



18 November 2010

RAVEN RUSSIA LIMITED
(“Raven Russia” or the “Company”)

This is an interim management statement covering the period from 1 July 2010 to 18 November 2010.

Key Highlights

- Sale of our Baltia project completed for a gross consideration of \$42 million which generated cash of \$21 million after repaying debt.
- New lettings of 201,000 square metres in the year to date.
- Annualised, consolidated net operating income (“NOI”) of \$80 million after adjusting for the sale of Baltia.
- NOI Increasing to \$85 million on conversion of 35,000 square metres of existing pre let agreements and letters of intent.
- A further 65,000 square metres of lettings under active negotiation.
- Portfolio ERV of \$121 million.

Overview

Demand from tenants in our key markets remains strong for Grade A warehouse property in good locations. We are seeing a consistent level of demand from both Russian and International tenants to take new space and also demand for more space from our existing customers. Demand is strongest in Moscow and the vacancy rate across the market is falling. This is putting upward pressure on rents and we anticipate further rental growth next year caused by a lack of supply. We intend to start construction of new space in Moscow in the new year if these conditions continue.

St Petersburg letting continues ahead of our expectations. We secured two large lettings in the summer, to Dixy and Johnson Controls, and this has given our leasing efforts new impetus. Again, without any new supply, we expect the vacancy rate to fall and rents to pick up, although we do not expect this to happen as quickly as in Moscow.

Our regional projects in Rostov and Novosibirsk are leasing up steadily and there is little or no pricing pressure from competitors in these markets.

In the investment market deals remain thin on the ground although we are seeing a lot more interest in Russia from international investors. Yields are being pushed down but only a handful of transactions have been concluded across all sectors. The market is anticipating further yield compression but without any completed transactions, there is no fixed pricing point in the market. In the context of low inflation in more mature markets, we think yields on warehouses in Russia remain high and we expect further valuation upside.

Letting

The group focus continues to be on letting the completed portfolio. We have reached our annual target of 200,000 square metres of new letting in the year to date and are confident of signing additional letters of intent prior to the year end. Pre let agreements and letters of intent are in place for

a further 35,000 square metres and we are currently negotiating 65,000 square metres of additional letters of intent.

One letter of intent for 26,000 square metres lapsed during the third quarter but the strength of the Moscow letting market has allowed us to take a stronger stance with prospective tenants and we are negotiating improved terms on that space with an alternative tenant.

Annualised, consolidated NOI stands at \$80 million after the sale of our Baltia project which generated \$4m of annualised NOI. Pre-let agreements and letters of intent increase this to \$85 million on conversion.

Financial

We completed the sale of our Baltia project this month, which generated cash of \$21 million (after repayment of debt) and profit of \$13 million after costs.

Net debt, not including preference shares, at 30 September 2010 was \$350 million with a cash holding of \$100 million before completion of the Baltia sale.

The banking environment has improved in the last quarter and we are making good progress on new financing and refinancing initiatives.

Richard Jewson, Chairman, said:

“The business is trading in line with management expectations. The Baltia sale was an attractive opportunity to sell a smaller property, demonstrating the embedded value within the portfolio. The overall quality of our estate is helping us to exceed our lettings targets in an improving market and we look forward to providing further updates on our trading performance.”

As required by AIM Rule 17 and Schedule 2 Annex III, updated disclosure on information relating to the directors can be found on the following link www.ravenrussia.com/directors

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