

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Application will be made for the whole of the ordinary share capital of Raven Russia Limited in issue and to be issued pursuant to the Placing, to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the United Kingdom Listing Authority. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. No application has been made for the Ordinary Shares to be listed on any other recognised investment exchange.

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 29 July 2005. Although the whole text of this document should be read, the attention of persons receiving this document is drawn to the section headed "Risk Factors" contained in Part 3 of this document. All statements regarding the Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part 3 of this document.

This document is an AIM Admission Document which has been drawn up in accordance with the AIM rules. Consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1989, has been sought and interim consent obtained to the issue of this document and associated raising of funds. Neither the Guernsey Financial Services Commission or the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of the statements made or the opinions expressed with regard to the Company.

RAVEN RUSSIA LIMITED

(a closed-ended investment company incorporated in Guernsey and registered with number 43371)

PLACING

**of up to 153,000,000 Ordinary Shares at a price of 100p per Ordinary Share
by Cenkos Securities Limited and Kinmont Limited**

ADMISSION TO TRADING ON AIM

Nominated Adviser

Cenkos Securities Limited

The Directors of the Company, whose names appear on page 3 under the heading "Directors and Advisers", accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the United States Investment Company Act 1940 (as amended) or under the applicable securities laws of the other Prohibited Territories and, unless an exemption under such Acts or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the Prohibited Territories for the account or benefit of any national, resident or citizen of the Prohibited Territories. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Cenkos Securities Limited, which is regulated by the Financial Services Authority, is acting for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos or for providing advice in relation to the Placing and Admission.

Kinmont Limited, which is regulated by the Financial Services Authority, is acting for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Kinmont or for providing advice in relation to the Placing and Admission.

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DIRECTORS AND ADVISERS

Directors	Adrian John Reginald Collins (<i>Chairman</i>) Glyn Vincent Hirsch (<i>Director</i>) Stephen Charles Coe (<i>Director</i>) David Christopher Moore (<i>Director</i>) John Fabian Peters (<i>Director</i>)
	all of the registered office
Registered Office	Investec House La Plaiderie St. Peter Port Guernsey GY1 3RP
Property Adviser	Raven Russia Property Management Limited Swan Court Watermans Business Park Kingsbury Crescent Staines Middlesex TW18 3BA
Nominated Adviser and Broker Joint Financial Adviser	Cenkos Securities Limited 6.7.8 Tokenhouse Yard London EC2R 7AS
Joint Financial Adviser	Kinmont Limited 6 Arlington Street London SW1A 1RE
Administrator and Secretary	Investec Administration Services Limited Investec House La Plaiderie St. Peter Port Guernsey GY1 3RP
Registrar	Capita IRG (CI) Limited PO Box 328 Landes du Marche Chambers Vale Guernsey GY1 3TY
Reporting Accountants	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL
Auditors	BDO Novus Limited Elizabeth House St. Peter Port Guernsey GY1 3LL
UK Solicitors to the Company	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA

Russian Solicitors to the Company	Linklaters Paveletskaya sq. 2 Building 2 Moscow 115054 Russia
Guernsey Advocates to the Company	Ozannes P.O.Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Valuer	Knight Frank LLC 11 Timura Frunze St Building 2-5 Moscow 119992 Russia
CREST Service Provider	Capita IRG (CI) Limited 2nd Floor, No. 1 Le Truchot St. Peter Port Guernsey GY1 4AE
Bankers	Royal Bank of Scotland International Limited PO Box 62 Royal Bank Place St. Peter Port Guernsey GY1 4BQ
UK Transfer Agent	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

References in this document to statutes or government agencies are, unless specifically stated otherwise, to statutes or government agencies in the UK. The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985 (as amended)
“Administration Agreement”	the administration agreement dated 25 July 2005 between the Company (1) and the Administrator (2), a summary of which is set out in paragraph 10 of Part 6 of this document
“Administrator” or “Investec”	Investec Administration Services Limited based at Investec House, Le Plaiderie, St. Peter Port, Guernsey GY1 3RP
“Admission”	the admission of the Ordinary Shares, in issue and to be issued pursuant to the Placing, to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing the admission to and the operation of AIM
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part 6 of this document
“Board” or “Directors”	the directors of the Company for the time being and (where the context requires) comprises those persons as at the date of this document, whose names appear on page 3 of this document
“Cenkos”	Cenkos Securities Limited (company number: 05210733) whose registered office is at 6.7.8 Tokenhouse Yard, London EC2R 7AS
“Combined Code”	the code of best practice published in July 2003 by the Financial Reporting Council and including the principles of good governance appended to, but not forming part of, the Listing Rules
“CREST”	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in Uncertificated Form in respect of which CRESTCo is the Operator (as defined in the Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of CRESTCo as may be applicable to issuers as from time to time specified in the document entitled “CREST Reference Manual” issued by CRESTCo
“CREST Services Agreement”	the agreement between the Company (1), the CREST Service Provider (2) and the Administrator (3), a summary of which is set out in paragraph 10 of Part 6 of this document
“CREST Service Provider”	Capita Registrars
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services Markets Act 2000, as amended

“Group”	the Company and its subsidiary undertakings from time to time
“Incentive Options”	the option arrangements which are described in paragraph 7 of Part 6 of this document
“Kinmont”	Kinmont Limited (company number: 03456766) whose registered office is at 6 Arlington Street, London SW1A 1RE
“Law”	The Companies (Guernsey) Laws 1994 to 1996
“Listing Rules”	the listing rules of the UK Listing Authority made pursuant to Part V of FSMA
“London Stock Exchange”	London Stock Exchange PLC
“Official List”	the Official List of the UK Listing Authority
“Option Agreements”	the options to subscribe for in aggregate 1,912,500 Ordinary Shares granted pursuant to the agreements dated 25 July 2005 between the Company (1) and Cenkos (2), and between the Company (1) and Kinmont (2) summaries of which are set out in paragraph 10 of Part 6 of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the placing by Cenkos and Kinmont of the Placing Shares at the Placing Price pursuant to the Placing Agreement, as described in this document
“Placing Agreement”	the agreement dated 25 July 2005 between the Company (1), Raven Mount (2), Cenkos (3) and Kinmont (4), a summary of which is set out in paragraph 9 of Part 6 of this document
“Placing Price”	100p per Ordinary Share
“Placing Shares”	up to 153,000,000 new Ordinary Shares to be issued in connection with the Placing
“Prohibited Territories”	USA, Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa and their respective territories and possessions
“Property Adviser”	Raven Russia Property Management Limited (company number: 5506390) whose registered office is at Swan Court, Watermans Business Park, Kingsbury Crescent, Staines, Middlesex TW18 3BA
“Property Advisory Agreement”	the property advisory agreement dated 25 July 2005 between the Company (1) and the Property Adviser (2), a summary of which is set out in paragraph 10 of Part 6 of this document
“Raven Mount”	Raven Mount Plc (company number: 04958934) whose registered office is at Swan Court, Watermans Business Park, Kingsbury Crescent, Staines, Middlesex TW18 3BA or where the context requires Raven Mount Plc and its subsidiary undertakings
“Raven Mount Employee Benefit Trust”	a discretionary trust established for the benefit of employees and former employees of Raven Mount and their spouses and dependents
“Raven Russia” or the “Company”	Raven Russia Limited (a closed-ended investment company incorporated in Guernsey and registered with number 43371) whose registered office is at Investec House, Le Plaiderie, St. Peter Port, Guernsey GY1 3RP
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)

“Shareholders”	holders of Ordinary Shares
“subsidiary undertakings”	the same meaning given to that term in section 258 of the Act
“Supplemental Agreement”	the agreement dated 25 July 2005 between the Company (1), Raven Mount (2) and the Property Adviser (3), a summary of which is set out in paragraph 10 of Part 6 of this document
“The Takeover Code”	the City Code on Takeovers and Mergers
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK”	United Kingdom of Great Britain and Northern Ireland
“UK Transfer Agent”	Capita Registrars
“Uncertificated Form”	shares recorded in the Company’s register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
“USA”	the United States of America, its territories and possessions, any state in the United States of America, the District of Columbia and all other areas subject to its jurisdiction
“VAT”	value added tax
“Warehouse(s)”	the entire spectrum of both newly-built and existing warehouse buildings, including, but not limited to, high bay logistics buildings, cold storage, industrial and manufacturing factories, light assembly, storage depots, retail warehouses, leisure boxes, multiplexes, supermarkets, exhibition centres, refineries and multi-story warehouse buildings, any of which may have an office content
“Warrant Instrument”	the warrant instrument of the Company dated 25 July 2005, a summary of which is set out in paragraph 10 of Part 6 of this document
“Warrants”	the warrants over 7,650,000 Ordinary Shares granted by the Company to the Property Adviser pursuant to the Warrant Instrument

KEY INFORMATION

The following information should be read in conjunction with the full text of this document from which it is derived.

Background

- Raven Russia has been formed to invest in the Russian property market with an initial focus on the Warehouse market in the Moscow and St. Petersburg regions.
- Raven Russia will utilise the property investment and development experience of both Raven Mount and, once local joint ventures are formed, its Russian partners.
- Raven Mount is a property company listed on AIM. Raven Mount's personnel have had international experience in real estate investment and development, property fund management and capital markets. Raven Mount is investing £10 million in the Placing.
- The Company has entered into the Property Advisory Agreement with a wholly owned subsidiary of Raven Mount for an initial five year term.
- Application will be made for Raven Russia's shares to be traded in London on AIM.
- The Company's target dividend yield is 9 per cent. at the Placing Price once the proceeds of the Placing have been fully invested. For further details please see section 9 "Dividend policy" in Part I of this document. The Directors' current intention is that the dividend pay-out ratio will be not less than 85 per cent. of the distributable profits of the Company.

The opportunity

- The Directors consider that the Russian commercial property market, in particular the Russian Warehouse market, presents an attractive investment opportunity due to:
 - the high yields available in the Russian property market relative to other European markets;
 - the level of excess demand for modern, high quality Warehouse space from blue chip, international and domestic Russian tenants; and
 - the longer term prospects for price appreciation.
- Whilst the initial focus of the Company will be on Warehouses, the Directors will consider other asset categories if they believe they will generate appropriate returns for Shareholders.
- Raven Russia is in advanced discussions with a potential partner to acquire a portfolio comprising three warehouse and office space developments and a further warehouse and office project in the course of development.
- Whilst the Company's initial investment activities will focus on the Moscow and St. Petersburg areas, the Directors believe there are similar attractive opportunities in several other Russian cities.
- The Company will also seek opportunities to enter into forward funding arrangements, sale and leasebacks and tenant partnering ventures. The Directors consider that opportunities to partner multinational groups in Russia are also likely to become available in the future.
- The Directors believe that increases in capital value will be generated by yield compression as Russian real estate becomes attractive to a larger group of international and domestic investors and by the development of a more sophisticated domestic real estate financing market.

PLACING STATISTICS

Placing Price	100p
Number of Placing Shares	153,000,000
Number of Ordinary Shares in issue immediately following Admission*	153,000,000
Proceeds of the Placing receivable by the Company before expenses*	£153,000,000
Proceeds of the Placing receivable by the Company after expenses*	£146,100,000
Market capitalisation of the Company at the Placing Price*	£153,000,000

**assuming the Placing is fully subscribed*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2005
Publication of this document	25 July
Admission effective and dealings commence in the Ordinary Shares on AIM	29 July
CREST accounts credited (as applicable)	29 July
Definitive share certificates dispatched (as applicable)	12 August

PART I
INFORMATION ON THE COMPANY

1. Introduction

Raven Russia has been formed to invest in the Russian property market with an initial focus on the Warehouse market in the Moscow and St. Petersburg regions. The Company intends to generate an attractive rate of return for Shareholders by taking advantage of such property investment opportunities in Russia.

2. The opportunity

The Directors consider that the Russian commercial property market, in particular the Russian Warehouse market, presents an attractive investment opportunity due to:

- the high yields available in the Russian property market relative to other European markets;
- the level of excess demand for modern, high quality warehouse space;
- the demand for warehouse space from blue chip, international and domestic Russian tenants;
- the longer term prospects for price appreciation and the eventual redevelopment potential of a property portfolio with a high land content; and
- the practice of rental payments being predominantly denominated in US dollars.

3. Investment strategy

The Company's strategy will be to invest, for the long term, in freehold and leasehold property in Russia which offer the prospect of attractive returns to its investors.

Whilst the initial focus of the Company will be on Warehouses, which the Directors regard as an attractive asset class, the Directors will consider other asset categories if they believe they will generate appropriate returns for Shareholders.

The Company's initial investment and development activities will focus on the Moscow and St. Petersburg areas. In addition, the Directors believe that there are potential opportunities in several other Russian cities.

The Company will also seek opportunities to enter into forward funding arrangements, sale and leasebacks and tenant partnering ventures. The Directors consider that opportunities to partner multinational groups in Russia are also likely to become available in the near future. The Company's primary focus is on property investment rather than development. However, Raven Mount is an experienced property developer and the Company will consider deploying a proportion of its resources to property development to the extent that such activity enhances its access to property investment opportunities.

Raven Russia will implement its strategy in partnership with one or more local property investment and development experts. It may acquire properties from such partners and may make investments in or form joint ventures with them. It also has a team of local professional advisers including property consultants, legal, accounting and tax experts.

It is intended that, over time, the Company should endeavour to obtain a spread of property investments. The portfolio may, however, be concentrated around a small number of assets and there is no restriction on the proportion of the fund that may be attributable to any one asset. These assets may also include loans or other financial instruments backed by Russian real estate as well as direct investment in property itself. The Directors may, particularly in the period from Admission invest certain proportions or all of the Company's assets in any one site which has development potential for a number of properties and on any such terms as to concentration as they see fit providing that the acquisition adheres to the Company's overall investment strategy. Pending investment by the Company in two or more properties, however, not less than ten per cent. of the subscription monies shall be held in cash or near cash investments or loans or other financial instruments backed by real estate.

The Directors are not subject to any time or other restrictions in terms of investing the proceeds of the Placing, other than the investment strategy stated herein. Monies not yet invested will be held on deposit in cash or in near cash instruments. The Company will not alter its investment strategy without the approval of its Shareholders in general meeting.

4. Investment process

The Property Adviser will have responsibility for finding new investment opportunities for the Group that fall within the investment strategy set out in this document. Once a potential opportunity has been identified, the Property Adviser will carry out a due diligence exercise into the opportunity and negotiate the purchase or investment or other terms with the relevant counterparty. Once this process is complete, the proposed opportunity will be presented to the Board. The Board will take the final investment decision on whether or not to pursue the proposal.

5. Property Adviser and the Property Advisory Agreement

Raven Russia Property Management Limited is a wholly-owned subsidiary of Raven Mount, a property company listed on AIM, with net assets, as at 31 December 2004, of approximately £95 million. Raven Mount's personnel have international experience in real estate investment and development, property fund management and the capital markets.

Raven Mount owns a number of property interests acquired through the public takeover of Swan Hill Group plc and the private acquisition of the Raven group of companies.

Raven Mount has substantial experience across all of the major property classes and has experience in the developed markets of the United Kingdom, France, Sweden, Spain, Germany and also in Eastern Europe. Its experience includes planning gain driven opportunities, all aspects of real estate investment, development and management. Raven Mount adopts an entrepreneurial approach in considering all sectors of the property market both in the UK and overseas.

Raven Mount will invest £10 million in Raven Russia pursuant to the Placing.

The three executive directors of Raven Mount, who will be responsible for the property advice are Anton Bilton, Glyn Hirsch and Bim Sandhu. Brief biographies for Anton Bilton and Bim Sandhu are provided below. A brief biography of Glyn Hirsch is provided in paragraph 17 of this section.

A J G Bilton (aged 40) - Chairman, Raven Mount

Anton Bilton, was the founder, chief executive and majority shareholder of the Raven group, the residential development arm of which was acquired by Raven Mount and approved by shareholders in December 2004. He has been a founder and director of three other companies that have floated on AIM. Anton is a director of AIM quoted Avanti Capital plc.

B S Sandhu (aged 43) - Chief Executive, Raven Mount

Bim Sandhu qualified as a Chartered Accountant with KPMG in London where he audited and advised a number of major property companies. Following qualification he was appointed Secretary of the KPMG UK Property and Construction Group. In 1989 he left KPMG to work as Finance Director for the UK arm of Hudson Conway Limited, a listed Australian property developer. He subsequently became Managing Director of Hudson Conway's UK operations. He was also a director of the Courage Pub Company plc, the company which owned the then 5,000 strong Courage Pub Estate, representing Hudson Conway's 50 per cent. interest in the joint venture with Elders (now Fosters). Bim was Managing Director and a major shareholder of the Raven group prior to its acquisition in December 2004 by Raven Mount.

Property Advisory Agreement

The Company has entered into the Property Advisory Agreement with Raven Russia Property Management Limited, a wholly owned subsidiary of Raven Mount, pursuant to which it will provide property advisory, management and development monitoring services to the Company. In consideration of these services the Property Adviser will receive an annual management fee equating to 2 per cent. of the ongoing gross asset value of the Group from time to time. The Property Adviser is also to receive an annual performance fee which is calculated by reference to the total return achieved for Shareholders for the previous accounting period. The total return is calculated by reference to the increase in the Ordinary Share price over the relevant accounting period and after taking into account any dividends out of income and/or capital paid during the relevant accounting period. The performance fee becomes payable once the annualised total return in any accounting period exceeds 12 per cent. Once this threshold is exceeded the Property Adviser is entitled to receive a fee equal to a proportion of such excess, rising from 20 per cent. to 35 per cent. on a straight line basis for annualised total returns in any accounting period ranging from 12 per cent. to in excess of 25 per cent. The performance fee is to be settled as to 30 per cent. in cash and the balance in Ordinary Shares (valued by reference to the average middle market closing price of Ordinary Shares over the last 20 trading days in the accounting period in relation to which the performance fee is being paid). The Property Advisory Agreement is to run for an initial five year

term and can be terminated on the fourth anniversary of Admission with effect from the fifth anniversary of Admission. The Company and the Property Adviser propose to begin discussions in year four with a view to entering into another five year contract on terms to be agreed between the two parties commencing on the fifth anniversary of Admission. If such an agreement is not concluded by the end of year four the Property Advisory Agreement will be terminable on 12 months' notice, expiring no earlier than the fifth anniversary of Admission.

For further details on the Property Advisory Agreement please see paragraph 10 of Part 6 of this document.

Incentive Options

In order to incentivise Raven Mount personnel involved in providing advice to the Group, the Company will grant to the trustee of the Raven Mount Employee Benefit Trust, upon Admission, an option to acquire up to 7.5 per cent. of its issued ordinary share capital from time to time (less the number of shares under option in favour of Adrian Collins referred to below).

The option will be in three tranches, each tranche in respect of 2.5 per cent. of the issued Ordinary Share capital and each exercisable over a seven year period from the third, fourth and fifth anniversaries of Admission respectively. In each case the proportion of the options available for exercise will depend upon the achievement of performance criteria. If the total return over the relevant three year vesting period is less than 9 per cent. compound per annum the relevant tranche will lapse. If it is more than 12 per cent. compound per annum the full award will be exercisable. If the total return is between 9 per cent. and 12 per cent. compound per annum the relevant tranche may be exercised in respect of between 50 per cent. and 100 per cent. of the Ordinary Shares comprised therein on a straight line basis. The option exercise price will be the Placing Price in respect of the first tranche and the average closing mid-market price for the 20 trading days preceding the first and second anniversaries of Admission for the second and third tranches respectively.

The trustee of the Raven Mount Employee Benefit Trust may allocate all or part of the benefit of the option amongst Raven Mount employees involved in providing advice to the Group as it considers fit. The recipients could include Anton Bilton, Bim Sandhu and Glyn Hirsch.

It is proposed that the Company will grant an option to Adrian Collins over 100,000 Ordinary Shares which will be exercisable on the same terms as the three tranches set out above and which will count against the 7.5 per cent. limit.

Further details of the Incentive Option Scheme are provided in paragraph 7 of Part 6 of this document.

Warrant Instrument

The Company has granted warrants to the Property Adviser to subscribe for up to 7,650,000 Ordinary Shares at the Placing Price. These warrants are exercisable in whole or in part at any time during the period of 5 years from the date of Admission. A summary of the terms of the Warrant Instrument is set out in paragraph 10 of Part 6 of this document.

6. Potential partner

Raven Russia is in advanced discussions with a potential partner and hopes to be able to complete a transaction soon after Admission which would result in Raven Russia acquiring a portfolio comprising three warehouse and office space developments, comprising approximately 57,000 square metres (613,540 square feet) in aggregate. Non-legally binding heads of agreement have been signed to purchase such completed developments for US\$55 million that will generate an annualised net yield of 14 per cent.

The transaction would also involve the acquisition of a 50 per cent. interest in the potential partner's property development company and the acquisition of a 50 per cent. interest in the potential partner's property management company.

Raven Russia is also in discussions to acquire a further warehouse and office project that is in the course of development, comprising of approximately 100,000 square metres (1,076,390 square feet).

The Placing is not conditional on the completion of any of the above transactions.

7. Proposed corporate structure

In due course, the Company will adopt a group structure of a type typically employed by overseas owners of Russian assets. Properties are likely to be owned by special purpose Russian companies whose shares will be owned by Raven Russia subsidiaries incorporated in Cyprus. A double tax treaty between Russia and Cyprus has been effective since 2000. Under this treaty, tax which is paid on dividends paid from Russia to the Company's subsidiaries incorporated in Cyprus is reduced (under certain conditions). No tax would be paid in Cyprus by such subsidiaries on dividends received from Russian entities.

Raven Russia, which will be the ultimate parent company of the subsidiaries incorporated in Cyprus, has been established as a Guernsey incorporated property company. The Company has a majority of non-UK based board directors and is controlled from Guernsey.

8. Currency

In the future it may be possible and desirable to denominate rents in other currencies and this will be actively considered by the Board when appropriate.

As the Group's income is expected to be denominated in currencies other than Sterling, the Group is likely to be exposed to variations in currency exchange rates which might affect the Board's ability to achieve its target dividend yield. The Board will consider currency hedging measures as appropriate.

9. Dividend policy

The level of regular dividends will depend on the rental and other income (including realised capital gains) generated from the properties acquired, investments made or joint ventures entered into by the Group. The Company's target dividend yield is 9 per cent. at the Placing Price once the proceeds of the Placing have been fully invested. As stated above, as the Group's income is expected to be denominated in currencies other than Sterling, the Group is likely to be exposed to variations in currency exchange rates which might affect the Board's ability to achieve its target dividend yield. The Board will consider currency hedging measures as appropriate.

The extent to which the income generated on the Group's property assets can be distributed to Shareholders by way of dividend will depend on, among other things, the application of Russian accounting principles (in particular in relation to depreciation) and the nature and structure of the acquisitions made including, where relevant, the inherited accounting policies of any property-holding target company which is purchased by the Group. As a result, it is possible that not all of the trading profits recorded in the Group's consolidated financial statements will be available to the Directors of the Company in the form of distributable profits from which to pay a dividend. The Directors will consider alternative means of making distributions to Shareholders reflecting such profits.

To this end, the Company has passed a special resolution cancelling the amount which will stand to the credit of its share premium account following the issue of the Placing Shares. In accordance with the Law, the Directors intend to apply to the Court in Guernsey for an order confirming such cancellation of the share premium account immediately following Admission. Subject to any undertaking to be given to the Court, the reserve created on such cancellation will be available as a distributable reserve to be used for all purposes permitted by the Law, including the buy-back of Ordinary Shares and the payment of dividends.

Although any dividend paid from such reserve would result in a reduction of the Company's capital, the Group's net asset value for any period should be maintained provided that the aggregate dividend paid in respect of any period does not exceed the Group's consolidated profit during that period.

It is the current intention of the Directors to pay out dividends of not less than 85 per cent. of the distributable profits of the Company.

10. The Placing and use of proceeds

The Placing is intended to raise £153 million before expenses. The net proceeds of the Placing of approximately £146.1 million will be used to fund investments in accordance with the investment strategy outlined in this document and to pay ancillary costs. There is no minimum subscription under the Placing.

11. Financial information

The Company has only recently been incorporated and consequently it has not published any financial information. An accountant's report and financial information on the Company is set out in Part 4 of this document.

The Company's annual report and consolidated accounts will be prepared up to 31 December in each year. The first such annual report covering the period from incorporation to 31 December 2005 is expected to be despatched by the end of April 2006. Shareholders will also receive an unaudited interim report covering the six month period to the end of June in each year, the first such report covering the six month period to 30 June 2006. Shareholders will be sent updates on the Group's activities as and when appropriate.

12. Borrowing

The Company expects to borrow aggressively to optimise returns for investors up to the maximum loan to asset value (for the portfolio or any property in the overall portfolio) available under market conditions at the relevant

time. Borrowing on any individual property, however, will not, in any event, exceed 95 per cent. of the value of that property at the time of its acquisition. The borrowing policy will be adopted to suit the prevailing market conditions from time to time. The Company will consider raising debt finance by all means including, *inter alia*, bank borrowings, private debt placements or listed debt instruments.

Debt financing for real estate is not yet as sophisticated in Russia as it is in other European markets. However, the Board expects this environment to change rapidly thus allowing the Company to enhance its equity returns by employing the more highly leveraged structures available in the UK. The Directors intend to invest the majority of the proceeds of the Placing in several opportunities already under consideration. Some of these opportunities involve acquiring companies which already have a level of indebtedness in their capital structure.

13. Buy-back of Ordinary Shares

The Directors will, following Admission and until the Company's next annual general meeting in 2006, have authority to buy-back, in accordance with The Companies' Purchase of Own Shares Ordinance, 1998, up to 25 per cent. of the Company's Ordinary Shares in issue upon Admission. The Company will seek renewal of this authority from Shareholders at the annual general meeting in 2006 and thereafter at subsequent annual general meetings. The making and timing of any buy-backs will be at the absolute discretion of the Board.

14. Issue of new Ordinary Shares

There are no provisions of Guernsey law equivalent to sections 89 to 96 of the Companies Act 1985 which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash or otherwise. However, similar pre-emption rights have been incorporated into the Articles. These rights have currently been disapplied in relation to issues of equity securities of a nominal value of up to £2,500,000 and in certain other defined circumstances (including the issue of the Ordinary Shares following exercise of the Warrants and any options granted pursuant to the Option Agreements and the Incentive Option Scheme).

No Ordinary Shares will be issued for cash on a non-pre-emptive basis pursuant to such disapplication if such issue would result in a dilution to the net asset value per existing Ordinary Share. Application will be made for any new Ordinary Shares to be issued under this authority to be admitted to AIM.

15. Lock-in arrangements

Raven Mount has undertaken in the Placing Agreement, save in certain limited circumstances, not to dispose of any of its Ordinary Shares for a period of 12 months from Admission. Furthermore, the Property Adviser has given an undertaking in the Supplemental Agreement to the Company in relation to the Ordinary Shares it may receive in settlement of the performance fees pursuant to the Property Advisory Agreement that, save in certain circumstances, not to dispose of any of such Ordinary Shares for a certain period, being the shorter of three years following the allotment of such Ordinary Shares and the period to the fifth anniversary of Admission.

16. Life of the Company

There are no specific provisions for the termination of the Company's life.

17. The Board

The Board of Raven Russia comprises directors with extensive experience of property investment, development and management, as well as investment, company law and administration.

Brief biographies of the Directors are set out below:

Adrian Collins (aged 51) – *Chairman*

Adrian Collins has worked in the fund management business for over 30 years, a large part of which was spent at Gartmore Investment Management, where latterly he was Managing Director. He is a director of a number of public and private companies in the UK and overseas, including Strand Partners Limited.

Glyn Hirsch (aged 44) – *Director*

Glyn Hirsch qualified as a Chartered Accountant with Peat, Marwick Mitchell & Co in 1985. Until 1995 he worked in the corporate finance department of UBS (formerly Phillips & Drew), latterly as an Executive Director specialising in UK smaller companies. From 1995 until 2001 he was Chief Executive of CLS Holdings plc, a listed property investment company. He is a former Director of Citadel Holdings plc, the specialist French property investor and former Chairman of Property Fund Management plc, the listed property fund management business which was acquired by Teesland plc in 2004. He is a non-executive director of a number of public and private

companies including Liontrust Asset Management plc. Glyn Hirsch is a director of Raven Mount, the ultimate parent company of the Property Adviser.

Steve Coe (aged 39) – *Director*

Steve Coe, a resident of Guernsey, is Managing Director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited, the Administrator. He qualified as a Chartered Accountant with Price Waterhouse in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 he was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. Since 2003 he has been a director with Investec in Guernsey. He is a director of a number of investment management companies and investment funds.

David Moore (aged 44) – *Director*

David Moore is a resident of Guernsey. He is an advocate of the Royal Court of Guernsey and is a partner with Ozannes, the Company's lawyers in Guernsey. He has been with Ozannes since 1993 and before that spent 10 years practising in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate and financial matters and is a non-executive director of a number of investment or insurance management companies, investment companies and insurance companies including Standard Life Investments Property Income Trust Limited of which he is non-executive chairman.

John Peters (aged 59) – *Director*

John Peters is a resident of Guernsey. He qualified as a Chartered Accountant in 1968 and headed, for twenty years, his accountancy practice in the Greater London area, providing value added services for medium sized businesses. He took part in the management buy-in of British Data Management Plc, in 1989, and was instrumental in the listing of this company in 1992. He has held a number of non-executive directorships with public and private companies.

A number of further Board appointments are anticipated in due course.

18. The Administrator

The Company has engaged Investec to provide it with, *inter alia*, administration, secretarial, registration, custody and accounting services pursuant to the Administration Agreement. For those services the Company will pay Investec a fixed fee of £125,000 per annum. In the event that the Company raises further financing the Company will agree incremental fees with the Administrators. The Administration Agreement is terminable by either party on not less than 90 days' notice save for certain limited circumstances when it may be terminated forthwith.

19. Advisers

Knight Frank LLC, one of the world's premier property consultants, will be advising the Company on property in Russia. It is recognised as one of the leading real estate consultancies in Russia, with a team of 90 professionals. In 2004 Knight Frank became the leader of Moscow real estate market in terms of volume of quality premises leased and sold in office and warehouses market sectors. They valued \$1.2 billion worth of quality real estate in Moscow in 2004. The Company will be assisted by Knight Frank in Russia.

The Company intends using PwC for tax and finance advice and Linklaters for legal advice in Russia. Solicitors or lawyers appointed on behalf of the Group will hold the title deeds to its properties (to the extent not held by mortgagees to secure any borrowings by the Group).

To the extent any costs or expenses are incurred in relation to the custody of the Company's investments in property or otherwise, these will be for the account of the Company.

20. Costs and Expenses

The Company will bear the fees and out-of-pocket expenses properly incurred in the performance of the respective duties of the Property Adviser and the Administrator and will in addition meet all its own costs and expenses including the costs and expenses of advisers, consultants, surveyors and other agents engaged on its behalf, commissions, banking fees, legal expenses, auditors, listing costs and the costs of distribution of reports and accounts and similar documentation to Shareholders.

21. Corporate governance

The Directors will take appropriate measures to ensure that the Company complies with the Combined Code to the extent appropriate and taking into account the size of the Company and the nature of its business.

The Board has established an audit committee. The audit committee comprising Adrian Collins, Steve Coe, David Moore and John Peters, will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored. The audit committee will review the annual and interim accounts, results, announcements, internal control systems and procedures and accounting policies of the Company.

22. Conflicts of interest

Raven Mount and its subsidiary undertakings undertake real estate development projects throughout the world. In light of this Raven Mount has agreed on behalf of itself and its subsidiary undertakings in the Supplemental Agreement that, for so long as a Raven Mount group undertaking is retained as Property Adviser, in the event that they encounter a property related opportunity in Russia, they will first refer such opportunity to the Company. In the event that the Company resolves not to pursue such opportunity, Raven Mount (or its subsidiary undertakings) shall be free to do so, subject to certain limited exceptions, as further detailed in paragraph 10 of Part 6.

23. Property valuation policy

The Board has appointed Knight Frank LLC as property valuers. It is the Board's intention that the Company's portfolio will be valued on a semi-annual basis. Such valuations will be undertaken in accordance with either the European Valuation Standards as published by the European Group of Valuers Associations or the International Valuations Standards as by the International Valuation Standards Committee. The annual valuation will be disclosed to Shareholders in the Company's annual report.

24. Insurance

The insurance industry in Russia is in an early stage of development and, accordingly, the insurance cover available is relatively limited. Where possible the Company will put in place similar insurance to that available in the UK. It is unlikely that the Company will be able to obtain title insurance due to limited product availability.

25. Accounting policy

The audited accounts of the Group will be prepared under International Financial Reporting Standards ("IFRS"). Under IFRS, the Group will prepare an income statement which, unlike a statement of total return, does not differentiate between revenue and capital and also includes net realised and unrealised investment gains. The Company's management and administration fees, finance costs (including interest on any bank facility) and all other expenses will be charged through the income statement.

26. Taxation

Information regarding United Kingdom and Guernsey taxation for potential Shareholders is set out in Part 5 of this document. The Company has applied for exempt tax status in Guernsey.

27. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company will apply for the Ordinary Shares to be admitted to CREST on the date of Admission.

28. Admission, settlement and dealings

Application will be made for the Ordinary Shares to be admitted to trading on AIM and it is expected that Admission will become effective and dealings in the Ordinary Shares will commence at 8 a.m. on 29 July 2005 or shortly thereafter.

It is expected that the relevant Ordinary Shares will be delivered to the relevant CREST accounts on the day of Admission and that share certificates for the Ordinary Shares to be held in certificated form will be despatched within 10 business days of Admission. No temporary documents of title will be issued.

29. Risk factors

The attention of potential investors is drawn to the "Risk Factors" set out in Part 3 of this document.

30. Further information

Your attention is drawn to the additional information set out in Parts 2 to 6 of this document.

PART 2

BACKGROUND TO THE RUSSIAN OPPORTUNITY

The Directors believe that it is relevant to consider the following factors in assessing the background to an investment in the Company:

- Economic prospects for the Russian Federation
- The strength of the warehouse investment market in Moscow and elsewhere in Russia
- The Russian political situation, including the key role of President Putin and his policy stance
- Russian real estate law and practice

These factors are discussed further below.

Economic prospects for the Russian Federation

Economic overview

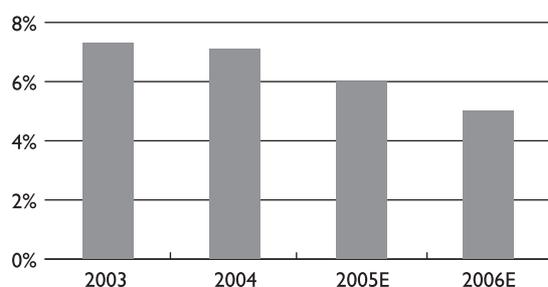
Key economic indicators

Population:	144 million
2004 GDP:	US\$582 million
GDP per capita:	US\$4,039
Real GDP growth rates:	
2003	7.3%
2004	7.1%
2005 (estimate)	6.0%
2006 (estimate)	5.0%
Consumer price inflation:	
2003	13.7%
2004	10.9%
2005 (estimate)	11.7%
2006 (estimate)	9.6%

Source: *Economist Intelligence Unit*

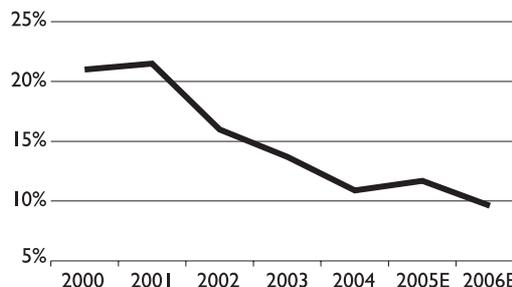
Russia's economic model, dominated by wealth redistribution for most of the twentieth century, is now one of wealth creation and economic growth. President Putin has declared doubling GDP to be the key Russian economic priority over the next decade however, market commentators believe that this will be a challenge to achieve. Over recent years, GDP growth has been impressive by international standards and, in addition to this, there has been a recovery in various other macroeconomic indicators since the late 1990s. Significantly, inflation has largely been brought under control and is forecast to fall below 10 per cent. in 2006.

Russia's real GDP growth, 2003-2006F



Source: *Economist Intelligence Unit*

Russian consumer price inflation 2000-2006F



Source: *Economist Intelligence Unit*

Russia is in negotiations to enter the World Trade Organisation ("WTO"), which is likely to improve confidence in the Russian economy. It is likely to join the WTO before the end of 2005, which could create significant international interest in the Russian economy, particularly in terms of foreign direct investment. In the first half of

2005, foreign direct investment was US\$9.3 billion, double the amount for the first half of 2004. Significantly, Russia's economy has improved sufficiently for S&P to have upgraded Russia's sovereign debt to investment grade for the first time since the currency crisis of 1998. The debt is now rated investment grade by Moody's, S&P and Fitch, with Moody's ascribing a positive outlook and S&P and Fitch ascribing a stable outlook on Russia's sovereign debt. The upgrading of Russian sovereign debt has followed its significant budget surplus, which has been aided by increases in oil revenues.

Commodity prices

It is estimated that oil, natural gas, metals and timber account for more than 80 per cent. of Russian exports. Consequently, the prices and the currency rates which apply to commodities have a significant bearing on the health of the Russian economy.

Russia ranks third in the world in oil production, behind Saudi Arabia and the United States. Estimates place proven reserves at between 8 and 11 billion tonnes. Russia is also one of the world's largest natural gas producers with proven reserves estimated at 49 billion cubic metres – approximately one third of total world reserves. Gazprom, which remains 40 per cent. state owned, holds a virtual monopoly over gas production and transmission in Russia.

The dramatic increase in the oil price has been a major contributor to Russia's recent economic strength. During 2003, the Putin government established the Stabilisation Fund. The legislation creating the fund set a three year target of 500 billion roubles to be built up, which would later be drawn down to smooth public spending in the event of the oil price falling below US\$20 per barrel. That three year target was met approximately one year into the programme.

International standing and international economic issues

During 2004 the European Union and Russia signed an agreement for bilateral market access arrangements between Russia and European Union countries (which account for approximately 50 per cent. of Russia's overseas trade).

Russia has made significant progress in the repayment of its international debt obligations. As at January 2005 Russia owed some US\$43 billion to the Paris Club of international lenders. During May 2005 an agreement was signed with the Paris Club facilitating the early repayment of US\$15 billion, originally due for repayment between 2016 and 2020. Further early repayments are expected by market commentators, although these are likely to be dependent on the state of the Stabilisation Fund.

Domestic liquidity

Market commentators point to domestic institutional liquidity currently being at a historical high. Russian banks' own deposits with the Central Bank of Russia are substantially higher than in 2004. REPO rates have fallen and overnight rates for commercial banks are now less than one per cent. on an annualised basis. Both the Russian corporate eurobond market and the domestic corporate and municipal markets have grown substantially.

Consumer spending has been growing for some time alongside growth in real personal incomes. Despite this, with less than US\$100 per head of average personal indebtedness, Russian consumers are amongst the most under-leveraged in Europe. The establishment of a deposit guarantee system has helped increase transparency in the banking sector. Moreover a number of international financial institutions are expanding their Russian business, including GE and Citibank. The expected economic growth has encouraged a number of international retailers such as IKEA, Dixons and Marks & Spencer to open stores in Russia.

The strength of the warehouse investment market in Moscow and elsewhere in Russia

Moscow

The Moscow warehouse market is believed to be immature both relative to the warehouse market in other major European cities and relative to the office and retail property markets in Moscow. Major international property agents with a presence in Moscow point to an undersupply of property in this area. The principal reason for this is the complicated land acquisition process. There is believed to be significant unsatisfied demand for quality warehouse premises from logistics operators, manufacturers and retailers.

The Russian warehouse market is split into four categories; Class A (secure, spacious and conveniently located warehouse facilities), Class B (secure, relatively spacious warehouse facilities) and Classes C and D (more basic warehouse facilities).

Overview of the Moscow warehouse market

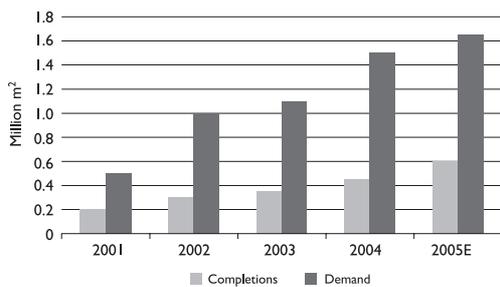
Total stock of warehouse space	approx. 4.5 million sqm
High quality (Categories A and B) warehouses completed in 2004	approx. 430,000 sqm
Class A:	
– total space	approx. 730,000 sqm
– rental rates	\$125–145/sq m/year
– vacancy rate	Nil
Class B:	
– total space	approx. 1 million sqm
– rental rates	\$105-130/sq m/year
– vacancy rate	approx. 6%
Serviced warehouse space rental rate	\$120-160 per pallet position per year

All figures exclude VAT (18%).

Source: Knight Frank

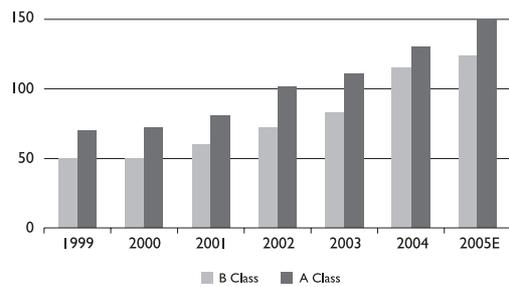
Demand for warehouse property has consistently out-stripped supply. It was estimated in August 2004 that the unsatisfied demand for high quality warehousing property in Moscow was at least 1,500,000 sqm, rising to 1,650,000 sqm during 2005.

Moscow warehouse completion versus demand



Source: Knight Frank

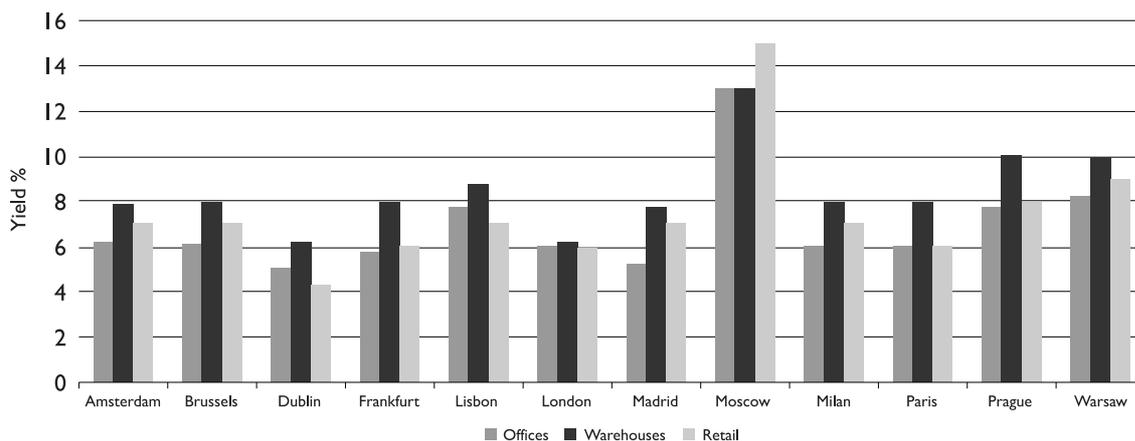
Russian warehouse rental rates US\$/sqm/year



Source: Knight Frank

Against this background, warehouse rental rates in Moscow have risen steadily and are expected to grow by a further 10 per cent. in the next year. Current yields available on Moscow warehouses are significantly higher than in other European cities.

European city yields



Source: Frank Knight

Other investment opportunities

The Directors believe that investment and development opportunities will arise in other Russian cities. There are several other cities in Russia with a population in excess of one million people. Any risk and reward assessment on such opportunities needs to address industrial development prospects, locational issues, such as transport links and local income per capita.

In exploring such broader opportunities, Raven Russia will seek to work with existing tenants in its proposed Moscow portfolio, its potential joint venture partners and international corporations looking for a real estate partner in Russia.

Future development potential

Warehouses typically have a relatively large land content, which provides a long-term opportunity for redevelopment of the land into office or residential buildings should there be a shift in the economics of the property market in Russia.

The Russian political situation including the key role of President Putin and his policy stance

Boris Yeltsin was elected President of Russia in June 1991 and the USSR was dissolved in December 1991. Parliamentary elections took place and a new constitution was adopted in 1993.

In 1998 the Russian government devalued the currency and defaulted on its mounting domestic debt. The Government was changed following this crisis and Mr. Primakov, who was Prime Minister until the summer of 1999, was succeeded by Vladimir Putin. Yeltsin resigned from the Presidency on 31 December 1999 and subsequently Putin was elected as the new President in March 2000.

In his first year of Presidency, Putin sought to assert control over Russia's regions by dividing the country into seven federal districts and appointing a presidential representative in each. In addition, Putin has embarked on a programme of domestic reforms including tax reform, anti-money laundering legislation and administrative and judicial reform.

The Federal Government's relationship with the regions has been changed with political and economic power largely centralised in Moscow, however, Putin might return to his first term focus of economic liberalisation and encouragement of foreign investment in the current presidential term. This was recently evidenced by Putin hosting, in June 2005, international business leaders including Sandy Weill of Citigroup and Rupert Murdoch of News International.

Overview of Russian real estate law and practice

Introduction

For several decades Russia had almost no formal regulation of private real estate ownership, with the result that many aspects of real estate law remain underdeveloped.

Russian real estate law is now primarily based on the Civil Code of the Russian Federation ("Civil Code"), together with the Land Code of the Russian Federation ("Land Code"), the Town-Planning Code of the Russian

Federation, the Federal Law on State Registration, the Federal Law on Mortgages and the Federal Law on Turnover of Agricultural Land.

Ownership of real estate

Although Russian law recognises the right to own, use and dispose of real estate as long as neither legislation nor the lawful rights of others are contravened, it makes an important legal distinction between land and buildings, which are treated as separate legal interests.

Both the Civil Code and the Land Code permit private land ownership and the transfer of land from one person to another. The Land Code generally provides for foreigners to own land on the same terms as Russian nationals, save for certain exemptions; the most notable being prohibitions on foreigners owning land near Russia's borders and in certain other territories (defined by Federal laws), as well as prohibiting ownership of agricultural land.

The Land Code establishes the procedure for privatising both state and municipally owned land. The Land Code also establishes the maximum payment, which owners of buildings on the relevant plot of land may be required to make, for land privatisation.

Although private ownership of land is increasing, it remains rare in most parts of Russia. Most of the land earmarked for private development is currently held by investors who have acquired a lease from the state or municipal authorities, generally for a 49 year term.

Buildings may generally be owned by anybody including, without any discriminatory restrictions, foreign companies. Despite the separation of the legal interest in land from the legal interest in buildings on that land, a tenant of a plot of land may also be the owner of a building constructed on it.

Russian law provides that land or buildings may be expropriated for "state or municipal needs". The owner of expropriated real estate is entitled to one year's advance notice together with payment of the full market value and compensation for any other losses suffered. Current court practice is to construe "state or municipal needs" narrowly, restricting expropriation to where there is an obvious need, thus limiting attempts by certain public authorities to apply the rule widely.

An owner of a building is generally allowed to sell or lease it without any requirement to obtain state consent unless the sale or lease falls within the remit of the Federal Antimonopoly Service, in which case consent is required and the purchaser or tenant must apply for it.

Title to real estate

Most real estate rights are subject to state registration. Mortgages, servitudes and (with some exceptions) leases need to be registered as encumbrances.

The process is now governed by the Federal Law on State Registration which came into force in January 1998 and introduced a nationwide Unified State Register of Rights ("Register of Rights"). It is possible to search the Register of Rights.

It will be some years before the Register of Rights is comprehensive and therefore totally reliable.

The Civil Code requires owners of buildings to register their ownership in the Register of Rights and thereby obtain a certificate of ownership. Registration is usually only carried out in respect of a complete building. It is also possible to register an incomplete construction but in practice this is cumbersome and very rarely happens, not least because subsequent registration of the completed building is still required. Only when registration has been completed may a building be disposed of, mortgaged or leased.

Any transfer of ownership must be registered to be effective. The registration must normally be completed by the authorities within one month of receipt of any properly documented application.

The sale of a building automatically gives the purchaser such rights to the land beneath the building as are necessary for its use. Where the vendor of the building owns the land as well, his ownership rights to land are normally also transferred. Where someone else is the owner of the land, the purchaser of the building acquires any rights related to the land that the vendor owned before him. The owner of a building located on someone else's land has a pre-emption right to buy or lease such land.

Fees

No stamp duty is payable under Russian law, but registration and search fees are standard. Notarial fees may also be incurred in certain cases, and these are currently 1.5 per cent. of the value of the transaction although generally these fees need not be incurred in most real estate transactions.

Leases

It is generally possible to lease land throughout Russia on terms which are regulated by the Civil Code and do not discriminate against foreign entities. Lease periods rarely run for more than 49 years, although the lease will often provide for a right of renewal on expiry.

A land lease must be registered in the Register of Rights. Rental rates for private land are not limited by legislation. However, where the land is owned by the state or municipality, the rates are usually those unilaterally determined from time to time by such state or municipality. The transfer of ownership of land will not change the terms of a land lease relating to it.

Owners of buildings are generally allowed to lease them without any requirement for state approval, so long as they do not infringe the anti-monopoly rules. A lease of a building for more than a year or more must be registered in the Register of Rights.

Mortgages

Under Russian law, a mortgage is a form of security taken over real estate to ensure due payment of money owed or proper performance of any other obligation. If the debtor defaults, the mortgagee can apply to the courts for the sale of the real estate and for the settlement of its claim out of the proceeds.

A mortgagee has preferential rights over other kinds of commercial creditors (except some classes of creditors, such as unpaid employees and certain tax payments, which have priority). As long as the mortgage is properly entered on the Register of Rights as an encumbrance, it will bind any subsequent owner of the real estate affected.

PART 3

RISK FACTORS

General

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

The risks set out below are the risks which the Directors currently consider to be material but are not the only risks, or the only potential risks, relating to the Company or an investment in the Company. There may be additional material risks that the Directors do not currently consider to be material or of which the Directors are not aware.

Prospective investors should be aware that the value of the Ordinary Shares and the income from them may go down as well as up and that they may not be able to realise their initial investment. In addition, it is possible that the market price of Ordinary Shares in the Company may be less than the underlying net asset value per Ordinary Share.

There can be no guarantee that the Company's investment objectives will be achieved.

References below to the Company are also deemed to include, where appropriate, each member of the Group.

General risk factors

Investment objective

There can be no guarantee that the investment objectives of the Company will be met. If Russian property values rise significantly between the time of the Placing and the funds being invested, the potential returns from property investments, and, therefore available for Shareholders, may be less than those targeted by the Directors, as set out in this document.

Dividends

The level of dividend to be paid on the Ordinary Shares is not guaranteed and may fluctuate. Any dividend growth on the Ordinary Shares will depend on, *inter alia*, rental and capital value growth in the underlying assets.

If under Guernsey law there were to be a change to the basis on which dividends could be paid by Guernsey companies, or if there were to be changes to accounting standards or the interpretation of accounting standards, this could have a negative effect on the Company's ability to pay dividends.

The proposed corporate structure of Raven Russia has been devised on the basis of the double taxation treaty signed between Russia and Cyprus in 1999 and effective from 2000. Should this treaty be amended or terminated, tax efficiencies within the Company could be reduced and adversely affect the overall performance of the Company and its ability to pay dividends.

Gearing

The Directors intend to secure borrowing facilities in the future. It is not certain that such facilities will be able to be secured at levels or on terms acceptable to the Directors. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and, accordingly, should the Company's assets not grow at a sufficient rate to cover the costs of establishing and operating the Company, Shareholders may not recover their initial investment.

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's property portfolio falls, including as a result of defaults by tenants pursuant to their leases with the Company, the use of borrowings will increase the impact of such falls on the net revenue of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Should any fall in the underlying asset value or revenues result in the Company breaching financial covenants given to any lender, the Company may be required to repay such borrowings in whole or in part together with any related costs. If the Company is required to repay all or part of its borrowings, it may be required to sell assets at less than their market value.

AIM

The Ordinary Shares will be admitted to AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List.

Future performance

There is no certainty and no representation or warranty is given by any party that the Company will be able to achieve the returns referred to in this document.

Currency risk

The Company will transact in currencies other than pounds Sterling, primarily in US dollars and Russian roubles. Consequently, the Company's performance will be subject to the effect of exchange rate fluctuations with respect to the currencies employed.

Directors and Property Adviser

The Company is dependent upon its Directors and the Property Adviser and may be adversely affected if the services of the Directors and/or the Property Adviser (including personnel employed by the Property Adviser) cease to be available to the Company.

Risk factors relating to property

In addition to the risks already described, the following relate specifically to property investments:

Growth in rental income and defaults

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Company negotiating suitable rental levels when compared to associated financing costs. Any yield compression will also affect the ability of the Company to generate income.

Financial stability of tenants and prospective tenants

General economic conditions may affect the financial stability of tenants and prospective tenants and/or the demand for and value of warehouses, as well as other real estate assets. In the event of a default by a tenant or the expiry of a lease, the Company will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

Liquidity of underlying investments

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Legal changes

Any changes to the laws and regulations relating to the Russian property may have an adverse effect on the capital value and/or the rental income of the Company's property portfolio.

Risk factors relating to Russia

Potential investors should note that there are significant risks inherent in investing in Russia. The value of Russian companies and assets may be affected by various uncertainties such as economic, political or diplomatic developments, social and religious instability, taxation and interest rates, currency repatriation restrictions, crime and corruption and developments in the law or regulations in Russia and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level, or permissibility, of foreign ownership.

Political risk

Significant political instability or social unrest could have a material adverse effect on the value of foreign investments in Russia and, therefore, the value of the Company's assets.

Economic risk

Since the collapse of the Soviet Union, Russia has at various times been affected by declines in gross domestic product, hyperinflation, an unstable currency and high government indebtedness relative to GDP. Although Russia now has these factors under a greater degree of control, it cannot be guaranteed that this state of affairs will continue or that Russia's economy will not rapidly deteriorate. This could materially affect the value of the Company's assets.

Reliance on oil and gas

The Russian economy is heavily dependent on the production and export of oil and is therefore highly sensitive to changes in the world oil price. It is impossible to predict future oil price movements with any certainty. A reduction in the world oil prices may lead to a decline in the value of Russian assets. In addition, it may have materially adverse effects on the Russian economy. Making the economy less dependent on oil and natural gas exports is a stated priority of President Putin, but there can be no guarantee that this will happen going forward.

Crime and corruption

High crime levels, including extortion and fraud are still prevalent in Russia. Many businesses, particularly in large cities, are subject to the influences of criminal elements. Parts of the Russian economic system continue to suffer from corruption. The Company may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Legal rights may be difficult to enforce in the face of organised crime or corruption. Prospective counterparties to the Company may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Company and its advisers or provide inaccurate or misleading information.

Further, it is possible that permits, authorisations, re-zoning approvals or other similar matters may have been obtained in breach of legal requirements (often on the basis of illegal payments having been made). Such matters would be susceptible to subsequent challenge as ultra vires. Similar issues may arise in the context of compliance with privatisation procedures and auctions related to the acquisition of land lease and development rights. It can be difficult, or impossible, to monitor or verify this issue one way or another.

Official data

The quality and reliability of official data published by the government and government agencies of Russia is generally not equivalent to that of more developed Western countries.

Accounting practice

Accounting, auditing and financial reporting standards in Russia do not always match International Financial Reporting Standards and are not always equivalent to those applicable in more developed market economies. The quality and reliability of information available to the Company is likely to be less than when investing in Western countries. The obligation on Russian companies to publish financial information is also relatively limited, thus making satisfactory due diligence prior to any acquisition harder to achieve.

Foreign currency and exchange rates

The Company's assets may be invested in assets denominated in roubles, which are not externally convertible into other currencies outside Russia. The value of the Company's assets, as measured in Sterling or US dollars, may be affected, both positively and negatively, by fluctuations in currency rates and exchange control regulations. The Company, as a non-resident of Russia, is restricted in the operations in which it may engage involving roubles since it may only hold roubles in special bank accounts, the proceeds from which may not be freely converted and repatriated.

Foreign investment restrictions

The laws and regulations affecting foreign investment in Russian enterprises continue to evolve in an unpredictable manner. Laws and regulations, particularly involving taxation, foreign investment and trade, title to securities, and transfer of title that are applicable to the Company's activities can change quickly and unpredictably (sometimes with retroactive effect) in a manner far more volatile than in developed market economies. Although basic commercial laws are in place, they are often unclear or contradictory and subject to varying interpretations and may at any time be amended, modified, repealed or replaced in a manner materially adverse to the interests of the Company.

Repatriation restrictions

Russian foreign investment legislation currently guarantees the right of foreign investors to transfer abroad income received from investments such as profits, dividends and interest payments. This right is subject to settlement of all applicable taxes and duties. However, more recent legislation, governing currency regulation and control, guarantees the right to export interest, dividends and other income on investments, but does not expressly permit the repatriation of capital from the realisation of investments. Current practice is to recognise the right to repatriation of capital. Authorities currently do not attempt to restrict repatriation beyond the extent of the earlier law. No guarantee can be made, however, that amounts representing realisation of capital or income will be capable of being remitted.

Russian currency control legislation pertaining to the payment of dividends currently permits rouble dividends on common stock to be paid to a special rouble account of a non-resident shareholder or its nominee, and to be converted into a convertible currency and repatriated without restriction but it is possible that this situation may change.

Re-nationalisation, requisition, compulsory purchase

Russia has, since the early 1990s, undertaken a substantial programme of privatisation. However an anti-privatisation lobby still exists within the Russian parliament. Re-nationalisation of assets cannot be ruled out. Any such activity could materially adversely affect the value of the Company's assets.

Land may be subject to compulsory purchase by the state for its own needs or as a sanction for the inappropriate use of that land.

The Law on Investment Activity in the Russian Federation provides that in the event property (including, by implication, real estate) is nationalised or requisitioned by the state, the owner is entitled to full reimbursement for all incurred losses, including loss of profit. It is not clear from the law how such losses will be calculated nor whether there is any way to seek to challenge (and so to prevent) confiscation of real estate.

During Russia's transformation from a centralised economy to a market economy, legislation has been enacted to protect private property against expropriation and nationalisation. However, it is possible that due to the lack of experience in enforcing these provisions and due to political or legal changes, these protections could not be enforced, or in force, in the event of an attempted expropriation or nationalisation. Some government entities have tried to invalidate earlier privatisations. Expropriation or nationalisation of the companies in which the Company invests, their assets or portions thereof, potentially with little or no compensation, would have a material adverse effect on the Company.

Russian taxation

Russian tax law and practice is not as clearly established as that of the UK and the practice of the Russian tax authorities may not always be in accordance with the law. The Russian tax authorities do not always apply the law evenly to all taxpayers, sometimes motivated by political reasons. It is possible that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect, although legislation with retrospective effects that cause a deterioration in taxpayers' positions is generally prohibited.

Russian tax laws, such as the Tax Code, have been in force for a short period relative to tax laws in more developed market economies; therefore the government's implementation of these tax laws is often unclear or inconsistent. Often, differing legal interpretations exist between companies that are taxed and government organisations, such as the Ministry of Finance, the Federal Tax Service and its various inspectorates, creating uncertainties and areas of conflict. Generally, tax declarations remain open and subject to inspection by tax and/or customs authorities for a period of three years following the tax year in question. There is some discussion over a change to the limitation period but how this will be resolved is currently unclear. Further, the tax authorities have in the past sought, and may again in the future, seek, ways to look back beyond the three year period. The fact that a year has been reviewed by tax authorities does not close that year nor any tax declaration applicable to that year, from further review during the three-year period. These facts create tax risks in Russia substantially more significant than typically found in countries with more developed tax systems.

The taxation system in Russia is subject to frequent change and inconsistent enforcement at the federal, regional and local levels. Until the recent adoption of the new Tax Code, the system of tax collection was relatively ineffective, resulting in the continual imposition of new taxes in an attempt to raise government revenues. There can be no guarantee that the Tax Code will not be changed in the future in a way that reverses recent positive changes. Among other things, the potential for government deficits raises the risk of a sudden imposition of additional taxes on the Company or entities in which it invests.

Accordingly, it is possible that the Company or any entity in which it invests could become subject to taxation in Russia that is not anticipated either at the date of this document or when its investments into Russia are made, valued or disposed of, which could have a materially adverse effect on the Company.

Legal system

The volume of new legislation which has appeared, as well as the magnitude of the changes taking place, has resulted in a lack of confidence in the courts to give clear and consistent judgements. Legal acts are published by a variety of state bodies and complete compliance with legal rules and standards, including in relation to privatisation, has often been difficult to achieve even for those attempting to do so. There is also a lack of precedent in relation to market-oriented legal relations.

Russia had little regulation of the issues relating to private ownership of real estate during the Soviet period. As a result, many aspects of the legislative framework relating to the holding of real estate in Russia remain undeveloped. The process of development of the legislative environment has not been finalised yet. The law is evolving rapidly and it is difficult to predict future changes.

Due to the inconsistency of Russian legislation, the same provisions of the law may be applied differently by different local authorities and state bodies. As an example, when applying for registration of sale and purchase agreements for real estate, registration may depend upon the decision of a state official who has, at least in practical terms, wide-ranging discretion over registration practices and procedures. The uncertainty as to how the law will be applied by different local authorities and state bodies may have adverse consequences for the Company.

Under Russian law, any legal rule affecting the rights and duties of private individuals must be published. However, there remains the risk of unpublished laws being applied in which case the validity of any act affecting the rights and duties of private individuals that is not based on published law can be challenged in court. Courts normally give protection to the rights of private individuals except, perhaps, in high profile cases where political reasons may prevail.

The independence of the judicial system and its immunity from economic, political and nationalistic influences in Russia remain largely untested. The court system is understaffed and underfunded. Judges and courts are generally inexperienced in the area of business and corporate law. Judicial precedents have no binding effect on subsequent decisions as Russia is a civil law jurisdiction. In addition, most court decisions are not readily available to the public. Enforcement of court judgements can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims may be used in furtherance of political or private objectives and court judgements are not always enforced or followed by law enforcement agencies.

Disputes concerning real estate are within the exclusive competence of the courts of the Russian Federation. This does not therefore allow such disputes to be referred to arbitration outside Russia so that the Company may well be exposed to the issues outlined above.

Town-planning issues

City (or other authorities') reconstruction or zoning plans may envisage the demolition or reconstruction of buildings. It may be difficult to ascertain whether an investment that the Company proposes to make is, or may be in the future, affected by such plans.

Buildings constructed in Russia often fail to comply with various matters of public or administrative law. As examples, they may not comply with the building code regulations, with the detailed requirements of the permits authorising their construction or with local authority zoning requirements. It can be difficult or, in some cases, impossible, to verify compliance due to various factors, not least obtaining information from all relevant authorities in this context.

Servitude and easement

In Russia, the concept of an easement or servitude such as right of way or access is non-existent or in its infancy. Accordingly the rights relating to a property over another's land (e.g. for drainage, access, rights of light, cabling, structural support etc.) are generally ill-defined concepts. The Company may be uncertain as to its rights over adjoining land, and similarly, neighbours to the Company's property may have ill-defined rights over the Company's property.

Governmental authorities' powers

Government authorities have a high degree of discretion in Russia and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Moreover, the government also has the power under certain circumstances, by regulation or a government act, to interfere with the performance of, nullify or terminate contracts. Unlawful or arbitrary governmental actions have included withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities have also used common defects in matters surrounding share issuances and registration as pretexts for court claims and other demands to invalidate such issuances and registrations and/or to void transactions, often for political or private gain.

Liability of investors in joint stock companies

The Russian Civil Code, the Federal Law on joint stock companies and the Federal Law on limited liability companies generally provide that shareholders in a Russian joint stock company and members of a Russian limited liability company are not liable for the obligations of the company and bear only the risk of loss of their investment. An exception to this rule, however, is when one company is capable of determining such decisions. Such a company is called an effective parent. The company whose decisions are capable of being so determined is called an effective subsidiary. Under certain circumstances the effective parent bears joint and several responsibility for transactions concluded by the effective subsidiary in carrying out these decisions. In addition, an effective parent is secondarily liable for an effective subsidiary's debts if an effective subsidiary becomes insolvent or bankrupt resulting from the action or inaction of an effective parent. Current interpretation of this law by Russian courts is that only an immediate parent company can be construed as an effective parent in this context.

Insurance

The insurance industry in Russia is in an early stage of development and, accordingly, the insurance cover available is relatively limited. Many forms of insurance common in more developed countries are not yet available in Russia. Accordingly, there is a risk that losses and liabilities of Russian companies in which the Company invests, could have a materially adverse effect on their value.

It may not be possible for the Company to obtain insurance for the loss of rent (or to do so at commercial rates). As leases may be terminable in certain circumstances under Russian law, the certainty of the Company's lease income cannot necessarily be guaranteed.

The Company may also not be able to obtain title insurance due to limited product availability and cost.

Environmental concerns

Significant areas of Russia are seriously polluted and will require cleaning up. The expense of solving this problem is variously estimated and may impose commensurate costs both on the state and private enterprises.

Liabilities in acquired entities

The Company may need to make investments by acquiring existing companies with undisclosed or unascertained liabilities embedded in such companies. The Company will seek to obtain appropriate contractual protection but obtaining comprehensive protection and the efficacy and enforceability of such protection (to the extent obtained) cannot be guaranteed.

Title, Land Register and Register of Rights

In accordance with the Federal Law on State Land Register dated 2 January 2000, the State Land Register (the "Land Register"), administrated by the Federal Agency, was established. The Land Register discloses certain key information in respect of land such as its location, designated use, ownership title, cadastre value, etc. The general information from the Land Register is publicly available and may be obtained by any interested person.

Also, as mentioned in Part 2, there is also a uniform register of rights which contains key information in respect of land and buildings, similar to the Land Register. However, the quality and reliability of the official information in both registers is generally not equivalent to that of more developed Western countries. Further, the state gives no clear guarantee relating to the accuracy and completeness of the information contained in either register. Thus, although the Company may be forced to rely upon the information contained in either register, it may not have effective redress against the state if the information upon which the Company relied, in deciding whether or not to make an investment, was inaccurate, misleading or incomplete. The information in either register may be subject to a challenge in the courts by any interested party.

Broadly speaking, the Company will only acquire a title to assets which is as good as the title of the seller of such assets to the Company. It can be difficult, or impossible, in certain cases, to establish beyond doubt that such title is incapable of challenge. Any successful challenge to the validity of the seller's title to an asset may in turn have adverse consequences for the Company's title to such asset.

Land lease expiry or termination

The Company may acquire investments where it has only a leasehold interest in the land (but ownership of any building on it). The land lease is likely to be capable of being terminated early in various circumstances; ordinarily this would only be in the event of breach of the land lease provisions, but there may be other circumstances provided for in the lease in question. Furthermore, the land lease may not contain renewal rights. In the event of termination of a land lease (whether during the term, generally for breach, or at the expiry of the term) there is a risk that the landowner will acquire the right to buy the building in question on that land, from the Company, for a price unspecified, but to be determined by the court. This is one possible outcome of a number of possible outcomes contemplated by the Civil Code. Due to a lack of court practice on how these provisions will actually operate, the Company's position, and the ongoing status of its investment, will be unclear upon termination of any land lease rights.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.

PART 4

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON THE COMPANY

Section A: Accountant's report on the Company



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

25 July 2005

The Directors
Raven Russia Limited
Investec House
Le Plaiderie
St. Peter Port
Guernsey GY1 3RP

The Directors
Cenkos Securities Limited
6,7,8 Tokenhouse Yard
London EC2R 7AS

Dear Sirs

RAVEN RUSSIA LIMITED (THE "COMPANY")

Introduction

We report on the financial information set out in Part 4 Section B. This financial information has been prepared for inclusion in the AIM Admission document dated 25 July 2005 of Raven Russia Limited ("the Admission Document").

Responsibilities

The directors of the Company (the "Directors") are responsible for compiling the financial information set out in Part 4 Section B, on the basis of preparation set out in paragraph 2 of Part 4 Section B and in accordance with generally accepted accounting principles and practices in Guernsey.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view for the purposes of the Admission Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 4 July 2005 in accordance with the basis of preparation set out in paragraph 2 of the financial information.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B: Financial Information on the Company

1. Responsibility

The Directors are responsible for the financial information set out below.

2. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company was incorporated on 4 July 2005. Since incorporation, the Company has not traded, nor has it received any income, incurred any expenses or paid any dividends. Consequently no profit and loss account is presented. No financial statements have been drawn up. The financial information is based on the audited balance sheet of the Company as at 4 July 2005.

3. Balance sheet as at 4 July 2005

	As at 4 July 2005 £000
Current assets	
Debtors – unpaid share capital	—
Net assets	—
Share capital and reserves	
Called up share capital	See paragraph 4 —
Shareholders' funds – equity	—

4. Share capital

The Company was incorporated with authorised share capital of £10,000 divided into 1,000,000 ordinary shares of 1p each. On incorporation, two ordinary shares of 1p each were issued, nil paid. These two ordinary shares were subsequently fully paid on 14 July 2005.

5. Post balance sheet events

Following the balance sheet date, the following companies, which had previously been incorporated in Cyprus, became held as nominee by Chanteclair Professional Services Limited on behalf of Raven Russia Limited:

Caselle Holdings Limited, which was incorporated on 25 February 2005.
Muro Holdings Limited, which was incorporated on 22 November 2004.
Kowary Holdings Limited, which was incorporated on 25 February 2005.
Bettola Holdings Limited, which was incorporated on 25 February 2005.
Mizzole Holdings Limited, which was incorporated on 6 April 2005.

All of these companies have been dormant since their incorporation.

Post balance sheet transactions with Raven Mount

Raven Mount is a related party of Raven Russia as a result of a number of connections. Glyn Hirsch is a director of both companies. Raven Russia has also entered into a property advisory agreement with Raven Russia Property Management Limited (“RRPM”), which is a wholly owned subsidiary of Raven Mount. Raven Mount will also be investing in the proposed placing that is to be undertaken as part of the proposed Admission of Raven Russia to AIM. RRPM will also be granted, through a warrant instrument, the right to subscribe for ordinary shares in Raven Russia, exercisable at any time in the 5 years following the proposed admission to AIM. Raven Russia will also grant to the trustee of the Raven Mount Employee Benefit Trust the option to acquire up to 7.5 per cent. of Raven Russia’s ordinary share capital from time to time (less the number of Shares under option in favour of Adrian Collins).

Raven Russia has agreed following admission to reimburse Raven Mount for any professional fees incurred by Raven Mount on behalf of Raven Russia prior to Admission in connection with the Placing, the Admission, the preparation of this document, and the negotiations with the potential partner referred to in paragraph 6 of Part I of this document. Raven Russia also agreed to pay Raven Mount £500,000 for the time costs and expenses incurred by Raven Mount in connection with such matters.

On 11 July 2005, Raven Mount made a loan of \$1,230,000 to Aldama (Overseas) Limited to acquire land in Moscow for the purposes of building a warehouse on behalf of Raven Russia. The loan was made under a loan agreement dated 7 July 2005 between Aldama (Overseas) Limited and Raven Mount. Following Admission, Raven Russia will repay out of the proceeds of the Placing such amount to Raven Mount who will assign its rights under such agreement and the related guarantee provided by Millport Finance Limited to the Company.

Raven Russia has also entered into a property advisory agreement with RRPM pursuant to which RRPM has agreed to provide property advisory and management services to the Company. The key terms of the agreement are set out in Part 6 of this admission document.

PART 5

TAXATION

I. Introduction

The tax discussion set out below is a summary included for general information purposes only and does not address every potential tax consequence that might be relevant to the Group and each particular Shareholder. It applies (unless otherwise stated) to persons who are not share dealers and who beneficially own shares as instruments. Although it is based on current law and practice, the Shareholders should appreciate that as a result of changing law or practice or unfulfilled expectations as to how the Company, companies within the Group or Shareholders will be regarded by tax authorities in different jurisdictions, the tax consequences may be otherwise than as stated below. Shareholders should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming Ordinary Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

There can be no assurance that the tax position or proposed tax position prevailing at the time an investment in the Ordinary Shares is made will endure indefinitely.

Prospective investors who are in any doubt as to their tax position or require more detailed information than the general outline below should consult their professional advisers.

2. The Group

Guernsey taxes

The Company will apply, on an annual basis, for tax exempt status in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. The Administrator of Income Tax in Guernsey has confirmed that the Company should be eligible for exemption from Guernsey Income Tax on profits derived outside Guernsey and that the Company should only be liable to tax in Guernsey in respect of income arising in Guernsey other than bank interest income. It is not anticipated that any income other than bank interest income will arise in Guernsey.

No charge to Guernsey taxation will arise on capital gains.

On 25 November 2002, the Advisory and Finance Committee of the States of Guernsey announced a proposed framework for a structure of corporate tax reform within an indicative timescale. In the announcement the Committee stated that any specific recommendations for change would only be placed before the Guernsey Government after further consultation with local businesses and a review of taxation in other financial centres.

It is the intention of the Directors to conduct the affairs of the Group so that the management and control of the Company is not exercised in the UK and neither the Company nor any other member of the Group is resident in the UK for taxation purposes and so that neither the Company nor any other member of the Group carries on any trade in the UK (whether or not through a permanent establishment situated there). Accordingly, the Company will not be liable for UK taxation on its income or gains other than certain income deriving from a UK source.

3. Investors

(a) Taxation of dividends on Ordinary Shares

Holders of Ordinary Shares will receive dividends without deduction of Guernsey income tax. UK resident individual holders of Ordinary Shares will be liable to income tax on the dividends received. UK resident non domiciled individuals will only be taxed on Guernsey dividends to the extent that they remit them to the UK. Guernsey resident holders of Ordinary Shares will (subject to their individual circumstances) be liable to Guernsey income tax on dividends received.

No UK tax credit will be attached to dividends received by holders of Ordinary Shares. UK resident corporate holders of Ordinary Shares will be liable to corporation tax on dividends received from the Company.

Although dividends may be paid without deduction of Guernsey income tax, the Company will, on making payment of a dividend or distribution to a person resident in Guernsey, Alderney or Herm, be required to furnish such particulars of it as the Administrator of Income Tax may require, including the name and address of the recipient, the gross amount distributed and the date of such distribution.

(b) *Return of capital*

The Company may make payments to Shareholders as a return of capital by, for example, a share buy back or a capital reduction. For UK resident Shareholders this would generally not be a taxable dividend receipt. The tax base cost of their investment in the Company would be reduced accordingly.

The Company may convert its share premium account to distributable reserves and pay a dividend from such reserves. Prevailing tax law in the UK would generally support a UK resident shareholder seeking to treat this receipt as a return of capital rather than income. The tax base cost of their investment in the Company would be reduced accordingly.

Non UK resident Shareholders should consult their own professional advisers on the implications of such a receipt under the laws of the countries in which they are liable to taxation.

(c) *Taxation of capital gains*

The Company should not as at the date of this document be treated as an “offshore fund” for the purposes of UK taxation. Accordingly, the provisions of sections 757 to 764 of the Income and Corporation Taxes Act 1988 (the “Taxes Act”) should not apply. Any gains on disposals by UK resident or ordinarily resident holders of Ordinary Shares may, depending on their individual circumstances, give rise to a liability to UK taxation on capital gains. Non-Guernsey resident holders of Ordinary Shares will not suffer any liability to capital gains tax in Guernsey.

(d) *Stamp duty and stamp duty reserve tax (“SDRT”)*

The following comments are intended as a guide to the general stamp duty and SDRT legislation and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. No Guernsey or UK stamp duty, or SDRT, will be payable on the issue of the Ordinary Shares. UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer the Ordinary Shares will not be subject to UK SDRT. In the event of the death of a sole holder of Ordinary Shares, a Guernsey grant of probate or administration may be required in respect of which certain fees will be payable to the Ecclesiastical Registrar in Guernsey.

Document duty in Guernsey is calculated at the rate of 0.5 per cent. and is payable on incorporation on the nominal value of the authorised share capital of the Company up to a maximum amount of duty of £5,000 for each company.

(e) *Other United Kingdom tax considerations*

The attention of individuals ordinarily resident in the UK is drawn to the provisions of sections 739–745 of the Taxes Act. These sections contain provisions for preventing the avoidance of income tax under which the undistributed income and profits accruing to the Company may be attributed to such a shareholder and may (in certain circumstances) be liable to UK income tax in the hands of the shareholder.

As it is possible that the Company will be owned by a majority of persons resident in the UK, the legislation applying to controlled foreign companies may apply to any corporate holders of Ordinary Shares who are resident in the UK. Under these rules, part of any undistributed income accruing to the Company may be attributed to such a Shareholder, and may in certain circumstances be chargeable to UK corporation tax in the hands of the Shareholder.

This paragraph is applicable to **UK resident corporate** holders of Ordinary Shares **and individual Shareholders who** in addition to being resident or ordinarily resident in the UK, are also domiciled in the UK and their interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one-tenth. In the event that the Company would be treated as “close” if it were resident in the UK, then part of any chargeable gain accruing to the Company, or any of its subsidiaries may be attributed to such a Shareholder and may (in certain circumstances) be liable to UK tax on capital gains in the hands of the Shareholder.

PART 6

ADDITIONAL INFORMATION

1. Responsibility statement

The Company and the Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its subsidiaries

- 2.1 The Company was incorporated with limited liability in Guernsey on 4 July 2005 as a closed-ended investment company under the Companies (Guernsey) Laws 1994 to 1996 as amended, with registered number 43371. The Company is domiciled in Guernsey.
- 2.2 The address of the registered office of the Company is Investec House, Le Plaiderie, St. Peter Port, Guernsey GY1 3RP and its telephone number is (+44) (0)1481 735 751.
- 2.3 It is intended that the Company's principal activity will be that of investing in the purchase of land or any interest in land. The Company is the ultimate parent company of the Group. There are also five companies incorporated in Cyprus, which are currently being held as nominee on behalf of the Group by Chanteclair Professional Services Limited. These are as outlined below:

<i>Name</i>	<i>Date of incorporation</i>
Bettola Holdings Limited	25 February 2005
Caselle Holdings Limited	25 February 2005
Kowary Holdings Limited	25 February 2005
Mizzole Holdings Limited	6 April 2005
Muro Holdings Limited	22 November 2004

All the above companies have their registered offices at Kyriakas Matsi, 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus.

- 2.4 Following Admission, Caselle Holdings Limited and Kowary Holdings Limited, will become subsidiaries of the Company and Bettola Holdings Limited, Mizzole Holdings Limited and Muro Holdings Limited will become subsidiaries of Caselle Holdings Limited.
- 2.5 Save for the entry into of the material contracts summarised in paragraph 10 of this Part 6 and certain non-material contracts, since its incorporation no member of the Group has carried on business.

3. The Directors

The Directors of the Company are:

<i>Name</i>	<i>Function</i>	<i>Age</i>	<i>Date of Appointment</i>
Adrian John Reginald Collins	Chairman	51	25 July 2005
Glyn Vincent Hirsch	Director	44	25 July 2005
Stephen Charles Coe	Director	39	4 July 2005
David Christopher Moore	Director	44	4 July 2005
John Fabian Peters	Director	59	25 July 2005

all of the registered office.

Further details relating to the Directors are disclosed in paragraph 6 below.

4. Share and loan capital

- 4.1 On incorporation, the authorised share capital of the Company was £10,000 comprising 1,000,000 Ordinary Shares. The issued share capital was £0.02 comprising 2 Ordinary Shares. Those 2 Ordinary Shares have been issued, credited as fully paid, to the subscribers to the Memorandum of Association and will be included in the Placing.

- 4.2 By a resolution passed on 25 July 2005 it was resolved conditional on Admission:
- 4.2.1 to increase the authorised share capital of the Company from £10,000 to £7,500,000 by the creation of an additional 749,000,000 Ordinary Shares;
- 4.2.2 to adopt new articles of association;
- 4.2.3 and the approval of the Royal Court in Guernsey, that the amount standing to the credit of the share premium account of the Company following completion of the issue of the Placing Shares (less any issue expenses set off against the share premium account) be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account which shall be able to be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Law) are able to be applied, including the purchase of the Company's own shares and the payment of dividends; and
- 4.2.4 that the Directors be authorised in accordance with Article 6.1 of the Articles, to allot Ordinary Shares for cash as if Article 6.1 did not apply to any such allotment:
- 4.2.4.1 to Cenkos of up to 1,530,000 Ordinary Shares upon the exercise by Cenkos of an option to subscribe for shares granted by the Company to Cenkos on 25 July 2005;
- 4.2.4.2 to Kinmont of up to 382,500 Ordinary Shares upon the exercise by Kinmont of an option to subscribe for shares granted by the Company to Kinmont on 25 July 2005; and
- 4.2.4.3 of up to 7,650,000 Ordinary Shares to the holder(s) of the Warrants; and
- 4.2.5 pursuant to Article 11 of the Articles and in accordance with section 5 of the Companies (Purchase of Own Shares) Ordinance, 1998 (the "Ordinance"), the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined by section 18 of the Ordinance) of up to 38,250,000 Ordinary Shares on Admission. Further to such authority, the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is £0.01 and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased (or such other amount as may be specified by the UK Listing Authority from time to time). This authority shall expire on not later than 18 months from the date on which this resolution is passed unless such authority is renewed prior to such time and, the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
- 4.3 Up to 153,000,000 new Ordinary Shares are to be allotted and issued pursuant to the Placing. The Placing Shares have been created under the Law. The Placing Shares are denominated in Sterling. It is anticipated that the Placing Shares will be allotted on 28 July 2005, conditional upon Admission and then issued on Admission. Admission is expected to take place on 29 July 2005. The Company's ISIN is GB00B0D5V538.
- 4.4 There are no provisions of Guernsey law equivalent to sections 89 to 96 of the Companies Act 1985 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash or otherwise but similar pre-emption rights (with certain exceptions) have been incorporated into the Articles together with a limited disapplication of such pre-emption rights in relation to allotments of equity shares equating to £2,500,000 of nominal capital. The Articles are summarised in paragraph 5 below.
- 4.5 At the date of this document the authorised and issued fully paid share capital of the Company is:

<i>Class of shares</i>	<i>Authorised</i>		<i>Issued</i>	
	<i>£</i>	<i>no.</i>	<i>£</i>	<i>no.</i>
Ordinary Shares	10,000	1,000,000	0.02	2

- 4.6 The authorised and issued fully paid share capital of the Company immediately following Admission will be as follows (on the assumption that the Placing is fully subscribed):

Class of shares	Authorised		Issued (fully paid)	
	£	no.	£	no.
Ordinary Shares	7,500,000	750,000,000	1,530,000	153,000,000

- 4.7 The authorised but unissued share capital of the Company immediately following Admission will be £5,970,000 representing approximately 80 per cent. of the authorised share capital (on the assumption that the Placing is fully subscribed).
- 4.8 Save as disclosed in this paragraph 4, there has been no issue of share or loan capital of the Company since its incorporation and all issued shares have been fully paid.
- 4.9 Save as disclosed in paragraph 10 below, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since its incorporation.
- 4.10 Other than pursuant to the Warrant Instrument, the Option Agreements and the options granted and to be granted pursuant to the Incentive Option Schemes on Admission no share or loan capital of the Company will be under option or will be agreed conditionally or unconditionally to be put under option.
- 4.11 Other than pursuant to the Placing, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.
- 4.12 The Placing Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Placing Shares not to be held through CREST will be posted to allottees within 10 business days of Admission. Placing Shares to be held through CREST will be credited to CREST accounts on Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and otherwise than by a written instrument. The Articles, which have been adopted (conditional on Admission), permit the holding of Ordinary Shares in CREST.
- 4.13 The Company has agreed conditional upon Admission pursuant to the terms of the Warrant Instrument to grant the Property Adviser the right to subscribe for 7,650,000 new Ordinary Shares in the Company immediately following Admission in the Company at a price of 100p per Ordinary Share. Further details of the Warrant Instrument are set out in paragraph 10.6 below.
- 4.14 The minimum subscription of the Placing for the purposes of sections 16 and 29 of the Law will be 100,000,000 Ordinary Shares.

5. Memorandum and articles of association

The memorandum of association of the Company provides that the Company's principal object is to invest in the purchase of land or any interest in land. The objects of the Company are set out in full in clause 3 of its memorandum of association.

As described in paragraph 4.2.2 of this Part 6, the Company has, conditional on Admission, adopted new articles of association (the "Articles"). The Articles contain, *inter alia*, the following provisions:

5.1 Voting rights

Subject to the rights or restrictions referred to in paragraph 5.2 below and subject to any special rights or restrictions as to voting attached to shares, on a show of hands every holder of Ordinary Shares who is present in person or being a corporation is present by a duly authorised representative, not being himself a member, shall have one vote and on a poll every holder who is present in person or by proxy shall have one vote for each Ordinary Share held by him. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the corporate member could exercise if it were an individual member.

5.2 Restrictions on voting

A member of the Company is not entitled, either in person or by proxy, in respect of any share held by him, to be present at any general meeting of the Company unless all amounts payable by him in respect of that share have been paid.

5.3 *Dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit or capital of the company (up to the amount recommended by the board). The directors may pay such interim dividends as appear to the board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend (“a scrip dividend”).

The Company or its directors may fix a date as the record date for a dividend provided that the date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared. A dividend unclaimed for a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

5.4 *Return of capital*

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Statutes (as defined in the Articles), divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction, vest the whole or any part of the whole of the assets in trustees on trusts for the benefit of the members as he with the same sanction thinks fit, but no member shall be compelled to accept any assets on which there is a liability.

5.5 *Variation of rights*

Any rights attaching to a class of shares in the Company may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class.

5.6 *Transfer of shares*

Subject to the restriction set out in this paragraph, any member may transfer all or any of his shares in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner which the directors approve. A transfer of a certificated share shall be in writing in the usual common form or in any other form permitted by the Statutes or which the directors approve. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of CREST and as provided in the CREST Guernsey Requirement (as defined in the Articles) or in any other manner which is authorised by the Board and from time to time approved.

The directors have a discretion to refuse to register a transfer of an uncertificated share (subject to the Regulations) and of a certificated share which is not fully paid (provided that this does not prevent dealings in the shares from taking place on an open and proper basis) without giving a reason. The directors must provide the transferee with a notice of the refusal within two months from the date on which the transfer was lodged in the case of certificated shares or, in respect of uncertificated shares the date on which an instruction was received by the Company through the relevant system. The directors may also decline to register a transfer of shares in certificated form unless (i) the instrument of transfer is delivered to the office of the Company or at another place which the directors determine, accompanied by the certificate for the shares to which it relates and other evidence which the directors reasonably require to prove the title of the transferor; (ii) the instrument of transfer is in respect of only one class of share; (iii) the number of joint holders to whom the share is to be transferred does not exceed four.

5.7 *Alteration of capital and purchase of own shares*

The Company may alter its share capital as follows:

5.7.1 by ordinary resolution, it may increase its share capital, consolidate or divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person;

5.7.2 by special resolution and subject to the provisions of the Statutes, it may reduce its share capital, any capital redemption reserve or any share premium account or other undistributable reserves in any manner; and

5.7.3 subject to the provisions of the Statutes and in particular the Companies (Purchase of Our Shares) Ordinance 1998 the Company may purchase all or any of its shares of any class, including redeemable preference shares.

5.8 *General meetings*

The Board shall convene and the Company shall hold annual general meetings in accordance with the Law (which provides that 10 days prior written notice is required to convene annual general meetings).

All general meetings other than annual general meetings shall be called extraordinary general meetings and the Board may convene such meetings where it thinks fit.

The quorum for general meetings is three members present in person or by proxy and entitled to vote on a poll. Where such a quorum is not present within 15 minutes of the time appointed for the holding of the meeting, if convened on the requisition of the members, the meeting shall be dissolved. In any other case, it shall stand adjourned to the same in the next week (or, if that day is not a business day, to the next business day) and at the same time and place as the original meeting or to such other day and time as the board may decide or not less than 7 clear day's notice. If at the adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, any two members who are present in person or by proxy and entitled to vote on the poll shall constitute a quorum, failing which the meeting shall be dissolved.

On a show of hands, every member who is present in person or by a duly authorised representative shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every Ordinary Share in the Company held by them. In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the meeting shall be entitled to a further casting vote in addition to any vote or votes to which he maybe entitled.

5.9 *Ownership thresholds and capital changes*

The Articles provide that any Shareholder who acquires or ceases to have an interest equal to 3 per cent. of the Ordinary Shares in the Company must notify the Company of such interest. The obligation of disclosure also arises if there is an increase or decrease in the percentage level. If the percentage level is not a whole number, it shall be rounded down to the next whole number.

The Articles do require persons who receive a Disclosure Notice (as defined in the Articles) to provide information requested by the Directors to the Company. Failure to do so within 14 days, will permit the Board to apply certain Restrictions (as defined in the Articles) in respect of such shares.

5.10 *Directors*

Number

Unless otherwise determined by the Company by ordinary resolution, the number of directors shall be not less than three but there is no maximum.

Remuneration

The directors (other than directors holding executive office) shall be paid out of the funds of the Company for their services determined by the directors. The aggregate of the fees shall not exceed £250,000 per annum or such larger sum as may from time to time be determined by ordinary resolution. Any fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day. The directors may be paid all travel, hotel and other expenses properly incurred in the performance of their duties as directors including expenses incurred in attending meetings of the board, committees of the board and general meetings or separate meetings of the holders of any class of securities of the Company.

Retirement of directors by rotation

At each annual general meeting of the Company, one-third of the directors (excluding any director who has been appointed by the directors since the previous annual general meeting) or, if their number is not three or a multiple of three, the number nearest to but not more than one-third shall retire from office. In

addition, each director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the directors to retire by rotation.

The directors to retire shall be those of the other directors who have been longest in office since their appointment or last reappointment but, as between persons who became or were last reappointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The directors to retire shall be determined (both as to number and identity) by the composition of the board at the commencement of business on the date of the notice convening the annual general meeting. A director shall not be required, or be relieved from the obligation, to retire by reason of a change in the board after that time but before the close of the meeting.

A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the Articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled, the retiring director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to appoint him is put to the meeting and lost.

No person shall be required to vacate from office by reason only of the fact that he has attained the age of 70 years or any other age.

Executive directors

The directors may appoint a director to an executive office in the Company. The appointment may be on terms the directors determine.

The appointment of a director to an executive office terminates if he ceases to be a director, but without prejudice to any claim for damages for breach of any contract of employment.

Directors' interests

A director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the board concerning any contract, arrangement, transaction or proposal in which he has a material interest (including by virtue of the interests of persons connected with him).

The prohibition will not apply to the following:

- 5.10.1 the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of a debt or obligation of the Company (or any of its subsidiary undertakings) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- 5.10.2 any contract concerning an offer of shares, debentures or other securities by the Company (or any of its subsidiary undertakings) in which offer he is or may be entitled to participate as a holder of securities or he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- 5.10.3 any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- 5.10.4 a proposal concerning another company in which he is not interested, directly or indirectly, in 1 per cent. or more either of its equity share capital or of its voting rights;
- 5.10.5 an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award the director a privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- 5.10.6 a proposal concerning the purchase or maintenance of insurance for the benefit of persons who include directors.

Subject to the Law and provided he has disclosed to the directors the nature and extent of his interest, a director may contract with the Company, the contract shall not be avoided on the grounds of his interest

or benefit and the director is not liable to account to the Company for any benefit realised as a result of the contract.

A director may not vote or be counted in the quorum in relation to a resolution of concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more directors, a separate resolution may be put in relation to each director. In each case, each director (if not otherwise debarred from voting) is entitled to vote in respect of each resolution except that concerning his own appointment.

5.11 *Benefits*

The directors may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits to any person who is or who has at any time been a director of the Company (and for any of his relations or dependants) or in the employment or service of the Company or any of its subsidiary undertakings (or the relatives or dependants of any such person).

5.12 *Borrowing powers*

Subject to the Law, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.13 *Indemnity of officers*

Every director and other officer of the Company shall be indemnified by the Company against all costs, losses and expense) incurred by him in the discharge of his duties including legal expenses and the amount for which such indemnity as provided shall immediately attach a lien on the property of the Company and have priority as between the members over all other claims.

The Company may purchase and maintain for or for the benefit of any director, and other officer of the Company or any subsidiary including insurance against costs, charges, expenses, losses or liabilities suffered or incurred by such persons in the actual or purported discharge of their respective duties, powers and discreditors in relation to the Company any liability or expense incurred by him in relation to the Company or any associated company of the Company or any third party in respect of any act or omission in the actual or purported discharge of his duties or otherwise in connection with holding his office.

5.14 *CREST*

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares have been made eligible for settlement in CREST by means of a resolution of the Board passed on 25 July 2005. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

6. Directors' and other interests

- 6.1 The interests (all of which are beneficial) of the Directors and their immediate families and, so far is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of section 346 of the Act) which if the connected person were a Director would otherwise be disclosed pursuant to this paragraph, in the share capital of the Company as at the date of this document and on Admission, are or are expected to be as follows:

<i>Director</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital*</i>
Adrian Collins	–	–	25,000	0.02%
Glyn Hirsch	–	–	–	–
Steve Coe	–	–	–	–
David Moore	–	–	–	–
John Peters	–	–	10,000	0.01%

**On the basis that the Placing is fully subscribed.*

Adrian Collins has been granted an option over 100,000 Ordinary Shares. Details of the terms of this option are set out in paragraph 7 below.

Glyn Hirsch, as a potential beneficiary of the Raven Mount Employee Benefit Trust, is interested in the option granted to the Raven Mount Employee Benefit Trust, the terms of which are set out in paragraph 7 below.

- 6.2 The Company is aware of the following persons who at the date of this document have, or who are expected following Admission to have, an interest in three per cent. or more of the issued share capital of the Company:

<i>Interested Person</i>	<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital*</i>
Invesco plc	42,000,000	27.5
Jupiter Asset Management Limited	16,000,000	10.5
Schroders Investment Management Limited	15,000,000	9.8
Raven Mount Plc	10,000,000	6.5
Moore Europe Capital Management Limited	10,000,000	6.5
Morley Fund Management Limited	7,000,000	4.6
Credit Suisse Asset Management Limited	6,500,000	4.2
BlueCrest Capital Limited	6,000,000	3.9
Artemis Investment Management Limited	5,000,000	3.3

**on the basis that the Placing is fully subscribed.*

- 6.3 Save as disclosed in paragraph 6.2 above, the Company is not aware of any person who will, immediately following Admission, be interested directly or indirectly in three per cent. or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.
- 6.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.5 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.6 The persons, including the Directors, referred to in paragraph 6.1 of this Part 6, do not have voting rights in respect of the share capital at the Company (issued or to be issued) which differ from any other shareholder of the Company.
- 6.7 The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships or partnerships:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Adrian Collins	Campden Partners Ltd City Natural Resources High Yield Trust PLC Fincorp International Ltd LTC PLC New City High Yield Trust plc Nuwara Eliya (Holdings) Ltd Nuwara Eliya Tea Estates Co Ltd Strand Partners Limited Tea Plantation Investment Trust PLC The Sri Lanka Fund Ltd Windsor PLC	Applied Solutions International Ltd. Avanti Capital plc Buchanan Capital Management Ltd Geared Income Investment Trust PLC India Strategic Value Fund (CI) Ltd India Strategic Value Fund India Strategic Value Fund Management Investment Technology Group Ltd Investment Technology Group Europe Ltd The Badger Tea and Coffee Co Ltd Trustnet Ltd
Glyn Hirsch	Emisan Limited Flintstone Technologies Plc Glotel Plc HHK Plc Liontrust Asset Management Plc Raven Mount Plc Raven Property Group Plc Swan Hill Staff Pension Trust Limited	Avanti Capital Plc Bingham Limited Brent House Limited Brideglen Impex Limited Brook Street Consulting Ltd Buspace Studios Limited Carlow House Limited Chancel House Limited Charlworth Limited CI Tower Investment Limited Citadel Finance Limited Citadel Holdings Plc CLS Capital Ventures Limited CLS Holdings Plc CLS One Limited CLS Sports Limited CLSH Management Limited Colne House Limited Coventry House Limited Dawegrove Limited Deanery Street Limited Dukes Road Limited Durnvale Limited Gartmore Premier VCT Limited Great West House Limited Hammersmith London House Limited Hay & Robertson Plc Ingrove Limited Instant Office Limited International Brand Licensing Plc IOG Limited Keronite Limited Larkhall Lane Limited Localright Limited Mirenwest Limited Misotis Investments International S.A. New London House Limited New Malden House Limited New Printing House Square Limited NYK Investments Limited One Leicester Square Limited Onslow Gardens Limited Property Fund Management Plc Quayside Lodge Limited Raven Mount Holdings Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Glyn Hirsch (continued)		Rayman Finance Limited Rex House Limited Seektask Limited Southern House Limited Spring Gardens Limited Spring Gardens II Limited Spring Gardens III Limited The IO Group Limited
Steve Coe	Alborg Plc Arkle Limited Aschourt Asset Management (Guernsey) Care Home Properties Limited Chateau First Properties SARL (CFPS) Congleton Management Limited Finistere Directors Limited Finistere (UK) Nominees Limited Limited Finistere Limited Finistere Secretaries Limited Fintique Three (BVI) Limited GFT Directors Limited Globe Films Management (CI) Limited Hamilton Corporate Finance (Guernsey) Limited HCF Guernsey Limited HCHP Limited Healthcare Holdings Limited Healthcare Property Investments Limited Healthcare Real Estate Holdings Limited Healthcare Real Estate Investments Limited Heathrow Business Centre Limited Heathrow Site No.9 (CI) Limited Heathrow Site No. 10 (CI) Limited HHLC Limited HH Properties Limited HIC Limited HICS Limited HIHP Limited IHP Limited Investec Administration Nominees Limited Investec Administration Services Limited Investec Recovery Partners I Limited Investec Trust (Guernsey) Limited ITGL UK Nominees Limited Maghull Limited Maghull Management Limited Matrix Property Fund Management (Guernsey) Limited MP Trustees Limited Optimal Investment Growth Basket Palm Developments Limited Pinnacle Holdings Limited Petrushka Limited Rishon Properties Limited Senator House Holdings Limited	Able Investments Limited A.L.E. Limited Afri Services Limited Amphrite Marine Limited Anglo Chinese Properties Limited Ark Interactive Limited Asaa Limited Ashcourt Select Portfolio Limited Atwood Consultants Limited Avionics Limited Bachmann Fund Administration Limited Bachmann Trust Company Limited Beauvoir Investments Limited Begonia Limited Berryhill Properties Limited Caribbean Charters Limited Chestfield Limited Chez Nous Limited Cloudpoint Company Limited Coachland Company Limited Dawson Management Limited Dellaire Trading Co Limited Deren Properties Limited Devil Limited Dimsey Trading Corp Dortmund Technology Limited Edward Tomkins Limited Equatorial Aircraft Leasing Corporation Estron Investments Limited Executive Wealth Management Limited Far Eastern Investments Limited Felkini Limited Fiedelman S.A. First Magellan Limited Flowdale Limited Flower Investments Limited Freeflo Distribution Ltd Gentrac Investments Limited Granfole Trading Limited Greencool International Limited Green Halgh Trading & Investments Limited Harrogate Overseas Limited HDD Limited Highwater Company Limited Human Resource Management Services Limited I.D.M.D. Limited Innus C.I. Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Steve Coe (continued)	SMS Investors Inc. Specialised Care Properties Limited Spedition Center Kassel GmbH Supported Living Limited The British Real Estate Dollar Fund Limited The British Real Estate Fund Limited The Glanmore Property Dollar Fund Limited The Northern Property Investment Company Limited The Ukraine Fund Limited Townhouse Limited Victorian Mansions Limited York Limited	International Seafarers Limited Intpharma Marketing Limited ISL Services (Guernsey) Limited Jesto Investments Limited JVI Europe Limited Kaiser Properties S.A. L'Escapade Et Paradiso Limited Lago Investments Limited Laguna International Limited Le Truchon Properties Limited Lisarda Limited London Place Company Limited Lych Gate Trading Limited Manor Resources Limited Mary Holdings Limited MC Aviation Limited Media Trade International Limited Mengen Investments Limited Middle East Investments Limited MLA Holdings Limited Montague Properties Limited Netlink Limited Nicole Enterprises Limited Nolan-Neves Holdings Limited Octagon Group Limited (formerly Octagon Limited) Octagon Holdings Limited Octagon Investments Limited OLMS Limited Ormintide S.A. Pan Gulf Energy Holdings Limited Pan Gulf Hotel Investments Limited Parkside Investments Limited Piped Utilities Resources Limited Platino Investments Ltd Poltex Limited Popham Holdings Corporation Portcullis Trading Limited Pugsley Limited Quail Investments Limited Reeb Limited Reliance Global Communications (CI) Limited Remairado Investments Limited Riomar Investments Limited SANS Fibres (Europe) Limited Sea Melody Corporation Sea Neptune Corporation SGLT Belgium SA Sloane Trading Limited Souee Consultants Limited SPF Limited Student Property Leasing Fund Limited Tarmour Investments Limited Teleaxis International Limited Templeton Enterprises Limited The Ashcourt Bond Fund Limited The Eagle Healthcare Fund Limited The Healthcare Fund Limited Tokia Trading International Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Steve Coe (continued)		Tradefin International Limited UIG (Rubber) Limited Universal Investments (Guernsey) Limited Walmor Investments Limited Witherby Investments Limited Woodstar Limited Wwwatt CD Limited
David Moore	ACI Global Insurance Limited Assay Insurance Services Limited Bracken Partners Investments Channel Islands Limited BSI (Channel Islands) Limited BSI Generali Bank (CI) Limited BSkyB Investments (Guernsey) LLP BSkyB Malta 1 Limited BSkyB Malta 2 Limited BSkyB Malta 3 Limited Central Capital Limited Cheshire Guernsey Limited, Clarke Wilmott Indemnity Limited Drummonds Insurance PCC Limited Financial Insurance Guernsey PCC Limited Fortune Dragon Limited Generali Worldwide Insurance Company Limited GLASS CP Funding Limited Guernsey Loan Asset Securitisation Scheme Limited Hauteville Limited HRS Asset Management Limited HRS Diversified Fund PCC Limited HRS Holdings Limited Jupiter Insurance Limited Kraken Insurance Services (Guernsey) Legis Group Limited Le Meridien Insurance Company Limited Lothbury Insurance Company Limited Limited Nest Egg Investments Limited Ozannes Royal Bank of Canada ARC Fund Limited Schroders CI Limited Schroder Executor & Trustee Company (CI) Limited Sixt Insurance Services PCC Limited Sovereign Captive Services Limited Standard Life Investments Property Income Trust Limited State Street Trustees (Guernsey) Limited Thomas Miller Insurance PCC Limited White Rock Insurance Company PCC Limited	Beta Corporate Services Limited Charyo Corporation Limited Charyo Management Limited FRM Investment Management (Americas) Limited Horphag Research Limited Horphag Research Sales Limited I.M. (Commercials) Limited I.M. Truck Limited I.M. Vehicle Imports Limited Land Securities Insurance Limited Medabiotech Ventures Limited onthebrain.com limited Sixt (Guernsey) PCC Limited Standard Life Investments Property Fund Limited Standard Life Investments Property Holdings Limited White Rock Prefic PCC Limited
John Peters	Heron Holdings Limited M&S Shipping Group Plc Tcherant Chinq Limited	Bervale Mead Financial Services Limited

- 6.8 None of the Directors has any unspent convictions in relation to indictable offences.
- 6.9 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies).
- 6.10 Save as provided below, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors.
- 6.11 Adrian Collins, the Chairman of the Company, became a director of Geared Income Investment Trust Plc on 17 February 1997. Administrative receivers of the company were appointed 8 April 2003. There was a deficiency to creditors of approximately £118,474,110.
- 6.12 Glyn Hirsch was appointed as a non-executive director of Hay & Robertson PLC on 1 January 2002, a position from which he resigned on 21 July 2003. Hay & Robertson PLC was put into liquidation on 2 February 2004 and wound up on 17 February 2004.
- 6.13 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.
- 6.14 No asset of any Director has at any time been the subject of a receivership.
- 6.15 None of the Directors are or has been bankrupt nor made at any time an individual voluntary arrangement.
- 6.16 None of the Directors is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.17 There are no outstanding loans granted by any member of the Group to any of the Directors nor has any guarantee been provided by any member of the Group for their benefit.

7. Incentive Options

Incentive arrangements

In order to incentivise Raven Mount personnel involved in providing advice to the Group, the Company will grant to the trustee of the Raven Mount Employee Benefit Trust, upon Admission, an option to acquire up to 7.5 per cent of its issued ordinary share capital from time to time (less the number of shares under option in favour of Adrian Collins referred to below). The option will be in three tranches.

The first tranche will be exercisable after three years and no later than ten years in respect of 2.5 per cent. of the issued Ordinary Share capital at Admission if the total return for Shareholders over the three year period following Admission reaches 12 per cent. compound per annum. Total return is to be calculated in a similar manner as it is for determining whether the annual performance fee pursuant to the Property Advisory Agreement becomes payable. If the total return over the relevant three year vesting period is less than 9 per cent. compound per annum then the tranche will lapse. If the total return is between 9 per cent. compound per annum and 12 per cent. compound per annum, then the tranche may only be exercised in respect of between 50 per cent. and 100 per cent. of the Ordinary Shares on a straight line basis up.

The second tranche will be exercisable after four years and no later than eleven years in respect of 2.5 per cent. of the issued Ordinary Share capital, as at the first anniversary of Admission if the total return over the period of three years from the first anniversary of Admission reaches 12 per cent. compound per annum. If the total return over the relevant three year vesting period is less than 9 per cent. compound per annum then the tranche will lapse. If the total return is between 9 per cent. compound per annum and 12 per cent. compound per annum, then the tranche may only be exercised in respect of between 50 per cent. and 100 per cent. of the Ordinary Shares on a straight line basis.

The third tranche will be exercisable after five years and no later than twelve years in respect of 2.5 per cent. of the issued Ordinary Share capital as at the second anniversary of Admission if the total return over the period of three years from the second anniversary of Admission reaches 12 per cent. compound per annum. If the total return over the relevant three year vesting period is less than 9 per cent. compound per annum then the tranche will lapse. If the total return is between 9 per cent. compound per annum and 12 per cent. compound per annum, then the tranche may only be exercised in respect of between 50 per cent. and 100 per cent. of the Ordinary Shares on a straight line basis.

The option exercise price in respect of the first tranche will be the Placing Price. The option exercise price in respect of the second tranche will be the average of the closing mid-market prices for the 20 trading days preceding the first anniversary of Admission. The option exercise price in respect of the third tranche will be the average of the closing mid-market price for the 20 trading days preceding the second anniversary of Admission.

If the Property Advisory Agreement terminates prior to the first anniversary of Admission the second and third tranches will thereupon lapse but the first tranche will become immediately exercisable irrespective of the total return achieved. If it terminates after the first anniversary of Admission but prior to the second anniversary, the third tranche will lapse but the first and second tranches will become immediately exercisable irrespective of the total return achieved. If there is a takeover of the Company each subsisting tranche will become immediately exercisable irrespective of the total return achieved (unless it has already lapsed due to failure to achieve the necessary return over the relevant three year period).

The trustee of the Raven Mount Employee Benefit Trust may allocate all or part of the benefit of the option or the profit realised on it as it considers fit amongst Raven Mount employees (and former employees and their spouses and dependants) involved in providing advice to the Group. The recipients could include Anton Bilton, Bim Sandhu and Glyn Hirsch.

It is proposed that the Company will grant an option to Adrian Collins over 100,000 Ordinary Shares which will be exercisable on the same terms as the three tranches set out above. The number of Ordinary Shares comprised in this option will count against the 7.5 per cent. limit under the option in favour of the trustee of the Raven Mount Employee Benefit Trust.

8. Directors' letters of appointment

- 8.1 No Director has a service contract with the Company, nor are any such contracts proposed. Each Director entered into a letter of appointment with the Company which provides for them to act as a Non-Executive Director of the Company.
- 8.2 Pursuant to such letters, the Chairman will receive a fee of £60,000 per annum, David Moore will receive a fee of £15,000 per annum (together with an attendance allowance for meetings held outside Guernsey or meetings held in excess of four days per year) and John Peters will receive a fee of £15,000 per annum (together with an attendance allowance for meetings held outside Guernsey). Steve Coe will not receive any fee in addition to the annual fee to be paid to the Administrator pursuant to the Administration Agreement. Each appointment letter is terminable on 90 days' notice by either party. Glyn Hirsch will not receive a fee.
- 8.3 No remuneration has been paid (including benefits in kind) to the Directors up to the date of this document. It is estimated that the aggregate remuneration and benefits in kind payable to the Directors by members of the Group in respect of the current financial year (under the arrangements in force at the date of this document) will be approximately £40,000.

9. Placing and lock-up arrangements

- 9.1 Under an agreement (the "Placing Agreement") dated 25 July 2005 and made between the Company (1), Raven Mount (2), Cenkos (3) and Kinmont (4), Cenkos has agreed (conditionally, *inter alia*, on Admission taking place not later than 8 August 2005) as agents for the Company to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

Under the Placing Agreement and subject to its becoming unconditional:

- 9.1.1 the Company has agreed to pay Cenkos and Kinmont an aggregate commission of 4 per cent. of the value at the Placing Price of the Placing Shares (other than the Placing Shares subscribed for by Raven Mount) together with corporate finance fees of £250,000 together with any applicable VAT; and
- 9.1.2 the Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains warranties and indemnities given by the Company and Raven Mount to Cenkos and Kinmont as to the accuracy of the information contained in this document and other matters relating to the Group and its business. Cenkos is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

Raven Mount has undertaken, subject to certain limited exceptions, not to dispose of any Ordinary Shares it will hold immediately following Admission for 12 months following Admission without the prior written consent of the Company. Further orderly market provisions apply after the expiry of the lock-up arrangements for a further period of 12 months.

10. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are, or may be, material:

- 10.1 The Placing Agreement, details of which are set out in paragraph 9 above;
- 10.2 Lock-in agreements all dated 25 July 2005 and made between the Company (1) and each of the Directors (2) pursuant to which each Director has undertaken to the Company and Cenkos (subject to certain limited exceptions) not to dispose of any Ordinary Shares held by them at any time prior to the first anniversary of Admission without the prior written consent of Cenkos. They have also undertaken not to dispose of any Ordinary Shares for the 12 months following the first anniversary of Admission otherwise than through Cenkos or the Company's broker from time to time (on a best execution basis).
- 10.3 An option to subscribe for shares dated 25 July 2005 between the Company and Cenkos pursuant to which the Company has granted Cenkos the right to subscribe for 1,530,000 Ordinary Shares at the Placing Price, such option to be exercisable at any time during the period of five years from the date of Admission. Cenkos also has the right to transfer all or part of its rights to subscribe for such Ordinary Shares;
- 10.4 An option to subscribe for shares dated 25 July 2005 between the Company and Kinmont pursuant to which the Company has granted Kinmont the right to subscribe for 382,500 Ordinary Shares at the Placing Price, such option to be exercisable at any time during the period of five years from the date of Admission. Kinmont also has the right to transfer all or part of its right to subscribe for such Ordinary Shares. In line with the terms of this agreement, Kinmont has notified the Company that it intends to transfer all of its rights to subscribe for such Ordinary Shares to certain employees of Kinmont;
- 10.5 An option to subscribe for shares dated 25 July 2005 between the Company and Adrian Collins pursuant to which the Company has granted Adrian Collins the right to subscribe for 100,000 Ordinary Shares, the terms of which are set out in paragraph 7 above;
- 10.6 A warrant instrument dated 25 July 2005 pursuant to which the Property Adviser has been granted the right to subscribe for 7,650,000 Ordinary Shares in the Company at the Placing Price per Ordinary Share such warrant to be exercisable at any time during the period of 5 years from the date of Admission. The Warrant Instrument provides that the Warrant Holder(s) from time to time may transfer all or part of their Warrants;
- 10.7 An option agreement to subscribe for up to 7.5 per cent. of the issued Ordinary Share capital of the Company from time to time (less the number of Ordinary Shares under option to Adrian Collins) between the Company and the trustee of the Raven Mount Employee Benefit Trust, the terms of which are set out in paragraph 7 above; and
- 10.8 The Property Advisory Agreement between the Company (1) and the Property Adviser (2) pursuant to which the Company has appointed the Property Adviser to provide property advisory, management and development monitoring services to the Company.

The key terms of the agreement are:

Fees and expenses

In consideration for its services provided pursuant to the Property Advisory Agreement, the Property Adviser is entitled to be paid a management fee in cash quarterly in arrears of 2 per cent. per annum of the ongoing gross asset value of the Group from time to time.

The gross asset value of the Group will comprise the consolidated gross assets of the Group less liabilities (excluding any form of bank or third party indebtedness) plus any adjustments to reflect the current value of the properties and of other assets representing an indirect interest in property or property related activities, that are not reflected in the consolidated gross assets and, in the case of forward funding commitments including the aggregate amount of sums committed to the relevant developments. No such management fee will be paid in relation to any uninvested proceeds of the Placing prior to 31 July 2006. In addition the Property Adviser is entitled to an annual performance fee which is calculated by reference to the annualised total return ("Total Return") achieved for Shareholders measured by reference to the increase in the price of the Ordinary Shares

over the relevant accounting period and after taking into account any dividends out of income and/or capital paid per Ordinary Share in such accounting period. The performance fee becomes payable once the Total Return achieved for the relevant accounting period exceeds the benchmark which is set by reference to the Ordinary Share price over the last 20 trading days of the previous accounting period (“Benchmark”) by at least 12 per cent.

Once the 12 per cent. threshold is exceeded, the Property Adviser is entitled to receive a fee equal to a proportion of such excess, rising from 20 per cent. to 35 per cent. on a straight line basis for total returns in any accounting period ranging from 12 per cent. to in excess of 25 per cent.

The performance fee is to be settled as to 30 per cent. in cash and as to the balance in Ordinary Shares allotted by reference to the average closing mid market price of such shares over the last 20 trading days for the relevant accounting period for which the performance fee is being paid. For the first accounting period to 31 December 2005 the Benchmark will be 100p.

All fees are exclusive of VAT or any similar taxes (where appropriate).

Termination

The Property Advisory Agreement is to run for an initial five year term and can be terminated on the fourth anniversary of Admission with effect from the fifth anniversary of Admission. The Company and the Property Adviser propose to begin discussions in year four with a view to entering into another five year contract on terms to be agreed between the two parties commencing on the fifth anniversary of Admission. If such an agreement is not concluded by the end of year four the Property Advisory Agreement will be terminable on 12 months’ notice expiring no earlier than the fifth anniversary of Admission. The agreement may be terminated summarily in certain other circumstances including a change of control of Raven Mount which may affect its ability to provide the services, a material or recurring default which is material in the context of the Company as a whole by the Property Adviser of its obligations contained in the Property Advisory Agreement (which, where appropriate, has not been remedied) or an insolvency event in relation to the Property Adviser. In the event that the Company wrongfully terminates the agreement, the Property Adviser will be entitled to liquidated damages in cash of an amount effectively equal to the amount it would have received by way of performance and management fees over the unexpired term of the Property Advisory Agreement.

Costs

The Company is responsible for third party expenses incurred by the Property Adviser in carrying out its services under the Property Advisory Agreement in each case as agreed from time to time by the Company.

Insurance

The Property Adviser has agreed to obtain and maintain (at the cost of the Company) in respect of all property held by the Company such insurance as the Company shall from time to time request;

10.9 The Supplemental Agreement between the Company (1), Raven Mount (2) and the Property Adviser (3) pursuant to which Raven Mount and the Property Adviser have given certain undertakings to the Company, *inter alia*:

10.9.1 from Admission until termination of the Property Advisory Agreement, to take out and maintain professional indemnity insurance;

10.9.2 from Admission until termination of the Property Advisory Agreement, Raven Mount will not and will procure that its subsidiary undertakings will not acquire property in Russia unless such property is first offered to the Company. In the event that the property offered is a Warehouse then neither Raven Mount nor any of its subsidiary undertakings will be permitted to purchase such Warehouse for the first year following Admission;

10.9.3 the Property Adviser will not dispose of any Ordinary Shares it may receive in settlement of the performance fee pursuant to the Property Advisory Agreement for a period which is the shorter of five years following Admission and three years following the date of allotment of such Ordinary Shares. The non-disposal undertaking is subject to the usual exemptions including the disposal of such Ordinary Shares pursuant to a takeover offer or a scheme of reconstruction in relation to the Company. The non-disposal undertaking also ceases to apply in the event that the Property Advisory Agreement is wrongfully terminated by the Company; and

10.9.4 Raven Mount will procure that the Property Adviser will not cease to be a member of its group without the Company’s prior consent (not to be unreasonably withheld after 2 years from Admission).

- 10.10 The Nominated Adviser and broker agreement dated 25 July 2005 between the Company (1) and Cenkos (2) whereby Cenkos is appointed to act as Nominated Adviser to the Company. For these services Cenkos shall receive an annual fixed fee payable by the Company of £40,000. These fees shall be paid in equal semi-annual instalments in advance. The Nominated Adviser and broker agreement is terminable by either party on not less than 14 days' notice.
- 10.11 The Administration Agreement dated 25 July 2005 between the Company (1) and Investec Administration Services Limited (2), whereby the Administrator is appointed act as administrator, secretary and perform certain custodial and management responsibilities in respect of the Company's non property investments of the Company. For these services the Administrator shall receive an annual fixed fee payable by the Company of £125,000 plus any disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company. These fees shall be paid quarterly in arrears. The Administration Agreement is terminable by either party on not less than 90 days' notice save in certain limited circumstances in which case the Administration Agreement may be terminated forthwith. The Administration Agreement contains an indemnity in favour of the Administrator for any costs incurred in the performance of its duties save where due to its own negligence or wilful default;
- 10.12 The CREST Services Agreement between the Company (1), and the CREST Service Provider (2) in respect of CREST Services to be provided by the CREST Service Provider. The duties include, *inter alia*: the maintenance of a register and the maintenance of dividend instruction records. Under the terms of the CREST Services Agreement, the CREST Service Provider confirms the appointment of the UK Transfer Agent as its transfer agent in the UK. The CREST Service Provider shall be entitled to receive a take-on fee and an annual fee as agreed between the parties to the CREST Services Agreement; and
- 10.13 A loan agreement between Aldama (Overseas) Ltd ("Aldama") (1) and Raven Mount (2) dated 7 July 2005 pursuant to which Raven Mount has agreed to lend up to \$1,230,000 to Aldama so as to finance a loan to be made by Aldama to ZAO "Noguinskaya Ptitsefabraka" in consideration for which such company has agreed to mortgage to Aldama its rights and interests in a 64 hectare land plot with 40 buildings on it located 44 kilometres from MKAD along the "Volga" highway. This loan is repayable on the earlier of the day falling 270 calendar days after the drawdown date (being 11 July 2005), the date of completion of the sale of all of the shares of ZAO "Kulon Estate" to Raven Mount or one of its affiliates and the date of completion of the sale of all of the shares of ZAO "Kulon Development" to Raven Mount or one of its affiliates. The rate of interest being charged on such loan is 17.5 per cent. per annum. Aldama made certain representations to Raven Mount in the agreement. The provisions of this agreement may not be assigned or transferred without the other parties prior written consent. The obligations of Aldama under this agreement have been guaranteed by Millport Finance Limited. It is the intention that with effect from Admission, Raven Mount will assign its rights under such agreements to the Company and the Company will pay to Raven Mount the amount of such Loan together with interest accrued thereon pursuant to an Assignment Agreement between Raven Mount (1) and the Company (2) dated 25 July 2005.

11. Mandatory offers and compulsory acquisition of shares

The Company is subject to the Takeover Code which, *inter alia*, provides that if any person, or group of persons acting in concert, acquires Ordinary Shares carrying 30 per cent. or more of the voting rights exercisable in general meetings, that person shall be required to make an offer for all the issued Ordinary Shares not already held by him (or persons acting in concert with him) in cash at the highest price paid by that person, or any person acting in concert with him during the 12 month period prior to the purchase of shares which triggered the obligation. There are certain circumstances where no such offer may be required. The Articles provide that if an offer is made for the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances or purchased shares subsequent to the making of the offer amounting (in aggregate) to 90 per cent. of the shares to which the offer relates. Certain time limits apply. The Articles also permit a minority shareholder to require an offeror to buy his shares if that offeror has received acceptances or purchased shares subsequent to the making of the offer amounting (in aggregate) to 90 per cent. of the shares to which the offer relates. Certain time limits apply.

12. Related party transactions

Raven Russia has agreed following admission to reimburse Raven Mount for any professional fees incurred by Raven Mount on behalf of Raven Russia prior to Admission in connection with the Placing, the Admission, the preparation of this document, and the negotiations with the potential partner referred to in paragraph 6 of Part I of this document. Raven Russia also agreed to pay Raven Mount £500,000 for the time costs and expenses incurred by Raven Mount in connection with such matters.

On 11 July 2005, Raven Mount made a loan of \$1,230,000 to Aldama (Overseas) Limited to acquire land in Moscow for the purposes of building a warehouse on behalf of Raven Russia pursuant to the terms of the loan agreement described in paragraph 10.13 above. Following Admission, Raven Russia will repay out of the proceeds of the Placing such amount to Raven Mount who will in return assign its rights under such agreement and the related guarantee provided by Millport Finance Limited to the Company.

13. Working capital

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the net proceeds of the Placing, the Group has sufficient working capital for its present requirements, that is, for at least the period of 12 months from Admission.

14. Litigation

The Group is, not, nor has at any time in the 12 months immediately prior to preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

15. Third party information

The figures set out in Part 2 of this document have been sourced from Knight Frank and the Economist Intelligence Unit. The Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

16. Miscellaneous

- 16.1 There has been no significant change in the financial or trading position of the Group since 4 July 2005, the date to which the financial information in this document relating to the Group was prepared.
- 16.2 The total costs and expenses relating to the Placing (including those fees and commissions referred to in paragraph 10 above) payable by the Company are estimated to be approximately £6.9 million including any VAT payable. The net proceeds of the Placing will be £146.1 million (assuming that the Placing is subscribed in full).
- 16.3 In making any investment decision in respect of the Placing, no information or representation should be relied on in relation to the Placing, the Group or the new Ordinary Shares, other than as contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised. Neither the delivery of this document nor any subscription made under it shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as of any time subsequent to the date of this document.
- 16.4 BDO Stoy Hayward LLP, whose registered office is 8 Baker Street, London W1U 3LL, accepts responsibility for the information contained in Section A of Part 4 of this document. To the best of the knowledge of BDO Stoy Hayward LLP (which has taken all reasonable care to ensure that such is the case) the information in Part 4 Section A of this document is in accordance with the facts and makes no omission likely to effect the impact of such information.
- 16.5 BDO Stoy Hayward LLP has given and has not withdrawn its written consent to the inclusion of its report in Section A of Part 4 of this document and the references to the report and to its name in the form and context in which they are included.
- 16.6 Cenkos is registered in England and Wales under number 05210733 and its registered office is at 6.7.8 Tokenhouse Yard, London EC2R 7AS. Cenkos is regulated by the FSA.
- 16.7 Cenkos has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.8 Kinmont is registered in England and Wales under number 03456766 and its registered office is at 6 Arlington Street, London SW1A 1RE. Kinmont is regulated by the FSA.

- 16.9 Kinmont has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.10 Knight Frank has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.11 Save as otherwise disclosed in this document:
- 16.11.1 there are no patents or other intellectual property rights, licences or particular contracts or new manufacturing processes which are of fundamental importance to the Group's business;
 - 16.11.2 there have been no interruptions in the Group's business in the 12 months preceding the publication of this document which may have or had a significant effect on the Group's financial position; and
 - 16.11.3 there have been no principal investments, nor are there any in progress or under active consideration.
- 16.12 No person (excluding professional advisers and others as disclosed in this document and trade suppliers) has:
- 16.12.1 received, directly or indirectly, from any member of the Group within the 12 months preceding the date of application for Admission; or
 - 16.12.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from any member of the Group on or after Admission any of the following:
 - 16.12.2.1 fees totalling £10,000 or more;
 - 16.12.2.2 securities in any member of the Group with a value of £10,000 or more calculated by reference to the Placing Price; or
 - 16.12.2.3 any other benefit with a value of £10,000 or more at the date of Admission.

17. Documents available for inspection

Copies of this document will be available free of charge to the public at the office of Cenkos Securities Limited of 6.7.8 Tokenhouse Yard, London EC2R 7AS during usual business hours on any weekday (public holidays excepted) until the date falling one month after the date of this document.

Dated 25 July 2005

