

TENDER OFFER MEMORANDUM

AUGMENT INVESTMENTS LIMITED (“AUGMENT”)

with respect to a proposed tender offer to purchase for cash all of the issued and outstanding Global Depository Receipts (“GDRs”), representing rights to ordinary shares, nominal value RUB 1.00 per share (each, an “Ordinary Share”), other than GDRs held by Augment,

of

PUBLIC JOINT STOCK COMPANY “PHARMSTANDARD”

(“PHARMSTANDARD”)

at a purchase price of US\$5.50 per GDR

THIS TENDER OFFER WILL EXPIRE AT 12:00 P.M., LONDON TIME, ON JUNE 19, 2015 (OR 7:00 A.M., NEW YORK TIME, ON JUNE 19, 2015), UNLESS THIS TENDER OFFER IS EXTENDED (THE “EXPIRATION TIME”).

Please note that The Depository Trust Company (“DTC”), Euroclear Bank N.V./S.A. (“Euroclear”) and Clearstream Banking, Société Anonyme (“Clearstream” and, together with DTC and Euroclear, the “Clearing Systems”), their respective participants and the brokers and other financial intermediaries through which you hold GDRs will establish their own cut-off dates and times for the tender of the GDRs that will be earlier than the Expiration Time.

THE TENDER OFFER AS SET OUT IN THIS TENDER OFFER MEMORANDUM IS SUBJECT TO IMPORTANT TERMS AND CONDITIONS, INCLUDING THE CONDITIONS LISTED UNDER “CERTAIN CONDITIONS OF THIS TENDER OFFER”.

Augment (the “Offeror”, “we,” “our” or “us”) is offering holders of the issued and outstanding GDRs to tender for cash all of the issued and outstanding GDRs, other than GDRs held by the Offeror (the number of GDRs outstanding as of May 11, 2015, excluding the GDRs held by the Offeror, constituted 37,840,552 GDRs), at a purchase price of US\$5.50 per GDR, subject to any taxes and other charges (the “Purchase Price”), upon the terms and subject to the conditions set forth in this Tender Offer Memorandum (this “Tender Offer”) and in the related Corporate Action Notice (the “Corporate Action Notice”). The Offeror is a company organized under the laws of the Republic of Cyprus. The Offeror is a controlling shareholder of Pharmstandard holding as of the date of this Tender Offer Memorandum 19,608,567 Ordinary Shares and 3,679,252 GDRs, representing in aggregate approximately 54.32% of all issued and outstanding Ordinary Shares. On May 13, 2015, the Offeror entered into a share purchase agreement with Bristley Enterprises Limited (“Bristley”), a company organized under the laws of the Republic of Cyprus, to acquire 2,420,000 Ordinary Shares representing approximately 6.40% of all issued and outstanding Ordinary Shares. Once the transfer of Ordinary Shares under the share purchase agreement with Bristley to the Offeror is completed, the Offeror will hold 22,028,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 60.72% of all issued and outstanding Ordinary Shares. See Section 7, “Certain Information Concerning the Offeror”. The Offeror intends to complete the Tender Offer if at least 18,920,276 GDRs representing 4,730,069 Ordinary Shares, which constituted 50% of all GDRs issued and outstanding as of May 11, 2015 (excluding the GDRs held by the Offeror), are tendered into this Tender Offer.

The Purchase Price represents a cash premium of US\$0.05 and 0.84 per cent. over the 3-month volume weighted average price per GDR on the London Stock Exchange (the “LSE”) for the period ending on May 13, 2015, and represents a cash premium of US\$0.54 and 10.89 per cent. over the closing price per GDR on the LSE on May 13, 2015. GDR holders should note that the premiums referenced herein do not take into account any applicable fees, expenses and taxes, and the net proceeds actually received by GDR holders may be lower. GDR holders are urged to obtain current market quotations for the GDRs.

The following table provides information with respect to the GDRs:

GDR Description	State registration No./ Common Codes/ISIN Nos.	Number of GDRs Issued and Outstanding (As of May 11, 2015)
Rule 144A GDRs	CUSIP: 717140107 ISIN: US7171401075 Common Code: 029669376	1,480
Regulation S GDRs	CUSIP: 717140206 ISIN: US7171402065 Common Code: 029669546	41,518,324

NO GUARANTEED DELIVERY AND NO WITHDRAWAL RIGHTS

The GDRs trade on the main market of the LSE under the ticker “PHST” and are issued by The Bank of New York Mellon, as depositary for the GDRs (the “GDR Depositary”), with four GDRs representing one Ordinary Share. On May 13, 2015, the closing price per GDR on the LSE was US\$4.96. The Ordinary Shares trade on the Moscow Exchange under the symbol “PHST”. On May 13, 2015, the closing price per Ordinary Share on the Moscow Exchange was RUB 1,070.

To the extent permissible under applicable securities laws, the Dealer Manager (as defined below) and its affiliates may from time to time purchase, or enter into arrangements to purchase, GDRs either as principal or agent before and during the period when the Tender Offer remains open for acceptance. Pursuant to Rule 14e-5(b) of the United States Securities Exchange Act of 1934 (the “Exchange Act”), any affiliate of a financial advisor to the Offeror may from time to time make purchases of, or arrangements to purchase, GDRs outside of the United States, other than pursuant to the Tender Offer, before or during the period in which the Tender Offer is open for submission of tenders, so long as the acquisitions or arrangements comply with the provisions of the exemption provided under Rule 14e-5. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about such purchases will be disclosed as and if required by applicable securities laws. Neither the Offeror nor, to the Offeror’s knowledge, Pharmstandard or any member of Pharmstandard’s consolidated group expects to purchase Ordinary Shares or GDRs, other than pursuant to this Tender Offer or as disclosed in this Tender Offer Memorandum, during the period in which this Tender Offer is open for submission of tenders.

Emerging markets such as the Russian Federation are subject to greater risks than more developed markets. As a result, tendering GDR holders should familiarize themselves with such risks as well as make their own assessment of the merits and risks involved in participating in the Tender Offer, including investment, tax, legal and accounting matters.

The Dealer Manager for the Tender Offer is:

Citi

The date of this Tender Offer Memorandum is May 14, 2015

As of May 14, 2015, there were 37,792,603 Ordinary Shares, including, as of May 11, 2015, 10,379,951 Ordinary Shares represented by GDRs, issued and outstanding. Of the Ordinary Shares issued and outstanding, 20,528,380 Ordinary Shares (including 919,813 Ordinary Shares represented by 3,679,252 GDRs) were beneficially owned by the Offeror and 1,436,920 Ordinary Shares were held by the Public Joint Stock Company “Pharmstandard-Leksredstva”, a wholly-owned subsidiary of Pharmstandard. The GDRs represent approximately 27.47% of all issued and outstanding Ordinary Shares and, excluding the GDRs held by the Offeror, represent approximately 25.03% of all issued and outstanding Ordinary Shares. This Tender Offer is made for GDRs only and is not made for Ordinary Shares. See Section 1, “Overview; Purchase Price; Number of GDRs”.

The Offeror will, on the Business Day immediately preceding the settlement date, which shall be a date no later than three Business Days following the Expiration Time (the “Settlement Date”), remit the aggregate Purchase Price in U.S. dollars to the Tender Agent (as defined below). Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder. For purposes of this Tender Offer Memorandum, “Business Day” means a day (other than a Saturday or Sunday) on which banks are generally open in Nicosia (Republic of Cyprus), Moscow (Russia), London (England) and New York (United States of America) for normal business.

You will not be able to withdraw your GDRs once those have been validly tendered. A holder who has tendered GDRs in the Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream, as applicable, and therefore will not be able to transfer, dispose of, or otherwise deal in, those GDRs. Payment for GDRs will be made in U.S. dollars. See Section 6, “Payment for GDRs”.

In addition, the Offeror reserves the right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect or to terminate the Tender Offer subject to the provisions of Section 10 if certain conditions set forth in Section 4 are not satisfied or for any other reason.

The Offeror has retained Citigroup Global Markets Limited to act as the dealer manager (the “Dealer Manager”) and Citibank, N.A., London branch as a tender agent with respect to GDRs tendered in connection with the Tender Offer (the “Tender Agent”).

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) NOR ANY UNITED STATES STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THIS TENDER OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TENDER OFFER OR DETERMINED WHETHER THIS TENDER OFFER MEMORANDUM IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE INFORMATION CONTAINED IN THIS TENDER OFFER MEMORANDUM IS ADDRESSED EXCLUSIVELY TO THE HOLDERS OF GDRs OF PHARMSTANDARD AND NO OTHER PERSON. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN NOR ANY INFORMATION CONTAINED HEREIN CONSTITUTE AN OFFER (“OFERTA”) PURSUANT TO RUSSIAN LAW, OR AN ADVERTISEMENT, OR AN OFFER OF GDRs TO AN UNLIMITED NUMBER OF PERSONS WITHIN OR OUTSIDE THE TERRITORY OF THE RUSSIAN FEDERATION, OR VOLUNTARY TENDER OFFER OR MANDATORY TENDER OFFER UNDER RUSSIAN LAW. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN CONSTITUTE OR ARE INTENDED FOR PLACEMENT OR PUBLIC CIRCULATION OF SECURITIES OF FOREIGN ISSUERS IN THE RUSSIAN FEDERATION. GDRs OF PHARMSTANDARD, TO WHICH THE TENDER OFFER RELATES, ARE NEITHER REGISTERED IN THE RUSSIAN FEDERATION NOR ADMITTED TO PLACEMENT, PUBLIC PLACEMENT OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION IN ACCORDANCE WITH ARTICLE 51.1 OF RUSSIAN FEDERAL LAW DATED APRIL 22, 1996 NO. 39-FZ “ON THE SECURITIES MARKET” (AS AMENDED) (THE “RUSSIAN SECURITIES MARKET LAW”). ANY INFORMATION IN THIS TENDER OFFER MEMORANDUM IS ADDRESSED TO “QUALIFIED INVESTORS” (AS DEFINED UNDER RUSSIAN LAW) OR PERSONS OUTSIDE THE RUSSIAN FEDERATION. THE TENDER AND PURCHASE OF GDRs OF PHARMSTANDARD WILL BE CARRIED OUT EXCLUSIVELY IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THIS TENDER OFFER MEMORANDUM.

This Tender Offer does not constitute an offer to buy or the solicitation of an offer to sell GDRs in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the GDRs or other laws require this Tender Offer to be made by a licensed broker or dealer, this Tender Offer shall be deemed to be made on behalf of the Offeror by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction. Neither the delivery of this Tender Offer Memorandum nor any purchase of GDRs shall, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of such information.

This Tender Offer is being made to holders of GDRs of Pharmstandard resident in the United States in reliance on, and compliance with, Section 14(e) of the Exchange Act and Regulation 14E thereunder. This Tender Offer is being made in the United States by the Offeror and no one else.

This Tender Offer is subject to disclosure requirements, which are different from certain United States disclosure requirements.

United Kingdom. This Tender Offer Memorandum has been issued by and is the sole responsibility of the Offeror. This Tender Offer Memorandum, and any investment activity to which it relates, is available only to (i) persons who are outside the United Kingdom, or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). This Tender Offer is only available to, and any invitation or agreement to acquire the GDRs of Pharmstandard will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Tender Offer Memorandum or any of its contents.

Russian Federation. This Tender Offer Memorandum is not a public offer for purchase of GDRs or shares pursuant to Russian laws. Neither GDRs of Pharmstandard, nor any document to which this Tender

Offer relates, have been or will be registered with the CBR (as defined below) and are not intended for placement, public placement or public circulation in the Russian Federation. The tender and purchase of GDRs of Pharmstandard will be carried out exclusively in accordance with the procedures set forth in this Tender Offer Memorandum. Any information in this document is addressed to “qualified investors” (as defined under Russian law) or persons outside the Russian Federation.

Belgium. In Belgium this Tender Offer is not, directly or indirectly, being made to, or for the account of, any person other than qualified investors (*gekwalificeerde beleggers/investisseurs qualifiés*) within the meaning of Article 10 of the Belgian Law of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market, as amended or replaced from time to time (“Qualified Investors”). As a result, this Tender Offer does not constitute a public acquisition offer within the meaning of the Belgian law of April 1, 2007 on public takeover bids (as amended or replaced from time to time), pursuant to Article 6, § 3, 1° thereof.

Consequently, the Tender Offer has not been and will not be notified to, and the Tender Offer Memorandum and any other material relating to the Tender Offer has not been, and will not be, submitted to nor approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian law of April 1, 2007 on public takeover bids (as amended or replaced from time to time) and related regulations. Accordingly, the Tender Offer as well as any other materials relating to the Tender Offer may not be advertised, and this Tender Offer Memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, to any person in Belgium other than Qualified Investors, acting on their own account, and may not be used in connection with any public acquisition offer in Belgium except as may otherwise be permitted by law.

France. The Tender Offer has not been prepared in the context of a public securities offering in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* (the “CMF”) and Title I of Book II of the *Règlement Général* of the French *Autorité des marchés financiers* (the “AMF”) and therefore has not been and will not be submitted for clearance to, nor approved by, the AMF. Accordingly, the Tender Offer Memorandum may not be distributed to the public in France.

This communication is addressed to and the Tender Offer will be made only to residents of France (i) who are qualified investors (“*investisseurs qualifiés*”) and/or who belong to a restricted circle of investors (“*cercle restreint d’investisseurs*”), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2-II, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the CMF; (ii) who are providers of investment services relating to portfolio management for the account of third parties and/or (iii) in a transaction that, in accordance with article L.411-2 of the CMF and article 211-2 of the *Règlement Général* of the AMF, does not constitute a public offer.

Italy. The Offeror is not an intermediary authorized according to Italian laws and regulations nor are its issued securities listed on Italian regulated markets. The cash tender offer described in this Tender Offer Memorandum is not (nor will be) notified to Italian competent authorities pursuant to applicable requirements of Italian law, having specific regard to the provisions set forth in the Legislative Decree no. 58 of February 24, 1998 and the implementing regulations thereof. Equally, the securities object of this cash tender offer are not issued by a company having its registered office in Italy and/or listed on Italian regulated markets and accordingly the tender offer is not (nor will be) subject to the above mentioned provisions and regulations. This Tender Offer Memorandum has not been filed with Italian competent authorities in accordance with Italian laws and regulations and has been handed over upon the express request of the investor, who has directly contacted the Offeror or its agents outside Italy at the investor's own initiative. No active marketing, promotion, advertisement or solicitation of this cash tender offer in whatsoever form has been carried out in Italy. This Tender Offer Memorandum and other materials relating to the cash tender offer are strictly confidential and may not be distributed to any person or entity other than the intended recipient hereof. The investor acknowledges that the content of this legend is correct and accurately reflects the facts behind this cash tender offer and agrees to abide to the above confidentiality and non-disclosure provisions.

IMPORTANT INFORMATION FOR UNITED STATES GDR HOLDERS

The enforcement by GDR holders of civil liabilities under United States securities laws may be adversely affected by the fact that the Offeror is a company organized under the laws of the Republic of Cyprus and Pharmstandard is a joint stock company organized under the laws of the Russian Federation, and that all or substantially all of the directors and members of senior management of the Offeror and Pharmstandard are residents of countries other than the United States and substantially all of the assets of each company are located outside of the United States and, in the case of Pharmstandard, principally in Russia. As a result, it may not be possible for GDR holders to effect service of process within the United States upon any of the directors or members of senior management of the Offeror or Pharmstandard, or to enforce in the United States court judgments against the Offeror or Pharmstandard, or the majority of their respective directors or members of senior management, in any action, including actions under the civil liability provisions of federal securities laws of the United States, obtained in courts of the United States. In addition, it may be difficult for GDR holders to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon United States securities laws. For a further description of the risks relating to the ability of GDR holders to enforce court judgments against the Offeror or Pharmstandard, or any of their respective directors and senior management, see Section 8, "Certain Legal Matters; Regulatory Approvals; Civil Liabilities".

IMPORTANT INFORMATION

GDR holders who desire to tender all or any portion of their GDRs should carefully read and follow the procedures outlined under Section 5, "Procedures for Tendering GDRs". The Offeror reserves the absolute right to reject tenders determined not to be in appropriate form, such determination solely at the Offeror's discretion.

IF YOU DO NOT WISH TO TENDER YOUR GDRs, YOU NEED NOT TAKE ANY ACTION. NONE OF THE OFFEROR, THE DEALER MANAGER, THE TENDER AGENT OR THE GDR DEPOSITARY MAKES ANY RECOMMENDATION TO ANY GDR HOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING ITS GDRs. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE OFFEROR, THE DEALER MANAGER, THE TENDER AGENT OR THE GDR DEPOSITARY AS TO WHETHER GDR HOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING THEIR GDRs PURSUANT TO THIS TENDER OFFER OR TO MAKE ANY REPRESENTATION OR TO GIVE ANY INFORMATION IN CONNECTION WITH THIS TENDER OFFER OTHER THAN AS CONTAINED HEREIN OR IN THE RELATED CORPORATE ACTION NOTICE. IF MADE OR GIVEN, ANY SUCH RECOMMENDATION, REPRESENTATION OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE OFFEROR, THE DEALER MANAGER, THE TENDER AGENT OR THE GDR DEPOSITARY. GDR HOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THIS TENDER OFFER MEMORANDUM, THE RELATED CORPORATE ACTION NOTICE AND OTHER RELATED MATERIALS, CONSULT THEIR OWN INVESTMENT AND TAX ADVISERS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR GDRs.

The Offeror is not making this Tender Offer to, and will not accept any tendered GDRs from, GDR holders in any jurisdiction where it would be illegal to do so.

GDR holders should be aware that the sale of GDRs and receipt of the Purchase Price pursuant to this Tender Offer will have certain tax consequences, and are urged to consult at their own expense their tax advisors with respect to those consequences in considering this Tender Offer. There will be a period of time between when (i) a GDR holder wishing to participate in the Tender Offer fulfills the conditions of participation in the Tender Offer and (ii) a properly tendering GDR holder is paid the Purchase Price of the accepted GDRs, net of any taxes and other governmental charges. During this time, the GDRs of a tendering holder will be, and will remain, blocked in the Clearing Systems and therefore a tendering holder will not be able to transfer, dispose of, or otherwise deal in, GDRs which have been tendered in the Tender

Offer. Moreover, those who tender GDRs will not receive interest or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price, net of any taxes and other governmental charges to the tendering GDR holder.

Questions and requests for assistance in connection with this Tender Offer may be directed to the Tender Agent at the address, telephone number and e-mail address set forth on the back page of this Tender Offer Memorandum.

Copies of this Tender Offer Memorandum and the related Corporate Action Notice will be available at a dedicated web-site at <http://augment-investments.com>. In addition, GDR holders may contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Tender Offer.

May 14, 2015

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SUMMARY

This summary highlights selected information concerning this Tender Offer and does not contain all the information that may be important to you in deciding whether or not to tender your GDRs. To more fully understand this Tender Offer and for a more complete discussion of the terms and conditions of this Tender Offer, you should read carefully this entire Tender Offer Memorandum and the related Corporate Action Notice.

What is this Tender Offer?

- The Offeror is inviting GDR holders of Pharmstandard to submit tenders to sell for cash, at a purchase price of US\$5.50 per GDR, all of the issued and outstanding GDRs, other than the GDRs the Offeror holds. The Purchase Price represents a cash premium of US\$0.05 and 0.84 per cent. over the 3-month volume weighted average price per GDR on the LSE for the period ending on May 13, 2015, and represents a cash premium of US\$0.54 and 10.89 per cent. over the closing price per GDR on the LSE on May 13, 2015. GDR holders should note that the premiums referenced herein do not take into account any applicable fees, expenses and taxes, and the net proceeds actually received by GDR holders may be lower. GDR holders are urged to obtain current market quotations for the GDRs.
- GDRs must be validly tendered prior to the Expiration Time upon the terms and subject to the conditions set forth in this Tender Offer. GDR holders should note that the Clearing Systems, their respective participants and the brokers or other financial intermediaries through which the GDR holder holds the GDRs will establish their own cut-off dates and times for the tender of the GDRs that will be earlier than the Expiration Time. GDR holders wishing to participate in this Tender Offer are responsible for determining the cut-off date and time that applies to them and will be responsible for submitting valid and complete instructions to act to the financial intermediary through which they hold their GDRs in the Clearing Systems before the cut-off date and time. See Section 1, "Overview; Purchase Price; Number of GDRs" and Section 4, "Certain Conditions of this Tender Offer".

Who is the Offeror?

- The Offeror is a company organized under the laws of the Republic of Cyprus with its registered office located at Dimokritou, 15 Panaretos Eliana Complex, Flat/Office 104, Potamos Germasogeias 4041, Limassol, Cyprus. The Offeror is the controlling shareholder of Pharmstandard holding as of the date of this Tender Offer Memorandum 19,608,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 54.32% of all issued and outstanding Ordinary Shares. The Offeror is ultimately beneficially owned by Mr. Viktor Kharitonin and Mr. Egor Kulkov. On May 13, 2015, the Offeror entered into a share purchase agreement with Bristley to acquire from Bristley 2,420,000 Ordinary Shares representing approximately 6.40% of all issued and outstanding Ordinary Shares at a purchase price of US\$22.00 per share. The transfer of Ordinary Shares to the Offeror pursuant to the share purchase agreement is expected to be completed on or about the date of this Tender Offer Memorandum. Once the transfer of Ordinary Shares under the share purchase agreement with Bristley is completed, the Offeror will hold 22,028,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 60.72% of all issued and outstanding Ordinary Shares. See Section 7, "Certain Information Concerning the Offeror".

Why is the Offeror making this Tender Offer?

- If as a result of this Tender Offer, the Offeror acquires such number of GDRs, that, after conversion into Ordinary Shares, would, together with Ordinary Shares held by the Offeror and its affiliates (which would for these purposes include 1,436,920 Ordinary Shares representing approximately 3.80% of the Pharmstandard's share capital held by Public Joint Stock Company "Pharmstandard-Leksredstva", a wholly-owned subsidiary of Pharmstandard),

constitute more than 75% of the Ordinary Shares, then the Offeror intends to convert the GDRs acquired in this Tender Offer into Ordinary Shares, and in that case, it would be required to carry out a mandatory tender offer pursuant to Russian law with respect to the remaining Ordinary Shares. In the event that the Offeror, together with its affiliates, consolidates more than 95% of the total number of issued and outstanding Ordinary Shares as a result of the mandatory tender offer, it intends to file a squeeze-out notice to all of the then existing shareholders of Pharmstandard to consolidate up to 100% of the remaining Ordinary Shares in Pharmstandard. The consolidation of Ordinary Shares in Pharmstandard is subject to regulatory approvals and other conditions, and there can be no assurance that any mandatory tender offer or the squeeze-out will be carried out, or at what price, or that the acquisition of all remaining Ordinary Shares will be completed.

- The Offeror believes that public equity markets do not represent the optimal ownership structure for Pharmstandard. As a private company:
 - it will be easier to take a strategic approach to operational challenges and opportunities facing the company; and
 - Pharmstandard's corporate structure, administration and corporate governance will be simplified, enabling more efficient operations and cost reductions.

The Offeror further believes that while in the past access to the public equity capital markets has been a significant benefit, the relative value of having this access is now significantly reduced and Pharmstandard management's time would be best spent on the fundamental strategy and challenges of the company, without the additional pressure of addressing the market volatility concerns.

Do all GDR holders whose GDRs are accepted for purchase and purchased by the Offeror receive the same Purchase Price per GDR?

- All GDRs purchased by the Offeror pursuant to this Tender Offer will be purchased at a purchase price of US\$5.50 per GDR, payable in U.S. dollars in cash.
- The Offeror will, on the Business Day immediately preceding the Settlement Date, remit the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder.
- To the extent permissible under applicable securities laws, the Dealer Manager and its affiliates may from time to time purchase, or enter into arrangements to purchase, GDRs either as principal or agent before and during the period when the Tender Offer remains open for acceptance. Pursuant to Rule 14e-5(b) of the Exchange Act, any affiliate of a financial advisor to the Offeror may from time to time make purchases of, or arrangements to purchase, GDRs outside of the United States, other than pursuant to the Tender Offer, before or during the period in which the Tender Offer is open for submission of tenders, so long as the acquisitions or arrangements comply with the provisions of the exemption provided under Rule 14e-5. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about such purchases will be disclosed as and if

required by applicable securities laws. Neither the Offeror nor, to the Offeror's knowledge, Pharmstandard or any member of Pharmstandard's consolidated group expects to purchase Ordinary Shares or GDRs, other than pursuant to this Tender Offer or as disclosed in this Tender Offer Memorandum, during the period in which this Tender Offer is open for submission of tenders.

Has the Offeror made other arrangements to purchase GDRs or Shares?

- As of the date of this Tender Offer Memorandum, the Offeror holds 19,608,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 54.32% of all issued and outstanding Ordinary Shares.
- On May 13, 2015, the Offeror entered into a share purchase agreement with Bristley to acquire from Bristley 2,420,000 Ordinary Shares representing approximately 6.40% of all issued and outstanding Ordinary Shares at a purchase price of US\$22.00 per share. The transfer of Ordinary Shares to the Offeror pursuant to the share purchase agreement is expected to be completed on or about the date of this Tender Offer Memorandum. Once the transfer of Ordinary Shares under the share purchase agreement with Bristley is completed, the Offeror will hold 22,028,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 60.72% of all issued and outstanding Ordinary Shares.
- In addition, on May 13, 2015, Bristley provided irrevocable undertakings to the Offeror to participate in the Tender Offer and tender in the Tender Offer 15,166,917 GDRs, representing approximately 10.03% of all the issued and outstanding Ordinary Shares, and to participate in a mandatory tender offer under Russian law, if launched by the Offeror, and to tender in such mandatory tender offer 909,750 Ordinary Shares representing approximately 2.41% of all issued and outstanding Ordinary Shares, as well as any additional Ordinary Shares that may be acquired by Bristley after May 13, 2015.
- The Offeror or its affiliates intend to enter into other arrangements, as may be necessary, including a mandatory tender offer, if required under Russian law, and squeeze-out, as permitted by Russian law, to acquire up to 100% of Pharmstandard's Ordinary Shares. The completion of these transactions is subject to regulatory approvals.

I have validly tendered my GDRs and they have been accepted for purchase and purchased by the Offeror. When do I receive payment and in what currency?

- The Offeror will, on the Business Day immediately preceding the Settlement Date, remit the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder. See Section 6, "Payment for GDRs".

How many GDRs will be purchased pursuant to this Tender Offer?

- The Tender Offer is for all the issued and outstanding GDRs, other than GDRs held by the Offeror (the number of GDRs outstanding as of May 11, 2015, excluding the GDRs held by the Offeror, constituted 37,840,552 GDRs). The GDRs represent approximately 27.47% of all issued and outstanding Ordinary Shares and, excluding the GDRs held by the Offeror, represent approximately 25.03% of all issued and outstanding Ordinary Shares. As of May 14,

2015, there were 37,792,603 Ordinary Shares, including, as of May 11, 2015, 10,379,951 Ordinary Shares represented by GDRs, issued and outstanding. See Section 1, “Overview; Purchase Price; Number of GDRs”.

- The Offeror intends to complete the Tender Offer if at least 18,920,276 GDRs representing 4,730,069 Ordinary Shares, which constituted 50% of all GDRs issued and outstanding as of May 11, 2015 (excluding the GDRs held by the Offeror), are tendered into this Tender Offer (the “Minimum Acceptance Condition”). The Minimum Acceptance Condition can be waived by the Offeror pursuant to the terms hereof. See Section 4, “Certain Conditions of this Tender Offer”.

Are there reasons why my tendered GDRs would not be accepted by the Offeror?

- Yes. If certain conditions described under “Certain Conditions of this Tender Offer”, including the Minimum Acceptance Condition, are not satisfied, or, if capable of waiver, waived, or if GDRs are not validly tendered, the Offeror is not required to accept for purchase the tendered GDRs. The Offeror reserves the right to reject any and all tenders determined by it not to be in appropriate form or that do not otherwise comply with the terms and conditions of this Tender Offer. See Section 5A, “Procedures for Tendering GDRs — Proper Tender and Delivery” and Section 5C, “Procedures for Tendering GDRs — Determinations of Validity”. In addition, the Offeror reserves the right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect or to terminate the Tender Offer subject to the provisions of Section 10 if certain conditions set forth in Section 4 are not satisfied or for any other reason. If any validly tendered GDRs are not purchased under this Tender Offer, or if the Tender Offer is terminated prior to the Expiration Time, GDRs not purchased in this Tender Offer will be unblocked by the relevant Clearing System on, or returned to, the account of the tendering GDR holder.

May I tender pledged or otherwise encumbered GDRs into the Tender Offer?

- No. GDR holders may not tender and submit instructions in respect of GDRs that are blocked, subject to attachment or encumbered, including, without limitation, by way of pledge.
- Each GDR holder, by tendering its GDRs through the submission of an electronic acceptance instruction in accordance with the requirements of the relevant Clearing System, will be deemed to represent and warrant, among other things, that it has full power and authority to tender, sell, assign and transfer the GDRs (including the underlying Ordinary Shares) tendered hereby and all distributions relating thereto and that when such tendered GDRs are accepted for purchase and payment by the Offeror, the Offeror will acquire good, marketable and unencumbered title thereto and to all distributions, free and clear of all liens, charges, claims, interests, rights of third parties, encumbrances and restrictions of any kind and not subject to any adverse claim or right, and together with all rights attached thereto.

When will this Tender Offer commence and expire? May this Tender Offer be extended?

- This Tender Offer will commence on May 14, 2015, and will expire at 12:00 P.M., London time, on June 19, 2015 (or 7:00 A.M., New York time, on June 19, 2015), unless extended. If the Expiration Time of this Tender Offer is extended, the Offeror will issue a press release announcing the extension and publish it on the web-site <http://augment-investments.com>. See Section 10, “Amendments; Extension of Tender Period; Termination”. GDR holders should note that the Clearing Systems, their respective participants and the brokers or other financial intermediaries through which the GDR holder holds the GDRs will establish their own cut-off dates and times for the tender of the GDRs that will be earlier than the Expiration Time. GDR holders wishing to participate in this Tender Offer are responsible for determining the cut-off date and time that applies to them and will be responsible for submitting valid and complete instructions to act to the financial intermediary through which they hold their GDRs in the Clearing Systems before the cut-off date and time.

How do I tender my GDRs?

- In order to properly tender your GDRs pursuant to this Tender Offer, you must follow the procedures set forth in Section 5, “Procedures for Tendering GDRs”. If you wish to tender GDRs, you must: (a) instruct the relevant Clearing System of your intention to participate in the Tender Offer, in accordance with the relevant procedures of, and deadlines for tender set by, such Clearing System; (b) in the case of Regulation S GDRs, instruct Euroclear or Clearstream to block, with immediate effect, any transfers from the relevant Clearing System participant account of such GDR holder of the number of GDRs which the GDR holder intends to tender for participation in the Tender Offer; and (c) follow the instructions of, and procedures established by, the relevant Clearing System for the tender and blocking of GDRs, including the process established by the relevant Clearing System to certify electronically as to status as a holder meeting the conditions of the Tender Offer.
- A GDR holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDRs must tender and certify through the voluntary offering procedures operated by DTC. A GDR holder (or direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder) holding Regulation S GDRs must tender and certify through either Euroclear or Clearstream, as the case may be.
- If you wish to tender GDRs registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you must contact that firm to effect a tender on your behalf (and any such firm may establish an earlier deadline for tendering GDR holders to instruct it to tender GDRs in this Tender Offer). You will not be obligated to pay a brokerage commission in connection with your tender of GDRs pursuant to this Tender Offer, but you may be charged a fee by a brokerage firm or similar nominee for processing the tender(s) on your behalf. See Section 5A, “Procedures for Tendering GDRs — Proper Tender and Delivery”.

Will GDRs not purchased by the Offeror pursuant to this Tender Offer be returned to me?

- If any validly tendered GDRs are not purchased under this Tender Offer, or if the Tender Offer is terminated prior to the Expiration Time, GDRs not purchased in this Tender Offer will be unblocked by the relevant Clearing System on, or returned to, the account of the tendering GDR holder. See Section 5D, “Procedures for Tendering GDRs — Return of GDRs Tendered by GDR holders but Not Purchased by the Offeror”.

Are there any limitations on the number of GDRs that may be tendered by a GDR holder into the Tender Offer?

- No. GDR holders may tender any number of GDRs owned by them and there are no limitations on the maximum number of GDRs that may be tendered.

Must I tender all of my GDRs?

- No, you need not tender all or any of your GDRs, but you must tender any GDRs that you wish the Offeror to purchase pursuant to this Tender Offer. You may choose to tender none of your GDRs (in which case no action on your part is required).

May I withdraw my GDRs after I have tendered them?

- No, you will not be able to withdraw your GDRs once those have been validly tendered. A holder who has tendered GDRs in the Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream, as applicable, and therefore will not be able to transfer, dispose of, or otherwise deal in, those GDRs.

Does the Offeror have the financial resources to purchase the GDRs pursuant to this Tender Offer?

- Yes, the Offeror will use its own funds and funds provided by its affiliates to purchase the GDRs pursuant to this Tender Offer.

How will my choosing to participate in this Tender Offer affect my rights with respect to the GDRs I tender?

- If you validly tender your GDRs pursuant to this Tender Offer (or defectively tender, but with respect to which the Offeror waives or causes to be waived of such defect) and to the extent that those GDRs are accepted for purchase and purchased by the Offeror, you will receive the Purchase Price, net of any taxes and other governmental charges, for such GDRs in exchange for giving up your interest in such GDRs. In other words, you will give up in exchange for such payment all rights associated with owning such GDRs, including any accrued or future dividend payments, if any, and voting rights with respect to such GDRs. You will not be able to vote at any annual or extraordinary meetings of the shareholders of Pharmstandard once your validly tendered GDRs have been purchased. See Section 6, “Payment for GDRs”.
- By giving instructions to the relevant Clearing System, the GDR holder will irrevocably appoint each designee of the Offeror or one or more of its affiliates as the attorneys-in-fact and proxies of the GDR holder, each with full power of substitution, (i) to give voting instructions with respect to any annual or extraordinary meeting of Pharmstandard’s shareholders or any adjournment or postponement thereof or otherwise in such manner as each such attorney-in-fact and proxy or his or her substitute shall, in his or her sole discretion, deem proper with respect to, (ii) to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, and (iii) to otherwise act as such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, to all of the GDRs (including the underlying Ordinary Shares and any and all distributions) tendered hereby and accepted for purchase and payment by the Offeror. This appointment will be effective if and when, and only to the extent that, the Offeror becomes obligated to pay for the tendered GDRs pursuant to the Tender Offer following the satisfaction, or the waiver by the Offeror, of all conditions to the Tender Offer. See Section 5, “Procedures for Tendering GDRs”.

Once this Tender Offer expires, is the Offeror required to complete this Tender Offer?

- Yes, unless certain conditions described under “Certain Conditions of this Tender Offer” are not satisfied or the Offeror has not accepted for purchase tendered GDRs, once this Tender Offer expires, the Offeror is required to complete this Tender Offer. The Offeror expressly reserves the right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect or to terminate the Tender Offer if certain conditions set forth in Section 4 are not satisfied or for any other reason. See Section 10, “Amendments; Extension of Tender Period; Termination”.

What regulatory approvals are required for the Tender Offer?

- The Offeror believes that it is required pursuant to the Federal Law No. 135-FZ “On Protection of Competition” dated July 26, 2006 (as amended) (“Antitrust Law”), to obtain a preliminary consent of the Federal Antimonopoly Service of Russia (the “FAS”) to acquire all of the GDRs pursuant to the Tender Offer. On May 14, 2015, the Offeror filed an application with the FAS seeking the preliminary consent to acquire up to 100% of issued and outstanding Ordinary Shares. It is currently anticipated that, if granted, such consent would be issued by the Expiration Time, unless review of the Offeror’s application is extended or dismissed by the FAS.

What are the conditions to this Tender Offer?

- In addition to (and not in limitation of) the Offeror’s right to extend, amend or terminate this Tender Offer at any time prior to the Expiration Time, this Tender Offer is also subject to several other conditions, which the Offeror may waive in its sole discretion. In particular, the Offeror will not be required to accept for purchase, or pay for, and may delay the acceptance for purchase or the payment for, any tendered GDRs, if:

- any action or proceeding has been instituted or threatened that would, in the Offeror's reasonable judgment, impair the contemplated purpose of this Tender Offer;
- the Offeror has not obtained all consents, approvals, waivers or amendments from third parties necessary to permit the consummation of this Tender Offer;
- the FAS extends the review of an application of the Offeror filed under the Antitrust Law or denies the Offeror's application seeking the FAS preliminary consent under the Antitrust Law to consolidate up to 100% of the charter capital of Pharmstandard, including by means of the transactions contemplated by this Tender Offer;
- less than 18,920,276 GDRs representing 4,730,069 Ordinary Shares, which constituted 50% of all GDRs issued and outstanding as of May 11, 2015 (excluding the GDRs held by the Offeror), are tendered for sale into this Tender Offer;
- acceptance for purchase or payment for any GDRs pursuant to this Tender Offer would violate any law or regulation applicable to the Offeror;
- acceptance for purchase or payment for GDRs pursuant to this Tender Offer would violate any law or regulation applicable to the Offeror, including any Sanctions (as defined below), or any contractual obligations of the Offeror or its affiliates in relation to compliance with Sanctions;
- there has occurred or be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Offeror or Pharmstandard, or their respective subsidiaries or affiliates, that, in the sole judgement of the Offeror, would or might prohibit, prevent, restrict or delay consummation of this Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Tender Offer to the Offeror, or otherwise result in the consummation of this Tender Offer not being or reasonably likely not being in the best interests of the Offeror; or
- there has been, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in securities on any securities exchange or in the over-the-counter market on which any securities of Pharmstandard, including the GDRs, trade; (b) any significant adverse change in the price of the GDRs or in one or more of the Russian, United Kingdom or United States securities or financial markets, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, United Kingdom or Federal or state authorities in the United States (whether or not mandatory), (d) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (e) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in Russia, the United Kingdom and the United States, (f) any significant change in Russian, United Kingdom or United States currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory), (g) any significant adverse change in Russian, United Kingdom or United States securities or financial markets generally or (h) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

See Section 4, "Certain Conditions of this Tender Offer" and Section 10, "Amendments; Extension of Tender Period; Termination".

What actions need I take if I decide not to tender any of my GDRs pursuant to this Tender Offer?

- None.

What are the consequences if I do not tender?

- GDR holders who do not validly tender for purchase their GDRs and those holders whose GDRs not for any reason accepted for purchase under the Tender Offer will remain holders of those GDRs.

Will the GDRs and Ordinary Shares be subject to de-listing as a result of the Tender Offer?

- Depending on the number of the GDRs tendered as a result of the Tender Offer, the listing of the GDRs on the LSE may be required to be cancelled pursuant to the Listing Rules of the UK Listing Authority (“UKLA”). The Listing Rules require at least 25% of the total number of issued GDRs to be held in public hands at all times (the “Free Float”), unless a lower level is accepted by the UKLA. GDRs are not treated as being held in public hands if they are (a) held, directly or indirectly by: (i) a director of Pharmstandard or of any of its subsidiary undertakings; or (ii) a person connected with a director of Pharmstandard or of any of its subsidiary undertakings; or (iii) the trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of Pharmstandard and its subsidiary undertakings; or (iv) any person who under any agreement has a right to nominate a person to the board of directors of Pharmstandard; or (v) any person or persons in the same group or persons acting in concert who have an interest in 5% or more of the GDRs; or (b) subject to a lock-up period of more than 180 calendar days. Based on information known to the Offeror, the Free Float in the GDRs is currently above 25%. If, following the completion of the Tender Offer, less than 25% of the GDRs remain in public hands, Pharmstandard may not be able to comply with the minimum Free Float level required to maintain its listing on the LSE. As a result, the listing of the GDRs may be cancelled.
- Furthermore, following the Tender Offer, the Offeror may engage in discussions with Pharmstandard with a view to procuring that Pharmstandard seeks the cancellation of the listing of the GDRs on the LSE regardless of the number of GDRs in public hands. Under the UK Listing Rules, the listing may be cancelled by giving at least 20 business days' notice of the intended cancellation through an announcement of a Regulated Information Service, but does not require approval of holders of the GDRs.
- If the listing of the GDRs on the LSE is cancelled, Pharmstandard's sole listing would be of its Ordinary Shares on the Moscow Exchange. If the GDRs are no longer listed on the LSE and if no liquid trading market for the GDRs develops, the price of the GDRs may become more volatile and it may be more difficult to complete a buy or sell order for the GDRs. Even if the listing is not cancelled, the trading market for the GDRs is likely to be less liquid, potentially increasing its volatility.
- If, as a result of the Tender Offer and following conversion of the GDRs acquired in the Tender Offer into Ordinary Shares, the Offeror, together with its affiliates, consolidates more than 75% of the issued and outstanding Ordinary Shares, the Offeror would be required to launch a mandatory tender offer pursuant to Russian law with respect to the remaining Ordinary Shares. In the event the Offeror, together with its affiliates, consolidates more than 95% of the total number of issued and outstanding Ordinary Shares as a result of the mandatory tender offer, it intends to file a squeeze-out notice to all of the then existing shareholders of Pharmstandard to consolidate up to 100% of the remaining Ordinary Shares of Pharmstandard.

Is my sale in this Tender Offer a taxable transaction?

- GDR holders should be aware that the sale of GDRs and receipt of the Purchase Price pursuant to this Tender Offer may have certain tax consequences, and are urged to consult at their own expense their tax advisors with respect to those consequences in considering this Tender Offer. For a discussion of certain tax consequences, see Section 9, “Certain Tax Consequences”.

Will I have to pay any fees?

- You will not be obligated to pay a brokerage commission in connection with your tender of GDRs, but you may be charged a fee by a brokerage firm or similar nominee for processing the tender(s) on your behalf. See Section 5A, “Procedures for Tendering GDRs—Proper Tender and Delivery”.
- The Offeror will, on the Business Day immediately preceding the Settlement Date, remit the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder.

Does the board of directors or management of Pharmstandard recommend GDR holders participate in this Tender Offer, and will directors and members of senior management of Pharmstandard participate in this Tender Offer?

- None of Pharmstandard, its board of directors, the Dealer Manager, the Tender Agent, the GDR Depository, or the professional advisors of each, is making any recommendation to the GDR holders as to whether or not to tender securities in this Tender Offer. Neither the Offeror nor Pharmstandard has received any indications as to whether Pharmstandard directors or officers are contemplating tendering any securities in the Tender Offer. However, there can be no assurances that no such tenders will take place.
- The Offeror intends to inform Pharmstandard board of directors about this Tender Offer and its intention to consolidate up to 100% of Ordinary Shares of Pharmstandard. If any recommendation is given by the board of directors of Pharmstandard in respect of the Tender Offer, such recommendation will be announced by Pharmstandard.

Where can I find further information about Pharmstandard?

- Pharmstandard publishes annual reports and other information pursuant to the UK Listing and Disclosure and Transparency Rules and files annual and quarterly reports and other information with the Central Bank of Russia (the “CBR”). Such information is available to the public over the internet at the Pharmstandard website at <http://www.pharmstd.com>. The Pharmstandard website is included in this Tender Offer as an inactive textual reference only. Neither the content of Pharmstandard’s website (or any other website) nor the content of any website accessible from hyperlinks on Pharmstandard’s web-site (or any other website) is incorporated into this Tender Offer or should be considered to be part of this Tender Offer.

How do I obtain more information?

- Copies of this Tender Offer Memorandum and the related Corporate Action Notice will be available at a dedicated web-site at <http://augment-investments.com>. Questions and requests for assistance in connection with this Tender Offer may be directed to the Tender Agent at its address and telephone number set forth on the back page of this Tender Offer Memorandum. In addition, you may contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Tender Offer.

TIMETABLE OF EXPECTED EVENTS

The times, dates and events shown in this table are subject to change at the absolute discretion of the Offeror

DAY	EVENT
May 14, 2015	Announcement of this Tender Offer and commencement of the Tender Offer period
12:00 P.M., London time, on June 19, 2015 (or 7:00 A.M., New York time, on June 19, 2015) (“Expiration Time”)	Deadline for submission of tenders <i>Please note that DTC, Euroclear and Clearstream, their respective participants and the brokers or other financial intermediaries through which you hold GDRs will establish their own cut-off date and time for the tender of the GDRs, which will be earlier than the Expiration Time</i>
On or about June 22, 2015	Announcement on the results of this Tender Offer
June 22, 2015 – June 24, 2015	Transfer of the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will pay that price to the Clearing Systems for further distribution to GDR holders who have validly tendered in this Tender Offer and whose GDRs have been accepted for purchase in this Tender Offer
On or about June 25, 2015	Announcement of the Tender Offer completion

FORWARD-LOOKING STATEMENTS

Some of the information contained in this Tender Offer Memorandum may contain forward-looking statements. All statements, other than statements of historical facts, that are included in this Tender Offer, as well as statements made in any supplement to this Tender Offer, in presentations, in response to questions or otherwise, that address activities, events or developments that the Offeror expects or anticipates to occur in the future, (often, but not always, through the use of words or phrases such as “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “may”, “will”, “should” and similar expressions), are forward-looking statements. Although the Offeror believes that in making any such forward-looking statement their respective expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the following important factors, among others, that could cause the actual results differ materially from those projected in such forward-looking statement:

- changes in the political, social, legal or economic conditions in Russia;
- Pharmstandard’s ability to increase or maintain market share for its products and services and control expenses;
- the effects of, and changes in, the policy of the federal government of the Russian Federation (the “Russian government”), including changes in the President and his administration, the Prime Minister, the Federal Assembly, and the relevant ministries and state agencies;
- the effects of changes in laws, regulations, taxation or accounting standards or practices and legal proceedings;
- any future expansion plans of Pharmstandard and the likelihood of such plans being successfully implemented;
- general industry trends;
- the effects of, and changes in, tariffs and other restrictions on the import or export of raw materials;
- changes in the costs of energy, transportation and labor;
- inflation, interest rate and exchange rate fluctuations;
- Offeror’s and Pharmstandard’s ability to meet its funding obligations and develop and maintain additional sources of financing;
- changes in the ability of Pharmstandard to form strategic alliances or to implement acquisition or divestiture plans;
- the impact of any Pharmstandard’s expansion on its revenue potential, cost basis and profit margins;
- an increase or decrease in the demand for Pharmstandard’s products;
- changes in the ability of Pharmstandard to obtain the licenses necessary for its businesses;
- the effects of competition;
- the effects of any regulatory or legal proceedings;
- preliminary consent by the FAS under the Antitrust Law to consolidate up to 100% of the charter capital of Pharmstandard, including by means of the transactions contemplated by this Tender Offer;
- unanticipated changes in operating expenses, liquidity needs and capital expenditures;
- the declaration or payment of dividends or interest on capital;
- the effects of international political events;
- technological changes; and

- the success of Offeror and Pharmstandard at managing the risks associated with the aforementioned factors.

This list of important factors is not exhaustive. The Offeror makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, GDR holders should not place undue reliance on these forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and, subject to applicable law, the Offeror does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Offeror to predict all of them; nor can the Offeror assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

1. Overview; Purchase Price; Number of GDRs.

A. Overview. Upon the terms and subject to the conditions of this Tender Offer (including, if this Tender Offer is extended or amended, the terms and conditions of any such extension or amendment), the Offeror will accept for purchase and purchase in cash, without interest, from GDR holders of Pharmstandard all of the issued and outstanding GDRs, other than GDRs held by the Offeror (the number of GDRs outstanding as of May 11, 2015, excluding the GDRs held by the Offeror, constituted 37,840,552 GDRs), at a purchase price of US\$5.50 per GDR, that are validly tendered prior to the Expiration Time. The Purchase Price represents cash premium of US\$0.05 and 0.84 per cent. over the 3-month volume weighted average price per GDR on the LSE for the period ending on May 13, 2015, and represents a cash premium of US\$0.54 and 10.89 per cent. over the closing price per GDR on the LSE on May 13, 2015. GDR holders should take note that the cash premiums referenced herein do not take into account any applicable fees, expenses and taxes, and the net proceeds actually received by GDR holders may be lower. GDR holders are urged to obtain current market quotations for the GDRs.

This Tender Offer will commence on May 14, 2015, and will expire at 12:00 P.M., London time, on June 19, 2015 (or 7:00 A.M., New York time, on June 19, 2015), unless the Offeror, in its sole discretion, extends the period of this Tender Offer. If the Expiration Time of this Tender Offer is extended, the Offeror will issue a press release announcing the extension and publish it on the website at <http://augment-investments.com>. GDR holders should note that the Clearing Systems, their respective participants and the brokers or other financial intermediaries through which the GDR holder holds the GDRs will establish their own cut-off dates and times for the tender of the GDRs that will be earlier than the Expiration Time. GDR holders wishing to participate in this Tender Offer are responsible for determining the cut-off date and time that applies to them and will be responsible for submitting valid and complete instructions to act to the financial intermediary through which they hold their GDRs in the Clearing Systems before the cut-off date and time. (See Section 10, "Amendments; Extension of Tender Period; Termination".)

The Offeror expressly reserves the right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect to or terminate the Tender Offer if certain conditions are not satisfied or for any other reason. (See Sections 4, "Certain Conditions of this Tender Offer," and Section 10, "Amendments; Extension of Tender Period; Termination".) The Offeror will not be obligated to purchase GDRs pursuant to this Tender Offer under certain circumstances. (See Section 4, "Certain Conditions of this Tender Offer".)

As of May 14, 2015, there were 37,792,603 Ordinary Shares issued and outstanding, including, as of May 11, 2015, 10,379,951 Ordinary Shares represented by GDRs (with one Ordinary Share represented by four GDRs).

As of the date of this Tender Offer Memorandum, the Offeror holds 19,608,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 54.32% of all issued and outstanding Ordinary Shares. On May 13, 2015, the Offeror entered into a share purchase agreement with Bristley to acquire from Bristley 2,420,000 Ordinary Shares representing approximately 6.40% of all issued and outstanding Ordinary Shares at a purchase price of US\$22.00 per share. The transfer of Ordinary Shares to the Offeror pursuant to the share purchase agreement is expected to be completed on or about the date of this Tender Offer Memorandum. Once the transfer of Ordinary Shares under the share purchase agreement with Bristley is completed, the Offeror will hold 22,028,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 60.72% of all issued and outstanding Ordinary Shares.

In addition, on May 13, 2015, Bristley provided irrevocable undertakings to the Offeror to participate in the Tender Offer and tender in the Tender Offer 15,166,917 GDRs, representing approximately 10.03% of all the issued and outstanding Ordinary Shares, and to participate in a mandatory tender offer under Russian law, if launched by the Offeror, and to tender in such mandatory tender offer 909,750 Ordinary

Shares representing approximately 2.41% of all issued and outstanding Ordinary Shares, as well as any additional Ordinary Shares that may be acquired by Bristley after May 13, 2015.

The Offeror or its affiliates intend to enter into other arrangements, as may be necessary, including a mandatory tender offer, if required under Russian law, and squeeze-out, as permitted by Russian law, to acquire up to 100% of Pharmstandard's Ordinary Shares. The completion of these transactions is subject to regulatory approvals.

To the extent permissible under applicable securities laws, the Dealer Manager and its affiliates may from time to time purchase, or enter into arrangements to purchase, GDRs either as principal or agent before and during the period when the Tender Offer remains open for acceptance. Pursuant to Rule 14e-5(b) of the Exchange Act, any affiliate of a financial advisor to the Offeror may from time to time make purchases of, or arrangements to purchase, GDRs outside of the United States, other than pursuant to the Tender Offer, before or during the period in which the Tender Offer is open for submission of tenders, so long as the acquisitions or arrangements comply with the provisions of the exemption provided under Rule 14e-5. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about such purchases will be disclosed as and if required by applicable securities laws. Neither the Offeror nor, to the Offeror's knowledge, Pharmstandard or any member of Pharmstandard's consolidated group expects to purchase Ordinary Shares or GDRs, other than pursuant to this Tender Offer or as disclosed in this Tender Offer Memorandum, during the period in which this Tender Offer is open for submission of tenders.

B. Purchase Price. The purchase price will be US\$5.50 per GDR and will be payable in U.S. dollars in cash. The Offeror will, on the Business Day immediately preceding the Settlement Date, remit the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder.

C. Number of GDRs. In the aggregate, all issued and outstanding GDRs, other than the GDRs of held by the Offeror, may be tendered for sale and purchased pursuant to this Tender Offer. As of May 14, 2015, there were 37,792,603 Ordinary Shares, including, as of May 11, 2015, 10,379,951 Ordinary Shares represented by GDRs, issued and outstanding. The GDRs, excluding the GDRs held by the Offeror, represented approximately 25.03% of all issued and outstanding Ordinary Shares as of May 11, 2015. If all issued and outstanding GDRs, other than the GDRs of held by the Offeror, are purchased, the aggregate Purchase Price of the GDRs so purchased will equal US\$208,123,036 (in each case based on the number of GDRs issued and outstanding as of May 11, 2015).

2. Purpose of this Tender Offer.

The Offeror is making this Tender Offer pursuant to a resolution of its directors dated May 12, 2015, and a resolution of its shareholders dated May 12, 2015.

If as a result of this Tender Offer, the Offeror acquires such number of GDRs, that, after conversion into Ordinary Shares, would, together with Ordinary Shares held by the Offeror and its affiliates (which would for these purposes include 1,436,920 Ordinary Shares representing approximately 3.80% of the Pharmstandard's share capital held by Public Joint Stock Company "Pharmstandard-Leksredstva", a wholly-owned subsidiary of Pharmstandard), constitute more than 75% of the Ordinary Shares, then the Offeror intends to convert the GDRs acquired in this Tender Offer into Ordinary Shares, and in that case, it would be required to carry out a mandatory tender offer pursuant to Russian law with respect to the remaining

Ordinary Shares. In the event that the Offeror, together with its affiliates, consolidates more than 95% of the total number of issued and outstanding Ordinary Shares as a result of the mandatory tender offer, it intends to file a squeeze-out notice to all of the then existing shareholders of Pharmstandard to consolidate up to 100% of the remaining Ordinary Shares in Pharmstandard. The consolidation of Ordinary Shares in Pharmstandard is subject to regulatory approvals and other conditions, and there can be no assurance that any mandatory tender offer or the squeeze-out will be carried out, or at what price, or that the acquisition of all remaining Ordinary Shares will be completed.

The Offeror believes that public equity markets do not represent the optimal ownership structure for Pharmstandard. As a private company:

- it will be easier to take a strategic approach to operational challenges and opportunities facing the company; and
- Pharmstandard's corporate structure, administration and corporate governance will be simplified, enabling more efficient operations and cost reductions.

The Offeror further believes that while in the past access to the public equity capital markets has been a significant benefit, the relative value of having this access is now significantly reduced and Pharmstandard management's time would be best spent on the fundamental strategy and challenges of the company, without the additional pressure of addressing the market volatility concerns.

3. Listing of the GDRs on the LSE.

Depending on the number of the GDRs tendered as a result of the Tender Offer, the listing of the GDRs on the LSE may be required to be cancelled pursuant to the Listing Rules of the UKLA. The Listing Rules require at least 25% of the total number of issued GDRs to be held in public hands at all times, unless a lower level is accepted by the UKLA. GDRs are not treated as being held in public hands if they are (a) held, directly or indirectly by: (i) a director of Pharmstandard or of any of its subsidiary undertakings; or (ii) a person connected with a director of Pharmstandard or of any of its subsidiary undertakings; or (iii) the trustees of any employees' share scheme or pension fund established for the benefit of any directors and employees of Pharmstandard and its subsidiary undertakings; or (iv) any person who under any agreement has a right to nominate a person to the board of directors of Pharmstandard; or (v) any person or persons in the same group or persons acting in concert who have an interest in 5% or more of the GDRs; or (b) subject to a lock-up period of more than 180 calendar days. Based on information known to the Offeror, the Free Float in the GDRs is currently above 25%. If, following the completion of the Tender Offer, less than 25% of the GDRs remain in public hands, Pharmstandard may not be able to comply with the minimum Free Float level required to maintain its listing on the LSE. As a result, the listing of the GDRs may be cancelled.

Furthermore, following the Tender Offer, the Offeror may engage in discussions with Pharmstandard with a view to procuring that Pharmstandard seeks the cancellation of the listing of the GDRs on the LSE regardless of the number of GDRs in public hands. Under the UK Listing Rules, the listing may be cancelled by giving at least 20 business days' notice of the intended cancellation through an announcement of a Regulated Information Service, but does not require approval of holders of the GDRs.

If the listing of the GDRs on the LSE is cancelled, Pharmstandard's sole listing would be of its Ordinary Shares on the Moscow Exchange. If the GDRs are no longer listed on the LSE and if no liquid trading market for the GDRs develops, the price of the GDRs may become more volatile and it may be more difficult to complete a buy or sell order for the GDRs. Even if the listing is not cancelled, the trading market for the GDRs is likely to be less liquid, potentially increasing its volatility.

If, as a result of the Tender Offer and following conversion of the GDRs acquired in the Tender Offer into Ordinary Shares, the Offeror, together with its affiliates, consolidates more than 75% of the issued and outstanding Ordinary Shares, the Offeror would be required to launch a mandatory tender offer pursuant to Russian law with respect to the remaining Ordinary Shares. In the event the Offeror, together with its affiliates, consolidates more than 95% of the total number of issued and outstanding Ordinary Shares as a

result of the mandatory tender offer, it intends to file a squeeze-out notice to all of the then existing shareholders of Pharmstandard to consolidate up to 100% of the remaining Ordinary Shares of Pharmstandard.

4. Certain Conditions of this Tender Offer.

Notwithstanding any other provisions of this Tender Offer, and in addition to (and not in limitation of) the Offeror's right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect or to terminate the Tender Offer, this Tender Offer is subject to several conditions, which the Offeror may waive in its sole discretion. In particular, the Offeror will not be required to accept for purchase, or pay for, and may delay the acceptance for purchase or payment for, any tendered GDRs, if:

- any action or proceeding has been instituted or threatened that would, in the Offeror's reasonable judgment, impair the contemplated purpose of this Tender Offer;
- the Offeror has not obtained all consents, approvals, waivers or amendments from third parties necessary to permit the consummation of this Tender Offer;
- the FAS extends the review of an application of the Offeror filed under the Antitrust Law or denies the Offeror's application seeking the FAS preliminary consent under the Antitrust Law to consolidate up to 100% of the charter capital of Pharmstandard, including by means of the transactions contemplated by this Tender Offer;
- less than 18,920,276 GDRs representing 4,730,069 Ordinary Shares, which constituted 50% of all GDRs issued and outstanding as of May 11, 2015 (excluding the GDRs held by the Offeror), are tendered for sale into this Tender Offer;
- acceptance for purchase or payment for any GDRs pursuant to this Tender Offer would violate any law or regulation applicable to the Offeror;
- acceptance for purchase or payment for GDRs pursuant to this Tender Offer would violate any law or regulation applicable to the Offeror, including any Sanctions (as defined below), or any contractual obligations of the Offeror or its affiliates in relation to compliance with Sanctions;
- there has occurred or be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Offeror or Pharmstandard, or their respective subsidiaries or affiliates, that, in the sole judgement of the Offeror, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of this Tender Offer to the Offeror, or otherwise result in the consummation of this Tender Offer not being or reasonably likely not being in the best interests of the Offeror; or
- there has been, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in securities on any securities exchange or in the over-the-counter market on which any securities of Pharmstandard, including the GDRs, trade; (b) any significant adverse change in the price of the GDRs or in one or more of the Russian, United Kingdom or United States securities or financial markets, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, United Kingdom or Federal or state authorities in the United States (whether or not mandatory), (d) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (e) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in Russia, the United Kingdom and the United States, (f) any significant change in Russian, United Kingdom or United States currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory), (g) any significant adverse change in Russian, United Kingdom or United States securities or financial markets generally or

(h) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the Offeror's sole benefit and may be asserted by the Offeror regardless of the circumstances giving rise to any such condition and any action or inaction of the Offeror, and any such condition may be waived by the Offeror, in whole or in part, at any time and from time to time in its sole judgment. The Offeror shall make no representation or warranty or give any other assurance at any time that any of the foregoing events have or have not occurred, and any failure at any time to exercise any of the foregoing rights shall not be deemed to be any such representation, warranty or assurance. The Offeror's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Offeror concerning the events described in this Section 4 shall be final and binding.

The Offeror expressly reserves the right, at any time prior to the Expiration Time, to amend and/or extend this Tender Offer in its sole discretion in any respect or to terminate the Tender Offer subject to the provisions of Section 10 if certain conditions set forth in this Section 4 are not satisfied or for any other reason.

5. Procedures for Tendering GDRs.

A. Proper Tender and Delivery.

GDR holders who desire to tender all or any portion of their GDRs pursuant to this Tender Offer must follow the procedures set forth in this Section 5. A GDR holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDRs must tender and certify through DTC's system. A GDR holder (or direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such holder) holding Regulation S GDRs must tender and certify through either Euroclear or Clearstream, as the case may be.

A GDR holder who has not tendered GDRs for participation in this Tender Offer prior to the Expiration Time in accordance with the tender mechanics described below will not be eligible to participate in this Tender Offer.

Tendering Rule 144A GDRs

To tender Rule 144A GDRs, you must cause the broker or other financial intermediary through which you hold the GDRs to deliver, or cause to be delivered, to the Tender Agent, the following, to be received by the Expiration Time:

- a confirmation of a book-entry transfer of the tendered Rule 144A GDRs into the Tender Agent's account at DTC ("Book-Entry Confirmation"); and
- an Agent's Message (as defined below).

Rule 144A GDRs may only be tendered through the voluntary offering procedures operated by DTC. To tender Rule 144A GDRs through the voluntary offering procedures operated by DTC, participants in DTC must send, prior to the Expiration Time, electronic instructions to DTC through DTC's communication system. DTC is obligated to communicate those electronic instructions to the Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to and received by the Tender Agent and forming part of a Book-Entry Confirmation, that states that DTC has received an express acknowledgment from the participant in DTC tendering the Rule 144A GDRs that such participant has received and agrees to be bound by the terms of the Tender Offer set forth in this Tender Offer Memorandum and the Corporate Action Notice and that Pharmstandard may enforce such agreement against the participant.

Tendering Regulation S GDRs

If you wish to tender Regulation S GDRs, you must cause the broker or other financial intermediary through which you hold the GDRs to instruct Euroclear or Clearstream to block the number of GDRs tendered in its participant account.

The Tender Agent must receive notice of the blocking through Euroclear or Clearstream, as applicable, prior to the Expiration Time.

Tendering GDRs

GDR holders who desire to tender GDRs that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that firm to effect a tender on their behalf (and any such firm may establish an earlier deadline for tendering GDR holders to give an instruction for the tender of the GDRs). Tendering GDR holders will not be obligated to pay brokerage commissions in connection with their tender of GDRs, but they may be charged a fee by a brokerage firm or similar nominee for processing the tender(s) on their behalf.

A GDR holder who has tendered GDRs in the Tender Offer will have its tendered GDRs blocked by DTC, Euroclear or Clearstream and therefore will not be able to transfer, dispose of, or otherwise deal in, the GDRs that have been tendered.

By giving instructions to the relevant Clearing System, the GDR holder will irrevocably appoint each designee of the Offeror or one or more of its affiliates as the attorneys-in-fact and proxies of the GDR holder, each with full power of substitution, (i) to give voting instructions with respect to any annual or extraordinary meeting of Pharmstandard's shareholders or any adjournment or postponement thereof or otherwise in such manner as each such attorney-in-fact and proxy or his or her substitute shall, in his or her sole discretion, deem proper with respect to, (ii) to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, and (iii) to otherwise act as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, all of the GDRs (including the underlying Ordinary Shares and any and all distributions) tendered hereby and accepted for purchase and payment by the Offeror. This appointment will be effective if and when, and only to the extent that, the Offeror becomes obligated to pay for the tendered GDRs pursuant to the Tender Offer following the satisfaction, or the waiver by the Offeror, of all conditions to the Tender Offer.

By tendering their GDRs through the submission of an electronic instruction in accordance with the requirements of the voluntary offering procedures operated by DTC or the requirements of Euroclear or Clearstream, as applicable, each GDR holder tendering GDRs will be deemed to represent, warrant and agree as follows:

(1) Effective upon acceptance for purchase and payment for tendered GDRs, it irrevocably constitutes and appoints the Tender Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Tender Agent also acts as the agent of the Offeror) with respect to such GDRs, with full powers of substitution and revocation (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such GDRs and all evidences of transfer and authenticity to, or transfer ownership of, such GDRs on the account books maintained by the Clearing Systems or the GDR Depository to, or upon the order of, the Offeror, and (ii) receive all benefits and otherwise exercise all rights of beneficial ownership of such GDRs, all in accordance with the terms and conditions of this Tender Offer.

(2) It understands and agrees that tenders of GDRs pursuant to the procedures described in this Tender Offer Memorandum and acceptance of such GDRs for purchase by the Offeror will constitute a binding agreement between the GDR holders and the Offeror, upon the terms and subject to the conditions of this Tender Offer. For purposes of this Tender Offer, it understands that validly tendered GDRs (or defectively tendered GDRs with respect to which the Offeror has or has caused to be waived such defect) will be deemed to have been accepted for purchase by the Offeror if, as and when the Offeror gives written notice thereof to the Tender Agent.

(3) It represents and warrants that it has full power and authority to tender, sell, assign and transfer the GDRs (including the underlying Ordinary Shares) tendered hereby and all distributions relating thereto and that when such tendered GDRs are accepted for purchase and payment by the Offeror, the Offeror will acquire good, marketable and unencumbered title thereto and to all distributions, free and clear of all liens, charges, claims, interests, rights of third parties, encumbrances and restrictions of any kind and not subject to any adverse claim or right, and together with all rights attached thereto. It will, upon request, execute and deliver any additional documents deemed by the Tender Agent or by the Offeror to be necessary or desirable to complete the sale, assignment, transfer of the GDRs validly tendered hereby or to evidence such power and authority. It further agrees, when such tendered GDRs are accepted for purchase and payment by the Offeror, to remit and transfer promptly to the Tender Agent for the account of the Offeror all distributions thereafter received in respect of the GDRs (including the underlying Ordinary Shares) tendered, if any, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, the Offeror shall be entitled to all rights and privileges as owner of each such distribution and may withhold the entire Purchase Price tendered hereby or deduct from such Purchase Price the amount or value of such distribution as determined by the Offeror in its sole discretion.

(4) It represents and warrants that it has read this Tender Offer Memorandum, the Corporate Action Notice, and accompanying documentation and agrees to all of the terms of this Tender Offer. All authority conferred or agreed to be conferred shall not be affected by, and shall survive, the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, successors and assigns of the undersigned.

(5) It understands that the Offeror will pay the Purchase Price for each of the GDRs accepted for purchase upon the terms and subject to the conditions set forth in this Tender Offer Memorandum.

(6) It recognizes that under certain circumstances set forth in this Tender Offer Memorandum, the Offeror may terminate or amend this Tender Offer or may postpone the acceptance for purchase and payment of, or the payment for, GDRs tendered or may not be required to purchase any of the GDRs tendered.

(7) It understands that the delivery and surrender of any GDRs is not effective until receipt by the Tender Agent of those GDRs, together with all accompanying evidences of authority and any other required documents in form satisfactory to the Offeror. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders of GDRs for purchase will be determined by the Offeror, in its sole discretion, which determination shall be final and binding.

(8) It hereby requests that any GDRs not accepted for purchase that are held through DTC be returned to the DTC account of the applicable DTC participant and that GDRs not accepted for purchase that are held through Euroclear or Clearstream be unblocked.

(9) It represents, warrants and undertakes that it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities in connection with any tender of any GDRs, in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of this Tender Offer Memorandum or the Corporate Action Notice or which will or may result in the Offeror or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with this Tender Offer or tender of GDRs in connection therewith.

(10) It confirms and agrees that it will indemnify and hold harmless the Offeror, Pharmstandard, the Dealer Manager, the Tender Agent, the GDR Depositary and each of their affiliates, employees, directors and officers and each person, if any, who controls the Offeror, Pharmstandard, the Dealer Manager, the Tender Agent, and the GDR Depositary within the meaning of Section 15 of the United States Securities Act of 1933 or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred by any of them in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are

incurred), joint or several, in connection with any matter in any way relating to or referred to in this Tender Offer Memorandum or the Corporate Action Notice.

(11) It represents, warrants and confirms that: (a) it is not a Sanctioned Person (as defined below) (other than solely by virtue of its or its controlling persons' inclusion in: (1) the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx) (the "SSI List"), (2) Annexes III, IV, V and VI of Council Regulation No.833/2014, as amended by Council Regulation No.960/2014 (the "EU Annexes"), or (3) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes); (b) it is not acting on behalf, or for the benefit, of a Sanctioned Person; and (c) it will not use, directly or indirectly, the proceeds received by it from the sale of its securities pursuant to this Tender Offer for the purpose of financing or making funds available directly or indirectly to or for the benefit of any Sanctioned Person, to the extent such financing or provision of funds would be prohibited by Sanctions.

For the purposes of this Tender Offer Memorandum and other documents constituting this Tender Offer:

(i) a "Sanctioned Person" means any person: (a) that is or (to the extent ownership or control subjects it to the relevant sanctions under applicable law or regulatory guidance) is owned or controlled by a person that is, described or designated in (1) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: <http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>) or (2) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm); or (b) that is otherwise the subject of any Sanctions;

(ii) "Sanctions" means any economic, financial or trade sanctions, laws, regulations, or restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo or asset freezing) enacted, administered, imposed or enforced from time to time by the United States, including the OFAC Regulations, the United Nations, the European Union, each Member State of the European Union, Switzerland, the United Kingdom or the competent governmental agencies or official institutions of any of these countries and organizations, each as amended, supplemented or substituted from time to time; and

(iii) a "Sanctions Authority" means (a) the Security Council of the United Nations; and (b) the respective governmental institutions and agencies of the United States, the United Kingdom, the European Union or a Member State of the European Union including, without limitation, the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury, or (c) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions.

If a GDR holder is unable to give the foregoing representations, warranties and undertakings, the GDR holder should contact the Tender Agent.

General

Section 13(e) of the Exchange Act and Rule 14e-4 promulgated thereunder make it unlawful for any person acting alone or in concert with others, directly or indirectly, to tender GDRs for such person's own account unless at the time of tender and at the Expiration Time such person has a "net long position" in a number of GDRs that is equal to or greater than the amount tendered and will deliver or cause to be delivered such GDRs for the purpose of tendering to us within the period specified in this Tender Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of GDRs made pursuant to any method of delivery set forth in this Tender Offer will constitute the tendering GDR holder's acceptance of the terms and conditions of this Tender Offer, as well as the tendering GDR holder's representation and warranty to the Offeror that (i) such GDR holder has

a “net long position” in a number of GDRs at least equal to the GDRs being tendered within the meaning of Rule 14e-4, and (ii) such tender of GDRs complies with Rule 14e-4. The Offeror’s acceptance for purchase of GDRs tendered pursuant to this Tender Offer will constitute a binding agreement between the tendering GDR holder and the Offeror upon the terms and subject to the conditions of this Tender Offer, including the participating GDR holder’s representation that the GDR holder has a net long position in the GDRs, as the case may be, being tendered for purchase within the meaning of Rule 14e-4 and that the request to tender such GDRs complies with Rule 14e-4.

B. Method of delivery.

THE METHOD OF DELIVERY OF ANY DOCUMENTS IS AT THE OPTION AND SOLE RISK OF THE TENDERING GDR HOLDER. ANY DOCUMENTS TO BE PROVIDED PURSUANT HERETO WILL BE DEEMED DELIVERED ONLY WHEN ACTUALLY RECEIVED BY THE TENDER AGENT. GDR holders have the responsibility to cause: (a) their GDRs to be validly tendered; and (b) the timely delivery of all other documents required herein or in the Corporate Action Notice. Timely delivery is a condition precedent to acceptance for purchase and purchase of GDRs pursuant to this Tender Offer.

Any documentation required to be submitted to the Tender Agent must be submitted to them within their normal business hours and in any event on or prior to the Expiration Time. Holders of GDRs must allow sufficient time for completion of the relevant Clearing System’s tendering procedures during the normal business hours on or prior to the Expiration Time. GDR holders should note that the Clearing Systems, their respective participants and the brokers or other financial intermediaries through which the GDR holder holds the GDRs will establish their own cut-off dates and times for the tender of the GDRs that will be earlier than the Expiration Time. GDR holders wishing to participate in this Tender Offer are responsible for determining the cut-off date and time that applies to them and will be responsible for submitting valid and complete instructions to act to the financial intermediary through which they hold their GDRs in the Clearing Systems before the cut-off date and time.

FAILURE OF A GDR HOLDER TO COMPLY WITH THE PROCEDURES DESCRIBED ABOVE WILL RESULT IN AN INVALID TENDER OF GDRs AND, ACCORDINGLY, SUCH GDR HOLDER’S TENDERED GDRs WILL NOT BE ACCEPTED FOR PURCHASE OR PURCHASED.

C. Determinations of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by the Offeror, in its sole discretion, which determination shall be final and binding. The Offeror reserves the absolute right to reject any or all tenders determined not to be in appropriate form or from persons whose participation in the Tender Offer could in the reasonable opinion of the Offeror or the Tender Agent result in violation of applicable legal requirements or to refuse to accept for purchase or pay for, any GDRs if, in the opinion of the Offeror’s counsel, accepting, purchasing or paying for such GDRs would be unlawful. The Offeror also reserves the absolute right to waive any of the conditions of this Tender Offer or any defect in any tender, whether generally or with respect to any particular GDR(s) or GDR holder(s). (See also Section 10, “Amendments; Extension of Tender Period; Termination”.) The Offeror’s interpretations of the terms and conditions of this Tender Offer (including the Corporate Action Notice) and this Tender Offer Memorandum shall be final and binding.

NONE OF THE OFFEROR, ITS BOARD OF DIRECTORS, THE DEALER MANAGER, THE TENDER AGENT, THE GDR DEPOSITARY OR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

D. Return of GDRs Tendered by GDR holders, but Not Purchased by the Offeror. If any validly tendered GDRs are not purchased under this Tender Offer, or if the Tender Offer is terminated prior to the Expiration Time, GDRs not purchased in this Tender Offer will be unblocked by the relevant Clearing System on, or returned to, the account of the tendering GDR holder.

6. Payment for GDRs.

Upon the terms and subject to the conditions of this Tender Offer, validly tendered GDRs will be accepted for purchase by the Offeror. For purposes of this Tender Offer, the Offeror will be deemed to have accepted for purchase the GDRs validly tendered when, as and if it gives written notice to the Tender Agent of its acceptance of such GDRs for purchase pursuant to this Tender Offer.

The Offeror will make payment for the GDRs it purchases pursuant to this Tender Offer (i) by depositing on the Business Day immediately preceding the Settlement Date in U.S. dollars the aggregate Purchase Price to be paid for the GDRs validly tendered and accepted to purchase with the Tender Agent, which will make payment (a) to DTC, in the cases of the GDR holders tendering GDRs via DTC or (b) to the custodian for Euroclear or Clearstream, in the cases of the GDR holders tendering GDRs via Euroclear or Clearstream.

The Offeror will, on the Business Day immediately preceding the Settlement Date, remit the aggregate Purchase Price in U.S. dollars to the Tender Agent. Upon receipt of the Purchase Price, the Tender Agent will transfer the Purchase Price to the Clearing Systems for further distribution to GDR holders who have validly tendered in the Tender Offer (or defectively tendered, but with respect to which the Offeror has or has caused to be waived of such defect) and whose GDRs have been accepted for purchase in the Tender Offer, net of any taxes and other governmental charges. The Purchase Price, subject to any taxes and other governmental charges, shall be paid to tendering GDR holders through the procedures of the relevant Clearing System. Those who tender GDRs will not receive accrued or other interest with respect to the Purchase Price under any circumstance or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price to the tendering GDR holder.

Neither the Dealer Manager, the Tender Agent, the GDR Depository nor any person acting on behalf of either of them accept any liability for any default on the part of the Offeror to pay tendering GDR holders for the accepted GDRs.

GDR holders must pay all stock transfer taxes, if any, with respect to the transfer and sale of GDRs pursuant to this Tender Offer. Brokers, dealers or other institutions also may charge fees to a participating GDR holder for processing and purchase or transfer request and sending it to the Tender Agent.

7. Certain Information Concerning the Offeror.

The Offeror is a company organized under the laws of the Republic of Cyprus with its registered office located at Dimokritou, 15 Panaretos Eliana Complex, Flat/Office 104, Potamos Germasogeias 4041, Limassol, Cyprus. The Offeror is the controlling shareholder of Pharmstandard holding as of the date of this Tender Offer Memorandum 19,608,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 54.32% of all issued and outstanding Ordinary Shares. The Offeror is ultimately beneficially owned by Mr. Viktor Kharitonin and Mr. Egor Kulkov.

On May 13, 2015, the Offeror entered into a share purchase agreement with Bristley to acquire from Bristley 2,420,000 Ordinary Shares representing approximately 6.40% of all issued and outstanding Ordinary Shares at a purchase price of US\$22.00 per share. The transfer of Ordinary Shares to the Offeror pursuant to the share purchase agreement is expected to be completed on or about the date of this Tender Offer Memorandum. Once the transfer of Ordinary Shares under the share purchase agreement with Bristley is completed, the Offeror will hold 22,028,567 Ordinary Shares and 3,679,252 GDRs representing in aggregate approximately 60.72% of all issued and outstanding Ordinary Shares.

8. Certain Legal Matters; Regulatory Approvals; Civil Liabilities.

This Tender Offer has not been and will not be registered under the securities laws of the United States or the Russian Federation or in any other jurisdiction. Neither the SEC nor any other authority or securities exchange in the United States has approved or disapproved of this Tender Offer, passed upon the merits of this Tender Offer or determined whether this Tender Offer is accurate or complete. Participating GDR holders are urged to consult their own legal and tax advisors regarding possible legal requirements as well

as possible tax consequences of participating in this Tender Offer in their particular circumstances. Neither this Tender Offer Memorandum nor this Tender Offer nor any information contained herein constitute or may be construed as constituting an offer (“oferta”) pursuant to Russian law, or an advertisement, or an offer of securities to an unlimited number of persons within the territory of or outside the Russian Federation, or a voluntary tender offer or a mandatory tender offer under Russian law.

The Offeror will notify Pharmstandard for purposes of subsequent regulatory disclosure by Pharmstandard of entry into an agreement mandating the Offeror to acquire the GDRs, which in case of the Tender Offer, shall be the Expiration Time, and, if applicable, of the acquisition of GDRs pursuant to the Tender Offer entitling the Offeror to direct over 75% of total voting rights attaching to Ordinary Shares as required by the Russian Securities Market Law.

The Offeror believes that it is required pursuant to the Antitrust Law, to obtain a preliminary consent of the FAS to acquire all of the GDRs in the course of the Tender Offer. On May 14, 2015, the Offeror filed an application with the FAS seeking the preliminary consent to acquire up to 100% of issued and outstanding Ordinary Shares. It is currently anticipated that, if granted, such consent would be issued by the Expiration Time, unless review of the Offeror’s application is extended or dismissed by the FAS.

The Offeror is not aware of any approval or action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required to effect this Tender Offer other than those disclosed in this Tender Offer Memorandum. Should any such approval or other action be required, the Offeror presently cannot determine whether such approval or other action will be sought. The Offeror is unable to predict whether it may determine that it is required to delay the acceptance for purchase or payment for, GDRs tendered pursuant to this Tender Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Offeror’s business. The Offeror’s obligations under this Tender Offer to accept for purchase and pay for GDRs are subject to certain conditions described in Section 4.

The enforcement by GDR holders of civil liabilities under United States securities laws may be adversely affected by the fact that the Offeror is a company organized under the laws of the Republic of Cyprus and Pharmstandard is a Russian joint stock company, and that all or substantially all of the directors and members of senior management of the Offeror and Pharmstandard are residents of countries other than the United States and substantially all of the assets of each company are located outside of the United States, and, with respect to Pharmstandard, principally in Russia. As a result, it may not be possible for GDR holders:

- to effect service of process within the United States upon any of the directors or members of senior management of the Offeror or Pharmstandard; or
- to enforce in the United States court judgments against the Offeror or Pharmstandard, or their respective directors or members of senior management, in any action, including actions under the civil liability provisions of federal securities laws of the United States, obtained in courts of the United States.

In addition, it may be difficult for GDR holders to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon United States securities laws.

Judgments rendered by a court in any jurisdiction outside of Russia will generally be recognized by courts in Russia only if an international treaty providing for recognition and enforcement of judgments in civil cases exists between Russia and the country where the judgment is rendered and/or a federal law is adopted in Russia providing for the recognition and enforcement of foreign court judgments. There is no treaty between the United States and Russia providing for reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters, and no relevant federal law on enforcement of foreign court judgments has been adopted in Russia.

9. Certain Tax Consequences

A. *Certain U.S. Federal Income Tax Consequences*

The following is a discussion of certain material U.S. federal income tax consequences relating to this Tender Offer that may be relevant to U.S. Holders (as defined below) and Non-U.S. Holders (as defined below) that hold their GDRs as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific GDR holders in light of their particular circumstances or to GDR holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other GDR holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, GDR holders that hold a GDR as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a “functional currency” other than the U.S. dollar). The following discussion assumes that Pharmstandard is not and has not at any time been classified as a “passive foreign investment company” for U.S. federal income tax purposes.

U.S. Holders

The exchange of GDRs for cash pursuant to the Tender Offer will be a taxable transaction for U.S. federal income tax purposes to GDR holders that are “U.S. persons” for such purposes (a “U.S. Holder”). In general, a U.S. Holder that exchanges GDRs for cash pursuant to the Tender Offer will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received (determined before the deduction, if any, of withholding taxes) and the U.S. Holder’s adjusted tax basis in the GDRs exchanged. Gain or loss will be determined separately for each block of GDRs (that is, GDRs acquired at the same cost in a single transaction) tendered pursuant to the Tender Offer.

Such gain or loss will be long-term capital gain or loss to a U.S. Holder if such U.S. Holder’s holding period for such GDRs is more than one year at the time of the exchange. Long-term capital gain recognized by non-corporate U.S. holders, including individuals, is generally taxable at a reduced rate. In the case of GDRs that have been held for one year or less, capital gain on the sale or exchange of such GDRs generally will be subject to U.S. federal income tax at ordinary income tax rates. The deductibility of capital losses is subject to certain limitations.

Non-U.S. Holders

In general, a GDR holder that is not a U.S. Holder for U.S. federal income tax purposes (a “Non-U.S. Holder”) will not be subject to U.S. federal income tax with respect to the exchange of GDRs for cash pursuant to the Tender Offer unless:

- the gain recognized on the exchange is “effectively connected” with the Non-U.S. Holder’s conduct of a trade or business in the United States;
- the Non-U.S. Holder is an individual present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist; or
- Pharmstandard is or has been a “United States real property holding corporation” for U.S. federal income tax purposes and the Non-U.S. Holder held GDRs, directly and indirectly, at any time within the shorter of the five-year period ending on the date of sale or the Non-U.S. Holder’s holding period in his, her or its GDRs.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments to a U.S. Holder pursuant to the Tender Offer, unless such U.S. Holder is an entity that is exempt from information reporting and, when required,

demonstrates this fact. Any such payment to a U.S. Holder that is subject to information reporting generally will also be subject to backup withholding, unless such U.S. Holder provides the appropriate documentation (generally, IRS Form W-9) to the applicable withholding agent certifying that, among other things, its taxpayer identification number is correct, or otherwise establishes an exemption.

The information reporting and backup withholding rules that apply to payments to a U.S. Holder pursuant to the Tender Offer generally will not apply to payments to a Non-U.S. Holder pursuant to the Tender Offer if such Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability if the required information is furnished by such U.S. Holder or Non-U.S. Holder on a timely basis to the U.S. Internal Revenue Service.

B. Certain Russian Tax Consequences

Russian tax consequences with respect to sale of the GDRs will depend on whether the GDR holder is a resident or non-resident of Russia and whether the GDR holder is an individual or institutional investor. A GDR holder who is an individual resident or legal entity resident in Russia for tax purposes is subject to all applicable Russian taxes and applicable exemptions, if any. Proceeds from the sale of GDRs received by non-resident GDR holders that are legal entities generally should not be subject to Russian withholding tax, provided that less than 50 per cent. of Pharmstandard's assets consists directly or indirectly of immovable property located in Russia. Based solely on the information provided to the Offeror by Pharmstandard, immovable property located in Russia represents less than 50 per cent. of its assets, therefore, non-resident GDR holders that are legal entities should not be subject to the Russian withholding tax on such proceeds. Non-resident GDR holders who are individuals should not be subject to Russian withholding tax in case proceeds from sale of the GDRs in the Tender Offer are received from a non-Russian source; in the event of the contrary, such individual may be subject to the Russian taxes payable in respect of gross proceeds from the sale of the GDRs in the Tender Offer less any available deduction (including, if available, the cost of acquisition of the GDRs) and subject to any relief that may be available pursuant to any applicable double tax treaty. In addition, the sale of the GDRs may be a taxable transaction in a jurisdiction where the GDR holder is resident. All GDR holders, including non-residents, should consult their tax advisers, including in jurisdiction of residence, with respect to their tax position regarding the GDRs. The discussion above is included for general information purposes only. **The GDR holders are urged to consult their tax advisors for a full understanding of their individual tax consequences.**

10. Amendments; Extension of Tender Period; Termination.

The Offeror expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period during which this Tender Offer is open for any reason, including the failure to satisfy any of the conditions specified in Section 4, and thereby delay acceptance for purchase, and payment for, any GDRs, by giving written notice of such extension to the Tender Agent. There can be no assurance that the Offeror will exercise its right to extend this Tender Offer. During any such extension, all GDRs previously tendered will remain subject to this Tender Offer.

The Offeror also expressly reserves the right, in its sole discretion, at any time and from time to time, to waive any condition or amend this Tender Offer in any respect, in each case by making a public announcement thereof.

The Offeror also expressly reserves the right at any time to extend or terminate this Tender Offer and not accept for purchase, or pay for, any GDRs if any of the conditions referred to in Section 4 have not been satisfied or upon the occurrence, during the continuance of any of the events specified in Section 4 or for any other reason.

Any extension, termination or amendment will be followed as promptly as practicable by a press release by the Offeror announcing the extension, termination or amendment. Notwithstanding the foregoing, the Offeror will have no obligation to publish, advertise or otherwise communicate any such press release other than by issuing the press release and publishing it on the designated web-site at <http://augment-investments.com>.

11. Fees and Expenses.

The proceeds distributed by the Tender Agent to the tendering GDR holders will be net of any applicable taxes and other governmental charges.

12. Dealer Manager, Tender Agent.

The Offeror has retained Citigroup Global Markets Limited to act as Dealer Manager in connection with this Tender Offer. Citigroup Global Markets Limited will receive reasonable and customary compensation for its services as Dealer Manager and will be reimbursed by the Offeror for out-of-pocket expenses.

The Offeror has entered into a Tender Agent agreement with Citibank, N.A., London branch for purposes of this Tender Offer. GDR holders tendering GDRs pursuant to this Tender Offer will be required to tender through Citibank, N.A., London branch. Citibank, N.A., London branch will receive reasonable and customary compensation related to a tender offer of this nature and will be reimbursed by the Offeror for out-of-pocket expenses.

13. Miscellaneous.

The information contained in this Tender Offer Memorandum is addressed exclusively to the holders of GDRs of Pharmstandard and no other person. Neither this Tender Offer Memorandum nor the Tender Offer described herein nor any information contained herein constitute an offer (“oferta”) pursuant to Russian law, or an advertisement, or an offer of GDRs to an unlimited number of persons within or outside the territory of the Russian Federation, or a voluntary tender offer or a mandatory tender offer under Russian law.

This Tender Offer is not being made to, nor will the Offeror accept tenders from, or on behalf of, owners of GDRs in any jurisdiction in which the making of this Tender Offer or its acceptance would not comply with the securities laws or regulations of that jurisdiction. The Offeror reserves the right to exclude GDR holders in any jurisdiction in which it is asserted that this Tender Offer cannot lawfully be made or tendered GDRs cannot lawfully be accepted, purchased or paid for. In any jurisdiction where the securities, “blue sky” or other laws or regulations require this Tender Offer be made by a licensed broker or dealer, this Tender Offer shall be deemed to be made on the Offeror’s behalf by one or more brokers or dealers licensed under the laws of such jurisdiction.

This Tender Offer, and the agreements made in accordance herewith, shall be governed by the laws of England and Wales.

GDRs of Pharmstandard, to which this Tender Offer relates, are neither registered in the Russian Federation nor admitted to placement, public placement or public circulation in the Russian Federation in accordance with Article 51.1 of the Russian Securities Market Law. Any information in this Tender Offer Memorandum is addressed to “qualified investors” (as defined under Russian law) or persons outside the Russian Federation. The tender and purchase of GDRs of Pharmstandard will be carried out exclusively in accordance with the procedures set forth in this Tender Offer Memorandum and the Corporate Action Notice.

14. Additional Information.

Copies of this Tender Offer Memorandum and the Corporate Action Notice will be available at a dedicated web-site at <http://augment-investments.com>. In addition, GDR holders may contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Tender Offer.

Pharmstandard publishes annual reports and other information pursuant to the UK Listing and Disclosure and Transparency Rules and files annual and quarterly reports and other information with the CBR.

Such information is available to the public over the internet at the Pharmstandard website at <http://www.pharmstd.com>. The Pharmstandard website is included in this Tender Offer as an inactive textual reference only. Neither the content of the Pharmstandard's website (or any other website) nor the content of any website accessible from hyperlinks on the Pharmstandard's web-site (or any other website) is incorporated into this Tender Offer or should be considered to be part of this Tender Offer. Pharmstandard files reports and other information with the CBR to the extent that they are required to be made public pursuant to Russian law. Any such information that is published or filed after the date hereof will automatically update and supersede prior filed information. Pharmstandard is exempt from the registration requirements of the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

The text of this Tender Offer Memorandum and the related Corporate Action Notice, as well as any announcements with respect to this Tender Offer and contacts of the Tender Agent and the Dealer Manager, are and will be made available at a dedicated website at <http://augment-investments.com>.

For information and documentation regarding this Tender Offer, please contact:

The Tender Agent

Citibank N.A., London Branch

Citigroup Centre

Canada Square

London

E14 5LB

United Kingdom

Tel: +44 207 508 3867

Attention: Exchange Team – Agency & Trust

E-mail: exchange.gats@citi.com

Augment Investments Limited

May 14, 2015