tender offer and comprehensive rescue plan to secure the future of DIA. L1 Retail believes that under the right leadership and governance, DIA can deliver a transformation and re-establish its leading position in Spain to the benefit of the Spanish economy. To achieve this, L1 Retail is committed to support a €500m capital increase following the successful completion of its VTO.

Find out more at: www.letterone.com/our-businesses/l1-retail/

"We believe customer focus and convenience provide long-term growth opportunities. As a result, we are attracted to the convergence of physical and digital retail, as well as the convergence of products and services"

Stephan DuCharme, L1 Retail Managing Partner

Starting a transformative journey

HOLLAND & BARRETT

Holland & Barrett has begun a transformative journey to pursue a transformational growth strategy to meet customers' health and wellness needs in a digitally dominated future.

This year it initiated improvements to its capabilities across the business in technology, data, retail standards, merchandising, marketing, and supply chain. Over the next two years, Holland & Barrett will undertake an ambitious transformation to:

- update its brand identity, rooted in a clear ethical purpose,
- improve its customer journey proposition to fit the lifestyles of our customers,
- develop a leading technology platform which will underpin a deep understanding of customer missions and needs,
- develop capabilities in sourcing and innovating in health and wellness products.

Since acquiring the business in 2017, L1 Retail has significantly strengthened the management team with experienced retail, technology and management talent to help drive retail and digital excellence.

Transforming telecoms and technology

VEON performance

$0.29
Dividends received per share in 2018

$1bn
Underlying equity free cash flow at 31 December 2018

L1 Technology has a 47.85% voting stake in VEON, the global telecoms company headquartered in Amsterdam, and a 13.22% stake in Turkcell, Turkey's leading telecoms operator.

Telecoms form the backbone – in terms of connectivity and service – of today's digital world. The challenge is to monetise this position and provide customers with both connectivity and new digital services. As software and technology change the way in which the world does business, L1 seeks to invest in companies that are at the forefront of this change.

VEON's seven-year transformation

2018 was a landmark year for VEON during which they delivered on their financial targets, strengthened their financial foundations, and repositioned the business for emerging markets growth.

Ursula Burns was appointed as Chairman and CEO of VEON on 13th December 2018. Ursula has served as Chairman of the Board since July 2017 and as Executive Chairman since March 2018, during which time she has successfully introduced a simplified corporate structure, including a leaner operating model along with an increased focus on emerging markets.

VEON achieved its financial targets in FY 2018. Total revenue increased 3.5% organically in FY 2018, fulfilling the target of low single-digit organic growth, as a result of strong performances in Russia, Pakistan, Ukraine, and Uzbekistan. EBITDA increased organically by 6.2% for the year, exceeding the target of low to mid-single digit organic growth, driven by good operational performances in Russia, Pakistan, and Ukraine and by a 17% year-on-year reduction in corporate costs.

FY 2018 equity free cash flow excluding licenses increased 28.3% year on year to $1,032m from $804m in FY 2017, reaching the FY 2018 target of around $1bn.

In Q4 2018, VEON used approximately $1.3bn in proceeds from the sale of its Italy joint venture, Wind Tre, to buy back and cancel VEON Holdings and PJSC VimpelCom USD bonds ($1,147m) and to pre-pay all outstanding amounts under its CCB Euro loan ($116m). These debt repayments and currency swaps in Q3 2018 and Q4 2018 allowed VEON to significantly improve its debt currency mix by reducing its exposure to EUR debt to zero and increasing its RUB debt exposure.

VEON announced a revised agreement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue

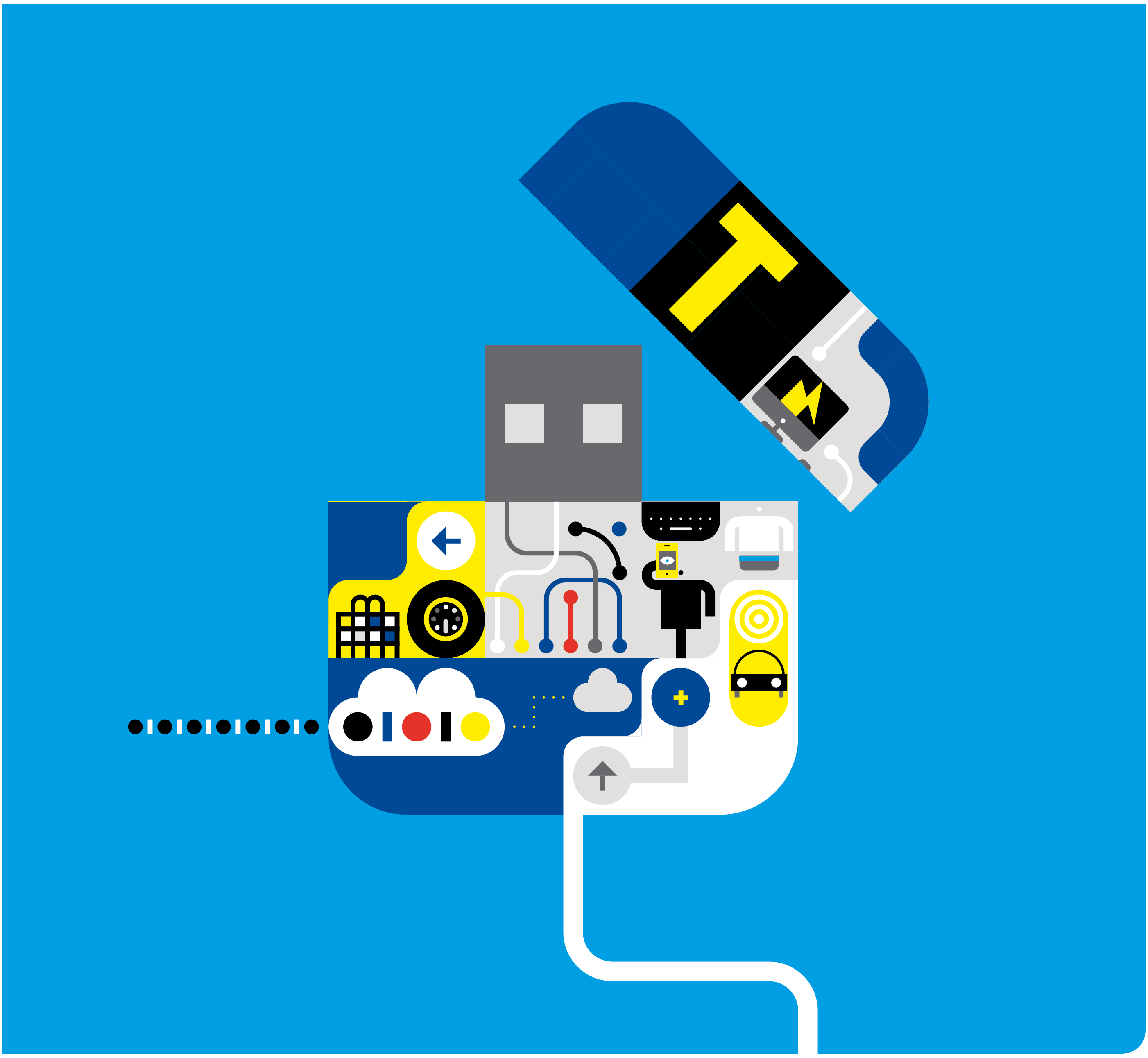
L1 Technology investments

L1 Technology continues to actively look for investment in technology and software companies that fundamentally improve business efficiency.

Uber is tracking successfully towards an IPO in 2019, with a rumoured valuation range of $90bn-$120bn. The company refined its identity as a full platform for transportation and logistics, rather than just ride-hailing. Uber continued to perform strongly on the topline, growing its gross bookings almost 50%, but cash burn remained high due to heavy investment in autonomous vehicles, Uber Freight, Uber Eats, Electronic Bikes, and other new business areas.

Qvantel, a provider of BSS (business support system) solutions for telecoms, focused on developing its next-generation BSS product and executing a number of large customer deliveries. Qvantel continued growing its revenue and customer base, while re-investing most of its cash flows in R&D.

FreedomPop remains one of the most affordable telecom offerings in the US, but generalised pricing pressure is reducing its value edge. With the shareholders' support, FreedomPop continues to build on its digital conversion experience, developing hosted solutions for mobile operators to reduce customer acquisition costs. Adoption continues to be encouraging with contracts signed with Axiata and Prudential.



Manager Solution. The parties have signed binding terms to alter the existing agreements and as a result VEON will receive $350m during the first half of 2019.

On 10th February 2019, VEON submitted a public mandatory cash tender offer (MTO) with the Egyptian Financial Regulatory Authority for the purchase of up to 1,997,639,608 shares of GTH, representing 42.31% of its issued capital, at a price of EGP 5.30 per share. The proposed offer price represents a 45.8% premium over GTH's average three-months share price. As previously announced, VEON intends to take GTH private following the MTO.

VEON has committed to reduce the group's cost intensity ratio by at least 1 percentage point organically per annum between 2019 and 2021, from 61.8% as reported in FY 2018. Efficiency initiatives will be focused on reducing service costs and technology, commercial, general, and administrative expenses. Based on FY 2018 figures, 1% cost intensity reduction represents around $85m.

VEON's Board of Directors approved a final dividend of $0.17 per share, bringing total 2018 dividends to $0.29 per share, in line with the group's progressive dividend policy.

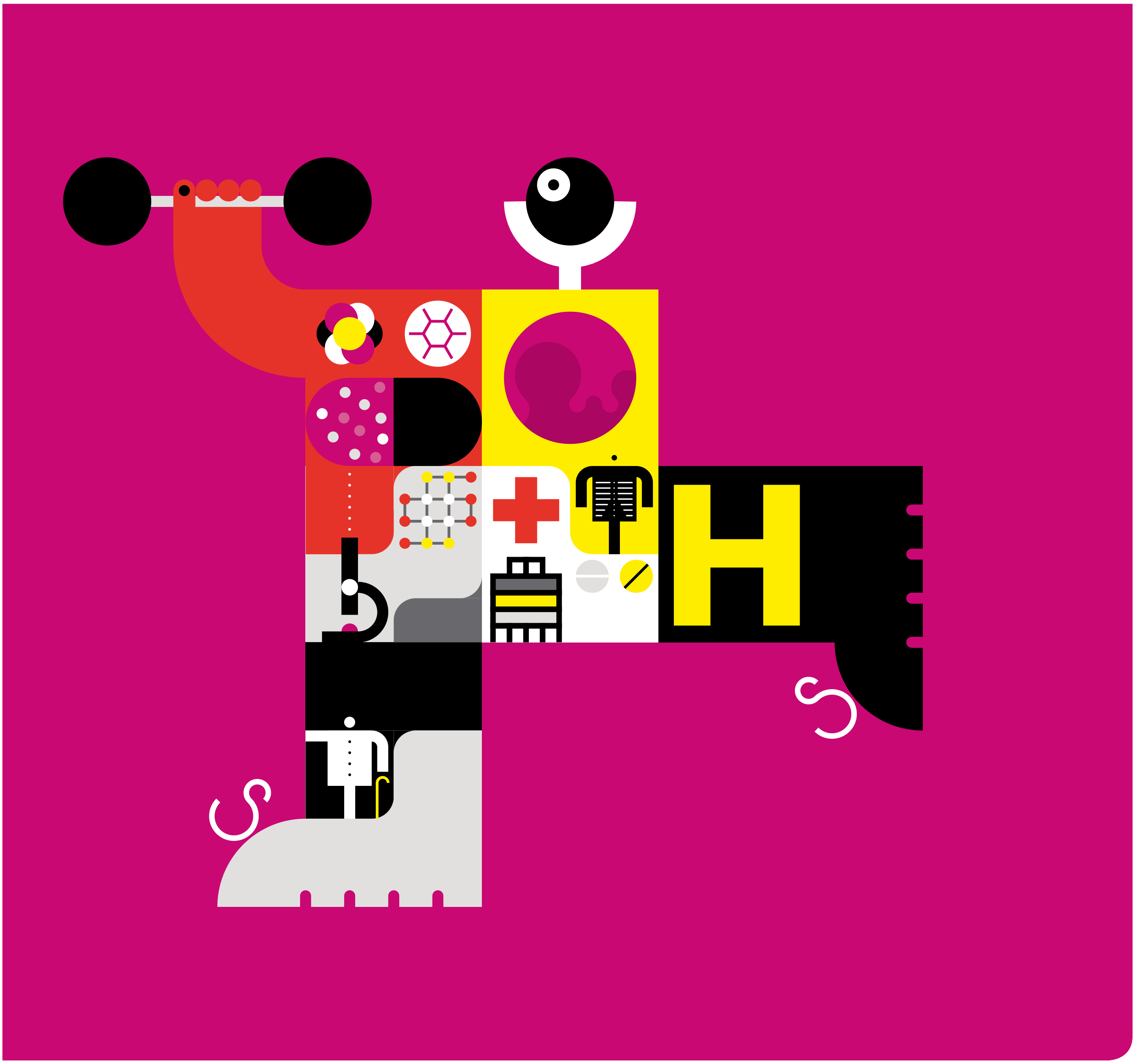
Turkcell makes good progress

This year, Turkcell continued to make good progress with its digital strategy. In 2018, revenue increased 22%, and EBITDA increased 17% year on year. Turkcell is now focusing on selling digital service packages outside Turkey. It has announced three deals with Chaudhry Group in Nepal, Digicel in the Caribbean, and ALB Telecom in Albania. Further partnership discussions are ongoing. As a digital operator, Turkcell is continually adding more digital services such as email to its offerings. They received extensive positive press coverage and prizes during the Mobile World Congress in Barcelona in February 2019 due to their digital products as well as contribution to social responsibility and gender equality. J.P. Morgan praised their digital services, already valuing them at $1bn, and recently increased its Turkcell price target.

"2018 was a landmark year for VEON during which they delivered on their financial targets, strengthened their financial foundations, and repositioned the business for emerging markets growth"

Alexander Pertsovsky, Managing Partner L1 Technology

Find out more at: www.letterone.com/our-businesses/l1-technology/



Funding life sciences

L1 Health looks for global acquisition and partnership opportunities that occupy a critical and strategic role in the healthcare value chain. As healthcare costs continue to balloon globally, L1 Health is looking to invest in companies that increase access, reduce cost from the system, or improve the quality of care.

Long-term investors

L1 Health plans to invest up to $3bn to buy and build leading assets in the healthcare sector. In order to build these leading platforms, we focus on a long-term vision and have the ability to underwrite hold periods longer than a typical private equity fund. In addition, we have the flexibility to own majority control positions, acquire minority stakes, invest in public equities or structured products, and start companies by backing operators as we did last year with the launch of K2 HealthVentures (K2HV). This flexibility and long-term focus – combined with our deep

Q&A with Parag Shah

Founding Managing Director and CEO, K2 HealthVentures

Q What is the purpose of K2HV?
K2HV is a flexible, long-term provider of debt and equity capital to venture and growth stage companies in the life sciences and healthcare industries. We invest in both private and public companies. L1 Health is an ideal partner for us given their long-term investment focus and experience in the healthcare space. We started K2HV with dual goals of profit and purpose – to help fuel the growth of life sciences companies and the advancement of new healthcare treatment options, and ultimately to improve the lives of patients.

Q Why do you think you are better placed than the competition to advise clients?
The K2HV investment team brings together a unique combination of debt and equity investment expertise, industry and science backgrounds, and content knowledge in life sciences. This diverse perspective and business understanding enables the firm to be an ideal long-term capital partner for healthcare companies, as well as a valued advisor on financing and growth strategies. The founding leadership team has a substantial and successful track record in venture and growth debt and equity investing, having committed over $2.5bn to over 100 companies in the life sciences and healthcare space.

Q Why is permanent capital important?
With a permanent capital base, which is expected to ultimately approach $1bn, the firm will initially target investments ranging in size from $5m-50m. K2HV has patient, permanent capital – with no fixed investment time horizons and no fund cycles. This enables us to be truly long-term oriented and strategic in our approach and to adapt and grow our investments over time as our portfolio companies grow.

"We have the flexibility to own majority control positions, acquire minority stakes, invest in public equities or structured products, and start companies by backing operators, like we did last year with the launch of K2HV"

Meghan FitzGerald, Managing Partner L1 Health

sector expertise – allow us to support partnerships that create lasting shareholder value. We are focused on building leading assets that occupy a critical and strategic role in the healthcare value chain by developing or supporting new technologies, increasing access to care, improving care quality, or reducing care costs.

First-class investment team in place

The L1 Health team has extensive experience in healthcare private equity, banking, operations, policy, strategy, and M&A, as well as first-hand experience of healthcare delivery. The L1 Health investment team is supported by an Advisory Board consisting of internationally respected senior healthcare executives, including Dr Franz Humer, former CEO and Chairman of Roche Holding Ltd, and Rolf Classon, former CEO and President of Bayer Healthcare LLC.

US healthcare trends

L1 Health continues to see three trends. Firstly, technological breakthroughs, such as gene therapy for treating diseases like cancer, have altered the landscape. The funding requirements of this science are intense for developers. Once approved, how governments and insurers will pay for these investments remain hotly debated. Secondly, policy uncertainty continues to hamper the system for those providing care. In the next election cycle, many politicians will fiercely debate a "Medicare for all" option pointing to Europe, who have universal healthcare systems. Finally, digital opportunities to enhance patient engagement means players are now deploying new strategies, and partnering with new entrants, to compete.

EU health trends

The European Healthcare space is attractive for investors, owing to strong fundamentals and the fragmented state of many of the sub-sectors. L1 Health sees five major trends. First, demand is growing for care due to ageing population. Secondly, prevalence of chronic diseases is increasing. Thirdly, there are supply challenges due to funding and labour challenges. Fourthly, there is market consolidation and growth in outsourcing. Lastly, there is clinical, digital, and business model innovation.

L1 Health's strategy is to invest in companies that benefit from these trends. It is looking at attractive strategic options in specialised retail health including animal health, dental care, dermatology, specialty patient care services, specialised pharma/med-tech outsourced services with specialist and emerging capabilities (e.g. Biologics CDMO), emerging surgical technology, and elderly and chronic care.

Life sciences

As mentioned, recent clinical breakthroughs mean that L1 Health believes the market is growing for innovative financing to accelerate innovation in life sciences.

K2HV

To meet this growing demand for financing, K2HV, which is backed by L1 Health, has been launched. K2HV is a new specialty finance company, which will provide long-term debt, equity, and intellectual capital to venture and growth stage life sciences companies.

K2HV's primary focus will be on customised debt financing, enabling innovative companies to minimise equity dilution as they reach key lifecycle milestones, and build enterprise value. In addition, the firm also has the ability to invest equity capital, thereby aligning its interests with those of its venture and public equity investment partners.

A key principle of the firm's charter is its commitment to devoting a portion of investment profits to fund underserved and underinvested areas in the healthcare space, both in the US and globally.

Find out more at: www.letterone.com/our-businesses/l1-health/

Managing liquidity and financial investments in a challenging world

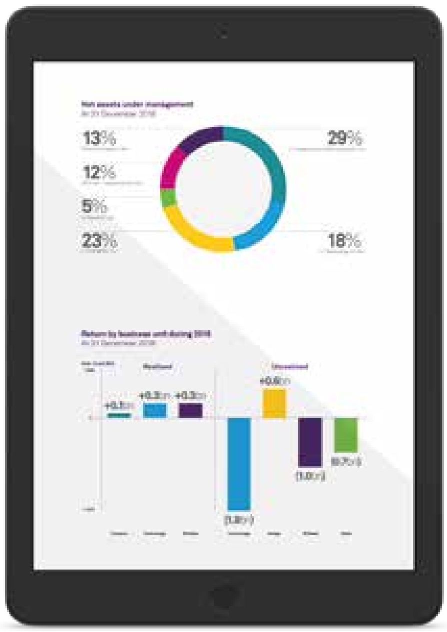
Portfolio highlights

Following the sale of its student accommodation business at the end of 2017, much of 2018 was dedicated to finding new investments to replace the student accommodation.

Several significant new investments or commitments were made in a variety of asset classes. They include amongst others:

- a joint venture with Airborne Capital to purchase commercial aircraft leased on long-term leases with established airlines,
- an investment in a fund that purchases limited partner interests in private equity funds that are post-investment period. These investments are purchased from limited partners that want to exit early,
- a commitment to a fund that finances litigation,
- a participation in the financing of an NPL portfolio,
- a participation in a secured financing of a private conglomerate that is undergoing a repositioning of its investment portfolio.

Overall, L1 Treasury combines a portfolio of liquid fixed income securities with higher yielding investments such as direct loans and real estate with investments in the financial markets, both direct and via hedge funds. L1 Treasury also has the ability to enter into financing arrangements to further enhance its liquidity or returns.



$1.8bn
Received returned funds from Group companies in 2018

$6.5bn
Assets under management at 31 December 2018

L1 Treasury manages the liquidity and financial investments of L1 Investment Holdings. When the Group makes strategic investments, L1 Treasury provides the necessary funds, whereas when investments are sold or dividends received, L1 Treasury manages the available funds.

Market backdrop

2018 proved to be a challenging year for the global economy. While the economy in the US still grew close to 3% year on year, growth in the rest of the world started to decline. In Europe, increased trade tensions between the US and its trading partners, Brexit coming ever closer, and the election of a populist government in Italy all contributed to a weakening of consumer confidence and a fall in investments. Consequently, growth in the Eurozone fell to 1.2% year on year. In China, economic growth came in at 6.4%, its lowest level since 2009, and in Japan, growth fell from 2% to 0% over the course of the year.

The fall in confidence in the economy had a significant effect on financial markets. Deutsche Bank research, which follows a sample of 70 asset classes, showed that 63 of those 70 asset classes produced negative returns for the year. Interestingly, the research indicated that such correlation of negative returns across these asset classes had not occurred in over a century.

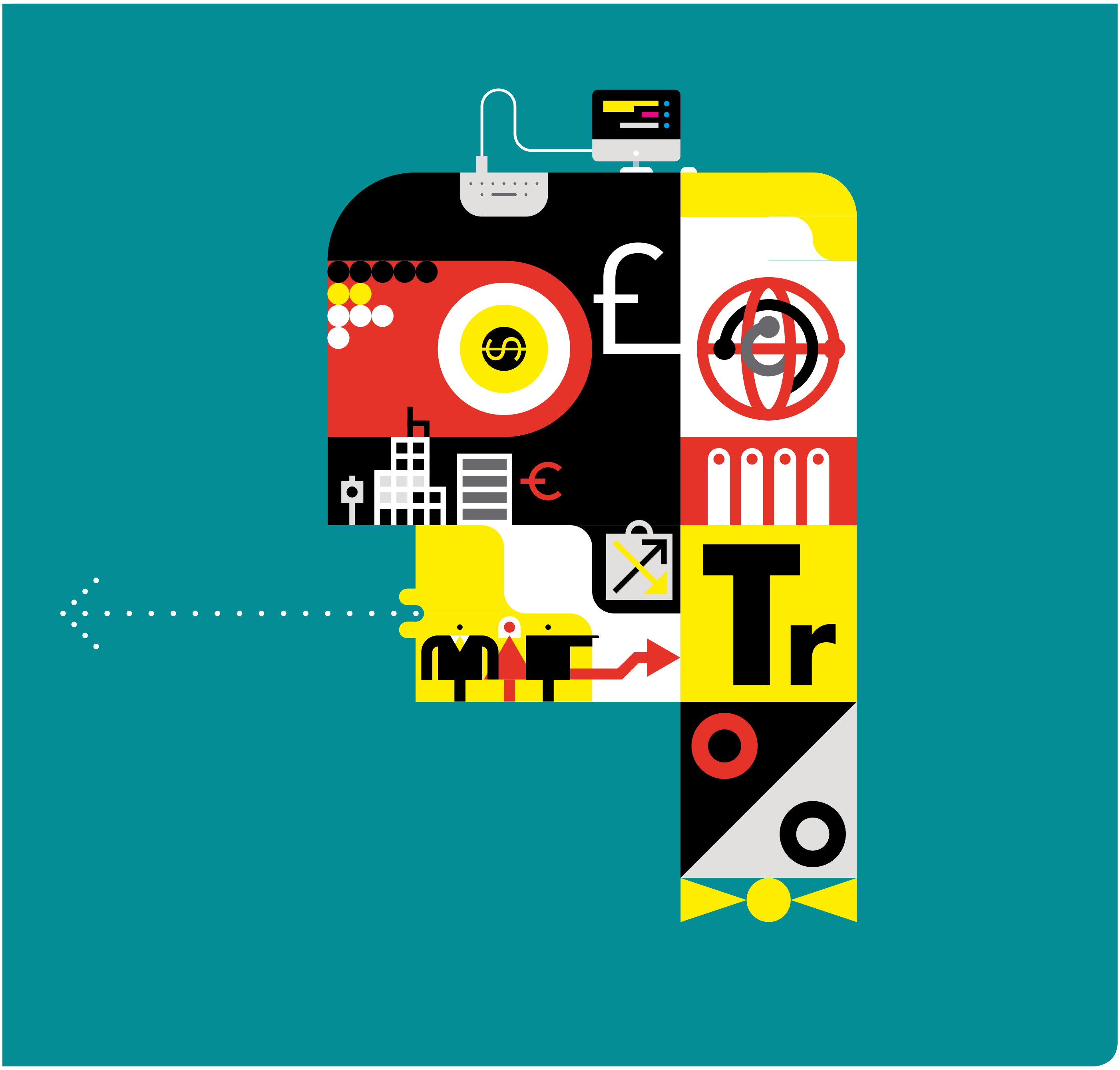
The bearish economic outlook is also proving a challenge for central banks who had been preparing markets for a tightening of monetary policy, which of course had already started in the US. It remains to be seen how quickly central banks will adapt to the new situation and whether that will provide a boost for financial markets in 2019.

Performance

L1 Treasury's performance was not immune to the correction in financial markets. While the return on the portfolio in the first half of the year was strong, some of that was lost in the second half. As a result, performance for the year ended at 1.97%, slightly below LIBOR but significantly above the performance of its benchmark portfolio, which returned -0.9% for the year.

Liquidity

L1 Treasury's return on assets was achieved while accommodating $2.4bn of outflow in funds required by the other parts of the



Group and receiving $1.8bn returned funds from Group companies.

L1 Treasury maintains substantial amounts of liquidity in cash and money market funds supplemented by committed borrowing facilities to ensure sufficient funds are available at all times for strategic investment opportunities.

Total assets under management stood at $6.5bn at the end of 2018.

During the year, an allocation of up to $2bn of L1 Treasury's assets under management became designated as permanent capital, allowing L1 Treasury to target longer-term investment with a higher risk profile and higher return expectations.

Other activities

L1 Treasury also often collaborates with other business units of the Group in identifying, structuring, and executing investments either for its own portfolio or for the portfolio of another business unit.

L1 Treasury's highly experienced global team

The L1 Treasury team is international with employees from around the globe. In the course of its activities, L1 Treasury deals with 20 of the largest international banks.

The team is highly experienced and contains all the specialities that would be found in an institutional asset management company, from risk management and investment professionals to technology and infrastructure experts.

The CIO of L1 Treasury is responsible for implementing the investment strategy within the risk limits and parameters set by its Investment & Risk Committee. The Committee consists of Executives of the L1 Group as well as Non-Executives.

Find out more at: www.letterone.com/our-businesses/l1-treasury/

"L1 Treasury at all times maintains substantial amounts of liquidity in cash and money market funds supplemented by committed borrowing facilities to ensure sufficient funds are available at all times for strategic investment opportunities"

Yves Leysen, Chief Investment Officer L1 Treasury

How we conduct our business

"L1 has a strong compliance function, and we continue to update our policies and procedures to address the compliance risks which our businesses face"

Dear All,

I am committed to ensuring the highest standards at LetterOne of corporate governance, business practice, and ethics. While L1 is a privately held business, we implement governance practices that aim to meet public company international standards.

L1 has a strong compliance function, and we continue to update our policies and procedures to address the compliance risks which our businesses face, and to ensure that our processes are robust and in line with the strictest international standards.

We require all our staff to undergo classroom training and six online compliance training courses, and refresh their knowledge through annual testing, to ensure that all persons working for us operate to the highest standards of business ethics and have a high level of awareness of market conduct regulations, anti-bribery legislation, sanctions compliance, and anti-money laundering laws.

During the past year, L1 has focused particular attention on data protection and sanctions compliance, dedicating significant resources to its GDPR compliance programme and overhauling its sanctions compliance policy, to ensure that even remote and indirect connections with any jurisdiction subject to any national focused sanctions programme are flagged and require compliance approval.

Our ongoing screening of all persons we do business with allows us to identify immediately if any third party becomes sanctioned or subject to any kind of enforcement action or adverse publicity.

Hardly a month goes by without news of an organisation being targeted by a cyber-attack. But as the Ipsos MORI Cyber Security Breaches Survey shows this isn't all about large scale infrastructure attacks. The survey showed that of the 43% of businesses in the UK that identified a cyber-attack in the past year, three-quarters (75%) of these were scam emails or websites targeted at employees. The loss of files or access to a network can cause substantial damage and costs. The Audit & Compliance Committee has been therefore focused on the review and improvement of IT security policies and training programmes.

We have put in place an effective compliance portal, which all staff have access to, containing all compliance documents and through which pre-clearance requests are sent for personal account dealing, for gifts and hospitality, and for recording potential conflicts of interest. Any violations of internal compliance rules are taken seriously and are escalated to the CEO and the Audit & Compliance Committee.

Kind regards,

E. Mervyn Davies

Lord Davies of Abersoch
Non-Executive Chairman

Committed to the highest standards

At LetterOne, we are committed to ensuring the highest standards of corporate governance, business practice, and ethics

The primary goal of the Boards of Directors of Letterone Holdings S.A. ('L1 Holdings') and Letterone Investment Holdings S.A. ('L1 Investment Holdings') is to ensure the long-term success of L1 for the interest of its shareholders.

L1 Holdings is the parent of the Group comprising L1 Energy, which invests in the energy sector. L1 Investment Holdings is the parent of the Group comprising L1 Technology, L1 Health, L1 Retail, and L1 Treasury.

1 Board-level governance

At a corporate level, L1 operates through two Boards of Directors, each with executive, shareholder, and independent directors.

The Boards are supported by their Audit & Compliance and Nomination & Remuneration Committees. The Board of Directors of L1 Holdings is responsible for setting investment strategy and approving investment decisions for L1 Energy. The Board of Directors of L1 Investment Holdings is responsible for setting investment strategy and approving investment decisions for L1 Technology, L1 Treasury, L1 Health, and L1 Retail.

2 Board of Directors

The Board of Directors for both L1 Holdings and L1 Investment Holdings consists of 10 people: Non-Executive Chairman Lord Davies; CEO Jonathan Muir; COO David Gould; Non-Executive Wulf von Schimmelmann; Non-Executive Richard Burt, former US Ambassador to Germany; and five shareholders, including the principal shareholder Mikhail Fridman.

The Board of Directors of L1 Holdings and L1 Investment Holdings meet, at a minimum, on a quarterly basis in Luxembourg to review investment performance and to make decisions on capital allocation (including investments and divestments), strategy, and budgets. The Boards also receive regular updates from the Chairmen of each Board Committee. Additional Board meetings are scheduled when time-sensitive investment and strategic decisions are required.

3 Audit & Compliance Committee (ACC)

Members: Lord Davies (Chairman), Alexey Kuzmichev, Petr Aven, David Gould

The Audit & Compliance Committee meets on a quarterly basis in Luxembourg to review financial reporting, audit, tax, and risk management matters and to approve the compliance work plan. Compliance is a standing item on the agenda, and the Group Compliance Director presents a report covering the previous quarter on compliance achievements, statistics, errors, and breaches; brings any new policies or policy updates for ratification by the Committee; and discusses the compliance programme and priorities for the next quarter. Our external auditor, PwC, is invited to attend each meeting.

A key role of the ACC is to ensure the integrity of L1's financial statements, the effectiveness of the internal and external audit function, and the effectiveness of the internal controls and risk management framework of L1 and its portfolio companies. Its role is also to ensure the overall adequacy of compliance programmes and policies, including their communication throughout the Group and portfolio companies, as well as the Group's compliance with all legal and regulatory requirements.

In 2018, ACC was focused on the improvement of the risk management framework, review of the financial statements and Annual Review, providing guidance on improvement of financial reporting process, review of the scope and results of the Internal Audit work, and overseeing the implementation of compliance policies and the staff training programmes. The ACC was also focused review and improvement of IT security policies and development of cyber security program, monitoring and mitigation planning for Brexit, as well as ensuring that L1 and all portfolio companies are on track to GDPR compliance. The ACC provided guidance to top management of the portfolio companies to ensure the effectiveness of the internal controls, risk management framework, and overall compliance function.

External legal counsel Slaughter & May was engaged in 2018 to review and optimise the compliance policies across L1.

4 Nomination & Remuneration Committee (NRC)

Members: Mikhail Fridman (Chairman), Lord Davies, Jonathan Muir

The Nomination & Remuneration Committee approves the employment of senior executives, sets the principles of the performance management process, approves KPIs, reviews performance, and makes decisions on remuneration and incentive schemes.

A key role of the NRC is to ensure that L1 recruits, retains, and develops the best people. In 2016, the NRC performed a Group-wide compensation benchmarking process and developed the Group's short-term incentive arrangements to further align the objectives of the Group with those of key staff.

5 Corporate governance

L1 has a strong compliance culture backed by a robust compliance function, which is responsible for ensuring that we comply with all relevant laws and regulations across all countries in which we operate and uphold the highest standards of business ethics. The Group Compliance Director, Simon Roache, has more than 16 years of experience in UK regulation and compliance.

An effective compliance programme is in place, incorporating robust compliance policies and Know Your Client (KYC)

Investment scrutiny

The investment teams in L1 Energy, L1 Technology, L1 Health, and L1 Retail put forward investment recommendations, which are scrutinised thoroughly before they are presented to the L1 Holdings and L1 Investment Holdings Boards for an investment decision.

procedures, enabling us to meet our anti-money laundering obligations. Risk-based due diligence measures are required to be applied to all third parties with whom we do business or seek to do business including ongoing monitoring of all third-party relationships and transactions. All higher-risk counterparties and partners require escalation to, and approval by, the Group Compliance Director (GCD) prior to the establishment of any business relationship.

L1 has strict anti-bribery and corruption procedures in place, including training for all staff. We require all business parties to comply with anti-bribery laws. L1 has robust sanctions compliance procedures to ensure that all staff are aware of sanctions risks. All transactions and counterparties are screened against all relevant sanctions lists.

In 2017, we put in place an IT compliance platform to manage all compliance filings and approval requests and documents. We also adopted an Anti-Tax Evasion Policy to ensure compliance with the Criminal Finances Act 2017 and to uphold highest standards in transparency and prevent tax evasion being committed in our name or by anyone representing us. We switched to the new platform for ongoing monitoring of all third-party relationships and transactions, and started working on development of policies and procedures to be compliant with the upcoming EU General Data Protection Regulation.

We also worked to bring Holland & Barrett compliance policies and controls in line with L1's strict standards.

Financial reporting is IFRS compliant and subject to annual audit by PwC.

6 Role of Advisory Boards

The investment teams in L1 Energy, L1 Technology, L1 Health, and L1 Retail put forward investment recommendations, which are scrutinised thoroughly before they are presented to the L1 Holdings and L1 Investment Holdings Boards for an investment decision. To challenge our investment teams' recommendations and to challenge our assumptions, we have recruited sector investment Advisory Boards consisting of internationally respected chief executives, chairmen, and entrepreneurs. Each Advisory Board provides advice on whether to proceed with a particular opportunity in its sector. The Advisory Boards play an essential role in our investment governance process.

The oversight of our wholly-owned companies and strategic equity holdings is undertaken by separate teams in L1 Energy, L1 Technology, L1 Health, and L1 Retail. They work with the management of the companies we invest in, providing strategic input and monitoring the operational performance of each portfolio.

They are responsible for setting strategy, finance, capital allocation, performance management, and top team talent management within their companies.

L1 Treasury's investment parameters are set by the Investment & Risk Committee, delegated by the L1 Treasury Board within a framework approved by the Board of L1 Investment Holdings.

"L1 has strict anti-bribery and corruption procedures in place, including training for all staff. We require all business parties to comply with anti-bribery laws"

Jonathan Muir, Chief Executive LetterOne

L1 Holdings and L1 Investment Holdings Boards

For details of our Advisory Board members: www.letterone.com/about-us/leadership-and-governance

Lord Davies of Abersoch
Non-Executive Chairman

Lord Davies is Chairman of Corsair Capital, a private equity firm specialising in financial services. He is Chairman of LTA (Lawn Tennis Association), and Chair of the UK-India business council for the UK Government, and Senior Non-Executive Director at Diageo. He is a former UK Minister for Trade and prior to that was Chairman and CEO of Standard Chartered for more than 12 years.

Mikhail Fridman
Co-founder of L1

Mr. Fridman was born in Lviv, Ukraine. He started as an entrepreneur in 1988, establishing Courier, with a group of friends from university. With several partners, he founded Alfa Group in 1989. Alfa Bank, now the largest private bank in Russia, was founded in 1991. In 1995, they entered the food retail market. X5 Retail Group is today the No.1 food retailer in Russia. In 2003, Alfa Group and its partners completed a deal with BP to form the TNK-BP joint venture. In 2013, it was sold for $56bn.

Jonathan Muir
Chief Executive Officer

Prior to joining L1, Mr. Muir was CFO (2008-2013) and Vice President of Finance and Control (2003-2008) of TNK-BP, which he joined after serving as CFO of SIDANCO, one of TNK-BP's heritage companies. Prior to this, he was a partner at the global audit and consulting company Ernst & Young (1985-2000). He graduated with first class honours from St. Andrews University in the UK. He is a British qualified Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales.

German Khan
Co-founder of L1

From 2003 to 2013, Mr. Khan served as Executive Director and member of the Management Board of TNK-BP Management. Currently, Mr. Khan holds various positions at Alfa Group, including a member of the Supervisory Board of Alfa Group Consortium. Mr. Khan graduated from the Moscow Institute of Steel and Alloys. He is known as an active supporter of Jewish initiatives worldwide and is a member of the Supervisory Board of DEA Deutsche Erdoel AG.

Alexey Kuzmichev
Co-founder of L1

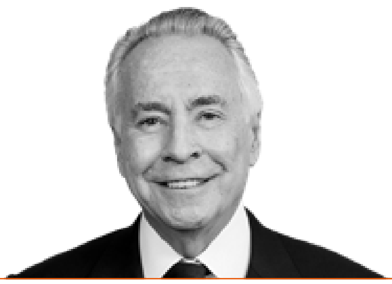
Mr. Kuzmichev holds various positions at Alfa Group Consortium, including a member of the Supervisory Board of Alfa Group Consortium. He is a graduate of the Moscow Institute of Steel and Alloys and is an active supporter of charities.

Petr Aven
Co-founder of L1

Mr. Aven is Chairman of ABH Holdings, a Luxembourg-based investment holding company of the Alfa Banking Group. He is a member of the Supervisory Board of Alfa Group Consortium. From 1994 to June 2011, he served as President of Alfa-Bank Russia. Prior to joining Alfa-Bank Russia in 1994, Mr. Aven was Minister of Foreign Economic Relations for the Russian Federation (1991-1992). An economist by training, Mr. Aven spent several years at the International Institute for Applied Systems Analysis in Laxenburg, Austria (1989-1991).

Andrei Kosogov
Co-founder of L1

Mr. Kosogov holds various positions at Alfa Group Consortium, including a member of the Supervisory Board of Alfa Group Consortium. From November 2005 through June 2009, Mr. Kosogov acted as Chairman of the Supervisory Board of Alfa-Bank Ukraine, and from November 2005 through April 2011, he was Chairman of the Board of Directors of Alfa Asset Management. Mr. Kosogov graduated from the Moscow Power Engineering Institute in 1987.



Richard Burt
Non-Executive Director

Ambassador Burt is a former US Ambassador to Germany and partner at McKinsey & Co. He began working for the US State Department in the early 1980s. After a period as Director of the US State Department's Bureau of Politico-Military Affairs and as Assistant Secretary of State for Europe, he was named US Ambassador to Germany in 1985. He also served as the US's Chief Nuclear Arms Negotiator in talks that concluded the US-Russian Strategic Arms Reduction Treaty (START) in 1991.

David Gould
Chief Operating Officer

Prior to joining L1, Mr. Gould held positions at Alfa Group Consortium (2000-2014) where he served as a director of several companies, including publicly-listed X5 Retail Group NV. Prior to that, he worked in various positions for PricewaterhouseCoopers (1992-2000). He graduated with a BA (honours) from Colgate University (1991) and holds a MBA-MSc from Northeastern University (1992). Mr. Gould qualified as a CPA in 1992 and is a CFA charter holder since 1999.

Wulf von Schimmelmann
Non-Executive Director

Mr. von Schimmelmann is a member of the Board of Thomson Reuters. He is Chairman of the Supervisory Board of Deutsche Post DHL and a member of the Supervisory Board of Maxingvest AG. He was Chief Executive Officer of DeutschePostbank. Prior to this, he was on the Board of Managing Directors at BHF-Bank in Frankfurt am main, DG Bank in Frankfurt am Main, and Landesgirokasse-Bank. Before this, he was a partner at McKinsey & Co.

Combined pro forma balance sheet of LetterOne[1]

(unaudited) as at 31 December 2018

$m	31 Dec 2018	31 Dec 2017
Core Investments		
L1 Energy – DEA	5,050	4,175
L1 Technology		
VEON	3,131	4,572
Turkcell	633	1,090
Uber	203	176
Other	33	49
L1 Retail	1,227	1,118
Private equity funds	5,331	6,714
Total Core Investments	**15,608**	**17,894**
L1 Treasury Investments		
Debt instruments	3,185	2,500
Hedge funds (at fair value)	2,031	1,661
Direct lending (at amortised cost)	689	642
Liquidity funds	399	882
Other liquid instruments	211	122
Margin cash	5	301
Cash and cash equivalents	87	935
Cash pledged as collateral	5	21
Total Treasury Investments	**6,612**	**7,064**
Other assets and liabilities	(59)	147
Net assets[2]	**22,161**	**25,105**
Equity		
Share capital and reserves	25,104	22,239
Dividends distributed	(525)	(65)
(Loss) / profit for the year	(2,418)	2,931
Total equity	**22,161**	**25,105**

[1] The Combined Financial Information has been prepared by aggregating the financial information in the consolidated IFRS financial statements of Letterone Holdings S.A. and Letterone Investment Holdings S.A. IFRS does not provide for specific requirements regarding the preparation of Combined Financial Information and consequently, this information has not been prepared in accordance with IFRS.
[2] The combined net asset value of $22.2bn comprises the $7.9bn consolidated net asset value of Letterone Holdings S.A. and the $14.2bn consolidated net asset value of Letterone Investment Holdings S.A. for the year ended 31 December 2018.

Combined pro forma income statement of LetterOne[(1)]

(unaudited) for the year ended 31 December 2018

$m		Year ended 31 Dec 2018	Year ended 31 Dec 2017
(Loss) / gain from core investments			
Gain from L1 Energy		**593**	**550**
Net gain on DEA		593	550
Capital (contributed) / returned	(119)		70
Change in fair value	712		480
(Loss) / gain from L1 Technology		**(1,574)**	**1,253**
Net (loss) / gain on VEON		(1,162)	924
Dividend income	286		301
Change in fair value	(1,448)		623
Net (loss) / gain on Turkcell		(413)	390
Dividend income	50		94
Change in fair value	(463)		296
Net gain / (loss) on other investments		1	(61)
Dividend income	–		3
Change in fair value	1		(64)
Loss from L1 Retail		**(713)**	**(118)**
Change in fair value (including deal and forex hedge result)	(713)		(118)
(Loss) / gain from private equity funds		**(748)**	**850**
Distributions	264		805
Change in fair value	(1,012)		45
Total (loss) / gain from Core Investments		**(2,442)**	**2,535**
Income from L1 Treasury		**117**	**368**
Net portfolio gains		117	368
Other income and expenses (net)		**(93)**	**28**
Operating (loss) / profit		**(2,418)**	**2,931**
Income tax expense		–	–
Net (loss) / profit for the year		**(2,418)**	**2,931**

[(1)] The Combined Financial Information has been prepared by aggregating the financial information in the consolidated IFRS financial statements of Letterone Holdings S.A. and Letterone Investment Holdings S.A. IFRS does not provide for specific requirements regarding the preparation of Combined Financial Information and consequently this information has not been prepared in accordance with IFRS.

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