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This document, which comprises a prospectus relating to Raven Russia Limited (the “Company”), has been prepared in accordance with the Prospectus Rules made by the Financial Services Authority pursuant to section 73A of the Financial Services and Markets Act 2000.

The Preference Shares are currently admitted to trading on AIM. Application has been made to the Financial Services Authority and to the London Stock Exchange respectively for admission of all of the Preference Shares to: (i) the Official List; and (ii) trading on the Main Market. The Preference Shares will have a standard listing. It is expected that Admission will become effective and that dealings in the Preference Shares will commence no later than 8.00 a.m. on 27 July 2011. No application has been made or is currently intended to be made for the Preference Shares to be admitted to listing or dealt with on any other exchange.

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 on pages 6 to 12 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 on pages 6 to 12 of this document.

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# **Raven Russia Limited**

*(A company incorporated in Guernsey under the Companies (Guernsey) Law 2008,  
as amended, with registered no. 43371)*

## **Application for listing on the Official List/admission to trading on the Main Market of Preference Shares**

### **Financial Adviser Kinmont Limited**

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#### **Preference Share capital immediately following Admission**

<i>Authorised</i>	<i>Issued and fully paid</i>
400,000,000	144,715,947

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Kinmont Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority for the conduct of investment business, is acting exclusively for the Company and no one else in connection with Admission, and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Kinmont Limited, or for providing advice in relation to Admission or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Kinmont Limited by FSMA, no representation or warranty, express or implied, is made by Kinmont Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

The Preference Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States, any other United States regulatory authority or any such authority of any other Prohibited Territory or any other jurisdiction and no regulatory clearances in respect of the Preference Shares have been, or will be, applied for in any jurisdiction other than the UK.

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, Preference Shares. The Preference 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 any other Prohibited Territory 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 any Prohibited Territory for the account or benefit of any national, resident or citizen of any Prohibited Territory. 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.

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## SUMMARY

The following summary should be read as an introduction to this Prospectus. Any decision to invest in the Company should be based on consideration of this Prospectus as a whole by the prospective investor. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each member state of the European Economic Area (“EEA”), civil liability attaches to those persons responsible for the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this Prospectus. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before legal proceedings are initiated.

### 1. INTRODUCTION

The Company was incorporated on 4 July 2005 to invest in the Russian real estate market with a focus on the Warehouse sector. The Company was admitted to AIM at that time and raised £153 million through a placing of Ordinary Shares, and a further £310 million in April 2006 through a further Ordinary Share placing. At that time, the Company was an externally managed investment company, with RRPM as its independent property adviser.

On 26 November 2008, the Company completed the acquisition of its property adviser.

In March 2009, the Company raised £76 million through a placing of Units (each consisting of one Preference Share and one Warrant); £75 million of this amount was raised through the issue of Units to Invesco. At the same time, the Company commenced the acquisition of Raven Mount, which completed in July 2009. The acquisition was funded by the issue of Units to the shareholders of Raven Mount, which valued the entire issued share capital of Raven Mount at £65 million.

In August 2010, following an offer to Warranholders two months earlier to convert certain of their Warrants for Ordinary Shares or a cash payment, the Company successfully moved its Ordinary Shares and Warrants from trading on AIM to listing on the Official List.

### 2. THE BUSINESS

The Company’s strategy is to invest, for the long term, in Warehouse properties in Russia which offer the prospect of attractive returns to its investors. The Group will continue to seek such property opportunities, either for direct investment by entities within the Group or investment with co-investment partners.

At 31 December 2010, the Group had completed investment properties with a carrying value of \$943.0 million, investment properties under construction with a carrying value of \$15.3 million, additional phases of existing properties with a carrying value of \$41.4 million and a land bank of \$50.1 million.

The completed Grade A warehouse investment properties are located in four cities in Russia: Moscow; St Petersburg; Rostov on Don; and Novosibirsk, with a gross lettable area of 954,000 square metres as at 31 December 2010. The investment portfolio also includes a Grade B office block in St Petersburg and a Grade B warehouse in Kiev, Ukraine which is held for development.

The geographical split of value of the investment portfolio at 31 December 2010 was: Moscow \$577 million; St Petersburg \$188.4 million; and other regional cities \$177.6 million.

Assets under construction and additional phases of existing properties include sites in Moscow, Rostov on Don and the remainder of the development site in Kiev.

The land bank comprises land held for development in six other regional Russian cities and a plot in Minsk in Belarus.

Based on the independent valuation at 30 June 2011, set out in full in Part 6 of this document, the carrying value of the completed investment properties is \$1,077.5 million, the carrying value of investment properties

under construction is \$29.1 million and the carrying value of additional phases of existing properties is \$42.6 million.

In the year ended 31 December 2010, the Group continued with the orderly disposal of its Raven Mount inventory at above acquisition cost and this should continue to provide the Company with additional cash resources over the medium term.

In addition, the Company rationalised the Roslogistics business in 2010, reducing the space it let, terminating loss making contracts and focusing the management team on operational efficiencies. This provided a contribution to Group overheads of £5.8 million in 2010 and 2011 should see the full benefit of the reorganisation.

On 28 February 2011, the Company announced the signing of a conditional sale and purchase agreement for the acquisition of Karta Realty Limited, the ultimate owner of the Southgate Warehouse project in the Domodedovo district of Southern Moscow. The acquisition was conditional on the right of a minority shareholder group to match any formal offer made. On 2 June 2011, the Company announced that the minority shareholder group had satisfied all of the conditions of their right to match obligation and completed the acquisition of the shares of the majority shareholder. The Company received a break fee of \$2.5 million from the vendors.

### **3. BACKGROUND TO, AND REASONS FOR, THE MOVE TO THE OFFICIAL LIST**

In the Company's prospectus dated 30 June 2010 for the listing of the Ordinary Shares and Warrants on the Official List, the Company stated that it was in the process of establishing whether the Preference Shares satisfied the requirement of the Listing Rules that not less than 25 per cent. of the Preference Shares to be listed were held in "public hands" (as such term is defined in Listing Rule 14.2.2R) and, if not, what steps could be taken to satisfy the requirement. At the time, the Company concluded that there were not sufficient Preference Shares in public hands to satisfy the requirement and, accordingly, the Preference Shares remained on AIM when the Ordinary Shares and Warrants were listed on the Official List on 2 August 2010. The Company undertook to keep the position under review and to seek to move the listing to the Main List at the first appropriate opportunity.

On 8 July 2011, the Company was informed by the EBT that it had sold 2,000,000 Preference Shares to new institutional investors which has enabled the Company to satisfy the public hands requirement. The Board believes that the proposed move from AIM to the Official List will help to increase the profile and liquidity of the Preference Shares particularly as it should allow them to qualify for inclusion in ISAs for the first time.

Applications have been made to the UKLA and to the London Stock Exchange respectively for admission of all of the Preference Shares to: (i) the Official List; and (ii) trading on the Main Market. It is expected that Admission will become effective and that dealings in the Preference Shares will commence no later than 8.00 a.m. on 27 July 2011.

### **4. RISK FACTORS**

The material risk factors relating to the Group fall into a number of areas:

#### ***General Risk Factors***

- Impact of a global economic downturn
- Exposure to exchange rate movements particularly between Sterling, US Dollar and Rouble
- Failure to re-finance existing bank facilities and maintain sufficient capital
- Effect of gearing where the value of the Company's net assets are falling
- Adverse changes in the tax systems in the jurisdictions in which the Group operates
- Environmental damage or contamination at Group properties

### ***Risk Factors relating to property***

- Reliance on property values which are inherently subjective
- Property investments can be illiquid
- Falls in rental income as a result of the default of tenants
- Group operating and administrative costs could increase faster than income
- The Group's properties are concentrated in Moscow and St. Petersburg
- Realising the Group's property assets may not be straightforward in volatile markets
- Changes in costs or availability of insurance

### ***Risk Factors relating to Russia***

- Political instability could affect the value of foreign investments in Russia
- Nationalisation without adequate compensation is possible
- Foreign investment restrictions continue to evolve in an unpredictable and unforeseen manner
- Current practice on permitting repatriation of capital could change
- The economy is heavily dependent on the export of oil and therefore global energy prices
- The Russian legal system is evolving and judgements can be inconsistent
- Tax law and practice can change and be subject to differing and unpredictable interpretations by different authorities
- Information on property title is not as comprehensive or as reliable as in Western Europe
- Rights under leaseholds can vary and be unclear from legal documentation
- Planning restrictions particularly in development zones are often complex and contradictory
- The concept of rights over land such as rights of way are often ill-defined concepts or are unclear
- Parts of the Russian economy continue to suffer from corruption
- Shareholders in Russian joint stock and limited liability companies can, in certain circumstances, be made liable jointly and severally for transactions and debts of such companies

### ***Risk Factors relating to the Preference Shares***

- There may be poor liquidity which could adversely affect the Preference Share price
- On a winding-up, the Preference Shareholders would be subordinated to the claims of creditors
- Preference Dividends are dependent on the Company having sufficient income and satisfying the statutory solvency test
- Volatility in the Preference Share price can occur with market sentiment

# RISK FACTORS

*An investment in Preference Shares involves certain risks. Prospective investors should carefully consider the risks set forth below and all of the information set forth in this document prior to making any investment decision with respect to the Preference Shares. The risks described below could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects and the price of the Preference Shares and it is possible that Preference Shareholders could lose all or part of their investment in the Preference Shares. In addition, the risks below are not the only risks to which the Company may be subject. The Company may be unaware of certain risks or believe certain risks to be immaterial which later prove to be material.*

## **1. GENERAL RISK FACTORS**

### **1.1 *Global economic outlook***

The financial markets deteriorated dramatically following the bankruptcy filing by Lehman Brothers in September 2008 and are still volatile following Europe's debt crisis. This led to severe dislocation of financial markets around the world and unprecedented levels of illiquidity. These conditions produced downward pressure on stock prices and on the availability of credit for financial institutions and corporations. If these levels of market disruption and volatility returned, the Group might experience reductions in business activity, increased funding costs and funding pressures, a decrease in the market price of its Preference Shares and lower profitability.

### **1.2 *Currency risk***

The Group transacts in currencies other than Sterling, primarily in US dollars and Roubles. The Group's bank loans are predominantly US dollar denominated as are the terms of the rental contracts although tenants may have Rouble denominated businesses. Consequently, the Group's performance will be subject to the effect of exchange rate fluctuations with respect to the currencies employed.

### **1.3 *Long-term maintenance of capital***

All property companies need to refinance their debt facilities over their life cycle due to their capital structures. If the Group does not maintain sufficient capital in the longer term, the Company's business, results of operations and financial condition may suffer, its ability to access funding may be further limited and its cost of funding may increase.

### **1.4 *Gearing***

The Group utilises gearing by financing the acquisition and construction of its portfolio through a combination of equity and debt finance. These borrowings are secured on a non-recourse or limited recourse basis to the Company. Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Group where the value of the Group'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 Group's property portfolio falls, including as a result of defaults by tenants pursuant to their leases with the Group, the use of borrowings will increase the impact of such falls on the net profit of the Group and, accordingly, will have an adverse effect on the Company's ability to pay dividends to the holders of its Preference Shares.

### **1.5 *Taxation***

If a member of the Group is found to be, or to have been, tax resident in any jurisdiction other than that in which it is incorporated or domiciled or to have a taxable permanent establishment or other taxable presence elsewhere, other than in the case of certain members of the Group providing advisory and staff services which may have permanent establishments in Russia and the UK, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the amount of tax payable by the Group.

## 1.6 *Environmental concerns*

The Group may be liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property owned or occupied by it. The costs of any required removal, investigation or remediation of such substances may be substantial regardless of whether the Group originally caused the contamination.

The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of the property or the Group's ability to sell, let or regenerate the property. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from an investment, including asbestos, and such presence, release or migration can form the basis for liability to third parties for personal injury or other damages.

## 2. **RISK FACTORS RELATING TO PROPERTY**

### 2.1 *Risk on property valuation*

A significant proportion of the Group's net asset value comprises property and property related assets. If the property market weakens, the Group may have to write down the book value of the properties held, with a corresponding loss recognised in the income statement.

Property and property related assets are inherently difficult to value due to the individual nature of each property and the particular terms of the agreements to which interests in those ventures are held. As a result, valuations can be uncertain and there can be no assurance that the estimates resulting from the valuation process will reflect actual sale prices that could be realised in the future.

Both rental income and the market value of properties are generally affected by overall conditions in the Russian economy, inflation and changes in interest rates, which may in turn impact upon the demand for properties.

### 2.2 *Liquidity of property investments*

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

### 2.3 *Fall in rental income and default*

The net revenue generated from the Group's properties depends on the financial stability of its tenants and its commercial relationships with them. In the event of a number of tenants defaulting, the Group may experience delays in enforcing its rights as landlord and may incur costs, including litigation and related expenses, in protecting its investment and re-letting the relevant units. In the event of a tenant becoming insolvent, and thus seeking the protection of bankruptcy or insolvency laws, the Group may experience delays in receipt of rental and/or other contractual payments or it may be unable to collect such payments at all. The Group seeks to ensure that it is not overly reliant on any one tenant to mitigate against the effect of tenant default.

If a lease is terminated, the Group may be unable to lease the property for the rent previously received or sell the property without incurring a loss. In the event of a default by a tenant leading to a vacancy or during any other period of vacancy, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurance, rates and marketing costs.

### 2.4 *Increase in irrecoverable operating and other costs*

The Group's operating and administrative costs could increase without a corresponding increase in turnover or tenant reimbursements of operating and other costs. Factors which could increase operating and other costs include:

- increases in the rate of inflation;

- increases in payroll expenses;
- increases in property taxes and other statutory charges;
- increases in energy costs;
- movements in foreign exchange rates;
- increases in insurance premiums; and
- increases in the costs of maintaining properties.

Such increases could have a material adverse effect on the Group's business, financial condition or results of operations.

## 2.5 *Geographic concentration of properties*

All of the Group's completed investment properties are located in Russia, with the majority of the properties being located in the Moscow and St. Petersburg regions. Consequently, any downturn in the Moscow or St. Petersburg economies, or Russia's economy as a whole, could materially adversely affect the Group's business, financial condition or results of operations, particularly as the Group has only a limited ability to help offset such a downturn through alternative activities.

## 2.6 *Inventory*

The success of realising the value of the Group's inventory is dependent in part on property prices in the locations where they are situated remaining stable or rising. There is no guarantee that this will be the case. There is also no guarantee that the Group will be able to sell the properties which it holds as stock, that the Group will be able to sell such stock at profitable prices or that the residential property market, in the UK, will continue to develop, or develop at the rate expected by the Group. The financial performance and position of the Group depends upon, amongst other things, the economic situation in the market in which it operates and could be adversely affected by a sustained downturn in the property market in terms of capital values.

## 2.7 *Uninsured losses*

The Group seeks to ensure that all its properties are adequately insured to cover losses. However, changes in the costs or availability of insurance could expose the Group to uninsured losses. In addition, certain types of risk may be, or may become in the future, uninsurable or not insurable on sensible economic terms or may not be currently, or in the future, covered by the Group's insurance. In the event that any of the properties incurs a loss that is not fully covered by insurance, the value of the Group's assets will be reduced by the amount of any such uninsured loss. In addition, the Group may have no source of funding to repair or reconstruct the damaged property, and there can be no assurance that any such sources of funding will be available to it for such purposes in the future.

## 3. **RISK FACTORS RELATING TO RUSSIA**

Potential investors should note that there are risks inherent in investing in Russia. 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 gross domestic product. 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, as with any global economy, will not rapidly deteriorate. This could materially affect the value of the Group's assets.

### 3.1 *Political risk*

Political instability (particularly with the next presidential election in Russia scheduled for 2012) or social unrest could have a material adverse effect on the value of foreign investments in Russia and, therefore, the value of the Group's assets.

### 3.2 *Nationalisation, requisition, compulsory purchase*

The law on investment activity in Russia provides that in the event that 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, 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 Group invests, or of their assets or portions thereof, potentially with little or no compensation, would have a material adverse effect on the Group.

### 3.3 *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 Group's activities can change quickly and unpredictably (sometimes with retrospective effect) in a manner far more volatile than in more developed market economies. Although basic commercial laws are in place, they are 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 Group.

### 3.4 *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 Russian foreign investment legislation which did not expressly prevent the repatriation of capital. No guarantee can be made, however, that amounts representing realisation of capital or income will be capable of being remitted. Any restriction on the repatriation of capital or income may have a materially adverse effect on the Group and on the ability of the Company to pay the dividends on the Preference Shares.

### 3.5 *Reliance on oil*

The Russian economy has been heavily dependent on the production and export of oil and has, therefore, been 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 and consequently on the Group's business.

Making the economy less dependent on oil is a stated priority of Ex-President Putin and current President Medvedev, but there can be no guarantee that this will be achieved.

### 3.6 *Legal system*

The volume of new legislation which has appeared, as well as the magnitude of the legislative changes taking place, has resulted in a lack of precedent available to the Russian courts to enable them to give clear and consistent judgments. 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. Due to the inconsistency of Russian legislation, the same provisions of the law may be applied differently by different local authorities and state bodies.

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 under-funded. Judges and the 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 court of the Russian Federation. This does not therefore allow such disputes to be referred to arbitration outside Russia so that the Group may well be exposed to the issues outlined above.

### 3.7 ***Russian taxation***

Russian tax law and practice is not as clearly established as that of the UK. 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 effect that cause a deterioration in taxpayers' positions is generally prohibited. Russian tax laws 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 authorities for a period of three years following the tax period in question. 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 tax declaration relating to a certain tax period has been reviewed by tax authorities under audit does not close that period from further review during the three-year period. On certain occasions set forth in the Tax Code, a taxpayer may be subject to repeated tax audits.

### 3.8 ***Title, Immovables Register and Register of Rights***

In accordance with the Federal Law on the State Register of Immovable Property dated 24 July 2007, the State Register of Immovable Property (the "Immovables Register"), administered by the Federal Agency, was established. The Immovables Register discloses, *inter alia*, certain key information in respect of land such as its location, designated use, ownership title, cadastre value, etc. The general information from the Immovables Register is publicly available and may be obtained by any interested person. Additionally, there is a uniform register of rights to immovable property and transactions with it which also contains key information in respect of land and buildings, similar to the Immovables 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 Group 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 Group 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 court by any interested party.

Broadly speaking, the Group will only acquire a title to assets which is as good as the title of the seller of such assets to the Group. 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 Group's title to such asset.

### 3.9 ***Land lease expiry or termination***

The Group 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 Group, for an unspecified price, 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 Group's position, and the ongoing status of its investment, will be unclear upon termination of any land lease rights.

### 3.10 *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 Group proposes to make is, or may be in the future, affected by such plans. Town planning and zoning documentation may impose various restrictions and requirements as to construction on certain land plots. 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.

### 3.11 *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 Group may be uncertain as to its rights over adjoining land, and similarly, neighbours to the Group's property may have ill-defined rights over the Group's property.

### 3.12 *Crime and corruption*

Parts of the Russian economic system continue to suffer from corruption. Legal rights may be difficult to enforce in the face of organised crime or corruption. Prospective counterparties to the Group may seek to structure transactions in an irregular fashion, and to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisers or provide inaccurate or misleading information.

### 3.13 *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 of its subsidiary. Under certain circumstances, such company may bear joint and several responsibility for transactions concluded by its subsidiary in carrying out these decisions. In addition, a company may be secondarily liable for its subsidiary's debts if it becomes insolvent or bankrupt resulting from the action or inaction of the company. A number of the Company's subsidiaries are Russian joint stock companies.

## **4. RISK FACTORS RELATING TO THE PREFERENCE SHARES**

### 4.1 *Trading in Preference Shares*

Investors should be aware that the value of the Preference Shares may go down as well as up and that they may not be able to realise their investment.

Although the Company has applied for admission of the Preference Shares to the Official List and to trading on the Main Market, and it is expected this application will be approved, the Company can

give no assurance that the trading market for the Preference Shares will be more active than when such securities were admitted to trading on AIM or, if developed, will be sustained following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Preference Shares could be adversely affected.

Sales of a substantial number of Preference Shares in the public market could depress the market price of the Preference Shares.

4.2 ***If the Company is wound up, distributions to holders of the Preference Shares will be subordinated to the claims of creditors***

On a return of capital on a winding-up, holders of Preference Shares shall be entitled, in priority to other shareholders, to be paid out of the assets of the Company available for distribution to members the sum of £1 in respect of each Preference Share together with a sum equal to any arrears of the Preference Dividends (and any accrued interest). The holders of the Preference Shares have no further rights to participate in the assets of the Company on any such return of capital. However, there can be no guarantee that any such amount will be available for distribution as, on a winding up of the Company, the claims of all other creditors of the Company are to be settled in priority to any distributions to holders of Preference Shares.

4.3 ***Preference Dividends***

The ability of the Company to pay the Preference Dividend will depend on, *inter alia*, rental and capital value growth in the underlying assets and on the solvency of the Company.

Before any dividend or distribution can be paid by the Company, the Law requires the Directors of the Company to certify that, in their opinion, the Company will be able to pay its debts as they become due and the value of the Company's assets will be greater than the value of its liabilities immediately after the payment of that dividend or distribution. This test requires the Board to make a future assessment by making reference to the solvency test being satisfied immediately after a distribution or dividend payment is made. If at the time the Preference Dividend payment is to be authorised, or at any time before the Preference Dividend payment is to be made, the Directors believe that the solvency test cannot be passed, then no payment may be made to holders of the Preference Shares notwithstanding that such Preference Dividends are cumulative and interest shall accrue on any Preference Dividend in arrears, in accordance with the provisions set out in Part 7 of this document.

4.4 ***Volatility***

The market price of the Preference Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Preference Shares or in response to various factors and events, including legal or regulatory changes affecting the Group's operations, variations in the Group's operating results or property valuation and any downturn in the broader Russian property market.

## CONSEQUENCES OF A STANDARD LISTING

Application has been made for the Preference Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for a standard listing.

The Company already has a premium listing of its Ordinary Shares. As a consequence, it is required to comply with the following provisions of the Listing Rules which would not be the case if the Company only had its Preference Shares admitted to listing on the Official List with a standard listing:

- Chapter 8 (sponsors) regarding the appointment of a listing sponsor to guide a company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. However, the Company is not required and does not intend to appoint such a sponsor in connection with Admission;
- Chapter 9 (continuing obligations) includes provisions relating to transactions, including, *inter alia*, requirements relating to further issues of Ordinary Shares and the ability to issue Ordinary Shares at a discount in excess of 10 per cent. of market value; and
- Chapters 10, 11 and 12 under the Listing Rules (significant transactions, related party transactions and dealing in own securities and treasury shares).

Notwithstanding this, individuals who hold only Preference Shares should be aware that where shareholder consent is required under the Listing Rules referenced above, this only means the consent of Ordinary Shareholders and will not extend to the Company being required to obtain the consent of Preference Shareholders.

## FORWARD LOOKING STATEMENTS

*This document contains forward looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those estimated or anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Group which are described in the "Risk Factors" section above and elsewhere in this document.*

This document contains "**forward looking statements**" concerning the Group. Generally, the words "**anticipate**", "**believe**", "**estimate**", "**expect**", "**forecast**", "**intend**", "**may**", "**plan**", "**project**", "**should**" and similar expressions identify forward-looking statements. Such statements reflect the Group's current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements.

The forward looking statements speak only as at the date of this document. Except as required by the FSA, the London Stock Exchange, the Part VI Rules (including the Listing Rules, the Prospectus Rules and/or the DTRs) or applicable law, Raven Russia does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Listing Rules, the Prospectus Rules, the DTRs or any other applicable law, Raven Russia expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Richard Wilson Jewson, <i>Non-Executive Chairman</i> Anton John Godfrey Bilton, <i>Executive Deputy Chairman</i> Glyn Vincent Hirsch, <i>Chief Executive Officer</i> Mark Sinclair, <i>Chief Financial Officer</i> Colin Andrew Smith, <i>Chief Operating Officer</i> Stephen Charles Coe, <i>Non-Executive Director</i> David Christopher Moore, <i>Non-Executive Director</i> Christopher Wade Sherwell, <i>Non-Executive Director</i>  <i>Further information on the Directors is contained in paragraph 4 of Part 1 of this document</i>
<b>Company Secretary</b>	Benn Garnham
<b>Registered Office, Principal Place of Business of the Company and Business Address of the Directors</b>	1 Le Truchot St. Peter Port Guernsey GY1 6EH Channel Islands
<b>Website address</b>	<a href="http://www.ravenrussia.com">www.ravenrussia.com</a>
<b>Financial Adviser</b>	Kinmont Limited 5 Clifford Street London W1S 2LG United Kingdom
<b>Joint Broker</b>	Singer Capital Markets Limited One Hanover Street London W1S 1AX United Kingdom
<b>Joint Broker</b>	Matrix Corporate Capital LLP One Vine Street London W1J OAH United Kingdom
<b>UK Solicitors to the Company</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
<b>Guernsey Advocates to the Company</b>	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands

<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
<b>Registrars</b>	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey GY2 4JN Channel Islands
<b>UK Transfer Agent</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Bankers</b>	Royal Bank of Scotland International Royal Bank Place St. Peter Port Guernsey GY1 4BQ Channel Islands
<b>Valuer</b>	Jones Lang LaSalle LLC Kosmodamianskaya NAB 52/3 Korp 3 Moscow 115054 Russia

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this Prospectus (placed on the Company's website)	21 July 2011
Delisting of the Preference Shares from AIM and Admission of the Preference Shares to the Official List and commencement of dealings on the Main Market	by 8.00 a.m. on 27 July 2011

## **PART 1**

### **INFORMATION ON THE GROUP AND THE MOVE OF THE PREFERENCE SHARES TO THE OFFICIAL LIST**

#### **1. INTRODUCTION**

The Company was incorporated on 4 July 2005 to invest in the Russian real estate market with a focus on the Warehouse sector. The Company was admitted to AIM at that time and raised £153 million through a placing of Ordinary Shares, and a further £310 million in April 2006 through a further Ordinary Share placing. At that time, the Company was an externally managed investment company, with RRPM as its independent property adviser.

On 26 November 2008, the Company completed the acquisition of its property adviser.

In March 2009, the Company raised £76 million through a placing of Units (each consisting of one Preference Share and one Warrant); £75 million of this amount was raised through the issue of Units to Invesco. At the same time, the Company commenced the acquisition of Raven Mount, which completed in July 2009. The acquisition was funded by the issue of Units to the shareholders of Raven Mount, which valued the entire issued share capital of Raven Mount at £65 million.

In August 2010, following an offer to Warranholders two months earlier to convert certain of their Warrants for Ordinary Shares or a cash payment, the Company successfully moved its Ordinary Shares and Warrants from trading on AIM to listing on the Official List.

#### **2. THE BUSINESS**

The Company's strategy is to invest, for the long term, in Warehouse properties in Russia which offer the prospect of attractive returns to its investors. The Group will continue to seek such property opportunities, either for direct investment by entities within the Group or investment with co-investment partners.

At 31 December 2010, the Group had completed investment properties with a carrying value of \$943.0 million, investment properties under construction with a carrying value of \$15.3 million, additional phases of existing properties with a carrying value of \$41.4 million and a land bank of \$50.1 million.

The completed Grade A warehouse investment properties are located in four cities in Russia: Moscow; St Petersburg; Rostov on Don; and Novosibirsk, with a gross lettable area of 954,000 square metres as at 31 December 2010. The investment portfolio also includes a Grade B office block in St Petersburg and a Grade B warehouse in Kiev, Ukraine which is held for development.

The geographical split of value of the investment portfolio at 31 December 2010 was: Moscow \$577 million; St Petersburg \$188.4 million; and other regional cities \$177.6 million.

Assets under construction and additional phases of existing properties include sites in Moscow, Rostov on Don and the remainder of the development site in Kiev.

The land bank comprises land held for development in six other regional Russian cities and a plot in Minsk in Belarus.

Based on the independent valuation at 30 June 2011, set out in full in Part 6 of this document, the carrying value of the completed investment properties is \$1,077.5 million, the carrying value of investment properties under construction is \$29.1 million and the carrying value of additional phases of existing properties is \$42.6 million.

In the year ended 31 December 2010, the Group continued with the orderly disposal of its Raven Mount inventory at above acquisition cost and this should continue to provide the Company with additional cash resources over the medium term.

In addition, the Company rationalised the Roslogistics business in 2010, reducing the space it let, the terminating loss making contracts and focusing the management team on operational efficiencies. This provided a contribution to Group overheads of £5.8 million in 2010 and 2011 should see the full benefit of the reorganisation.

On 28 February 2011, the Company announced the signing of a conditional sale and purchase agreement for the acquisition of Karta Realty Limited, the ultimate owner of the Southgate Warehouse project in the Domodedovo district of Southern Moscow. The acquisition was conditional on the right of a minority shareholder group to match any formal offer made. On 2 June 2011, the Company announced that the minority shareholder group had satisfied all of the conditions of their right to match obligation and completed the acquisition of the shares of the majority shareholder. The Company received a break fee of \$2.5 million from the vendors.

### **3. BACKGROUND TO, AND REASONS FOR, THE MOVE TO THE OFFICIAL LIST**

In the Company's prospectus dated 30 June 2010 for the listing of the Ordinary Shares and Warrants on the Official List, the Company stated that it was in the process of establishing whether the Preference Shares satisfied the requirement of the Listing Rules that not less than 25 per cent. of the Preference Shares to be listed were held in "public hands" (as such term is defined in Listing Rule 14.2.2R) and, if not, what steps could be taken to satisfy the requirement. At the time, the Company concluded that there were not sufficient Preference Shares in public hands to satisfy the requirement and, accordingly, the Preference Shares remained on AIM when the Ordinary Shares and Warrants were listed on the Official List on 2 August 2010. The Company undertook to keep the position under review and to seek to move the listing to the Main List at the first appropriate opportunity.

On 8 July 2011, the Company was informed by the EBT that it had sold 2,000,000 Preference Shares to new institutional investors which has enabled the Company to satisfy the public hands requirement. The Board believes that the proposed move from AIM to the Official List will help to increase the profile and liquidity of the Preference Shares particularly as it should allow them to qualify for inclusion in ISAs for the first time.

Applications have been made to the UKLA and to the London Stock Exchange respectively for admission of all of the Preference Shares to: (i) the Official List; and (ii) trading on the Main Market. It is expected that Admission will become effective and that dealings in the Preference Shares will commence no later than 8.00 a.m. on 27 July 2011.

### **4. DIRECTORS AND EMPLOYEES**

#### **Directors**

##### **Richard Jewson**, *Non-Executive Chairman (aged 66)*

Richard Jewson joined Jewson, the timber and building merchant, in 1965 becoming the Managing Director, then Chairman, of its holding group, Meyer International plc from which he retired in 1993. Since then he has served as Non-Executive Director and chairman of a number of public companies. He retired in 2004 from 10 years as Chairman of Savills plc and in 2005 from 14 years as a non-executive Director and deputy Chairman of Anglian Water plc. He is currently Chairman of Archant Ltd, and a non-executive director of Temple Bar Investment Trust plc, Grafton Group plc and other unquoted companies.

##### **Anton Bilton**, *Executive Deputy Chairman (aged 46)*

Anton Bilton is an economics graduate from The City University in London. Anton was the founder of The Raven Group. He has also been a founder and director of three other companies that have floated on AIM and four public property companies established under the Business Expansion Scheme.

##### **Glyn Hirsch**, *Chief Executive Officer (aged 50)*

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, the listed property investment company, 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.

**Mark Sinclair, Chief Finance Officer (aged 45)**

Mark Sinclair, a Guernsey resident, is a chartered accountant, and spent 18 years at BDO Stoy Hayward, a leading professional services firm in the UK where he was a partner in the London real estate group. He joined Raven Mount in June 2006 as Finance Director of RRPM, the former property advisor to the Company prior to the Internalisation in November 2008.

**Colin Smith, Chief Operating Officer (aged 41)**

Colin Smith, a Guernsey resident, qualified as a Chartered Accountant with Stoy Hayward. Prior to joining the Company, he was a director in the audit and assurance division of the chartered accountant practice of BDO in Guernsey, having joined BDO in 1994. Colin has also been a non-executive director of a number of offshore investment funds and companies.

**Stephen Coe, Non-Executive Director (aged 45)**

Stephen Coe BSc, FCA, a resident of Guernsey, is self employed providing executive and non-executive services to public and private clients. His current public directorships include Matrix European Real Estate Investment Trust Ltd, ACP Capital Ltd and Trinity Capital Limited where he acts as a non-executive director; he is also chairman of the Audit Committee for the three entities. Private clients include investment funds and a captive insurer. From 2003 to 2006, he was Managing Director of Investec Trust (Guernsey) Ltd and Investec Administration Services Ltd, responsible for private client and institutional structures. Between 1997 and 2003 he was a director of Bachmann Trust Company Ltd and previously he worked with Price Waterhouse specialising in financial services.

**David Moore, Non-Executive Director (aged 50)**

David Moore is a resident of Guernsey. He is an advocate of the Royal Court of Guernsey and is a partner with Mourant Ozannes in Guernsey. He has been with Ozannes since 1993 and with Mourant Ozannes since its merger on 1 June 2010 and before that spent 10 years practicing 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 and insurance management companies including Standard Life Investments Property Income Trust Ltd of which he is former non-executive chairman.

**Christopher Sherwell, Non-Executive Director (aged 63)**

Christopher Sherwell is a Guernsey resident and a former managing director of Schroders in the Channel Islands. Before joining Schroders, he was Far East Regional Strategist in London and Hong Kong for Smith New Court Securities and, prior to that, spent 15 years as a journalist, much of them as a foreign correspondent for the Financial Times. He has considerable public company experience and acts as a non executive director on a number of publicly listed investment companies including Goldman Sachs Dynamic Opportunities Ltd where he is chairman and IRP Property Investments Ltd, Baker Steel Resources Trust Ltd and Hermes Alternative Investment Funds Plc. He is the Company's Senior Independent Director.

**Employees**

At the date of this document, the Group has 540 employees.

The table below shows the divisional breakdown of employees by their main activity.

Division	Total Number of Employees	Management	Development		Structured Finance	Property Management	Leasing	Finance and Administration	Logistics
			Monitoring and Acquisition						
Raven Russia	86	11	7		2	11	5	50	–
Roslogistics	447	11	–		–	–	–	38	398
Raven Mount	7	2	1		–	–	–	4	–
Group total	540	24	8		2	11	5	92	398

## 5. CORPORATE GOVERNANCE

### UK Corporate Governance Code (the “Code”)

Guernsey (the Company’s place of incorporation) does not have a formal corporate governance regime, however, as the Company has a premium listing of its Ordinary Shares on the Main Market, it is required under the Listing Rules to report its compliance or otherwise with the Code in its annual financial statements for that year. A full corporate governance statement was included within the audited financial statements of the Company for the year ended 31 December 2010, which confirmed the Company’s compliance with the UK Combined Code for that year. The Company will report its compliance or otherwise with the Code in corporate governance statements to be included within its audited financial statements each year. The Board is of the opinion that, as at the date of this document, it is fully compliant with the Code.

Annex I  
Para 16.3, 16.4

### The Board and Board Committees

The Chairman is Richard Jewson.

The Board considers each of the Non-Executive Directors (including the Chairman) to be independent for the purposes of the Combined Code.

The full Board meets six times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors meet on an *ad hoc* basis to consider transactional and related matters concerning the Company’s business.

The Board has appointed an Audit Committee which is responsible for ensuring that the financial performance of the Group is properly reported and monitored. The Audit Committee reviews the annual and interim accounts, interim management statements, accounting policies of the Group, the appointment of the auditors, internal control systems and risk management. The Audit Committee has established a Risk Committee comprising Executive Directors and senior management to carry out the review and assessment of risks within the Group’s activities. The Audit Committee comprises David Moore, Christopher Sherwell and Stephen Coe, who is Chairman. The Audit Committee meets at least twice a year.

The Board has appointed a Nominations Committee comprising Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman of the committee, which meets when required. Changes in the membership of the Board are considered by the Nominations Committee prior to making recommendations to the full Board.

The Board has appointed a Remuneration Committee comprising Stephen Coe, Richard Jewson and Christopher Sherwell, who is Chairman. The Remuneration Committee meets at least once a year to review the performance of Executive Directors, to determine their remuneration and other benefit packages. The fees of the Non-Executive Directors are determined by the Executive Directors.

## 6. SUMMARY FINANCIAL INFORMATION

The following information has been extracted without material adjustment from the annual report and financial statements of the Company for the years ended 31 December 2010, 31 December 2009 and 31 December 2008, each of which are incorporated by reference into this document (as referred to on page 108 below).

Annex I  
Para 3.1, 3.2, 6.2

	<i>Year ended 31 December 2010 (Audited)</i>	<i>Year ended 31 December 2009 (Audited)</i>	<i>Year ended 31 December 2008<sup>(1)</sup> (Unaudited)</i>	<i>Year ended 31 December 2008 (Audited) (As reported)</i>
	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>
Net rental and related income	61	50	40	43
Profit/(loss) from operations	25	13	(85)	(85)
Revaluation gains/(losses)	79	(108)	(39)	(39)
Ordinary dividends paid	4	4	55	55
Net assets at year end	580	546	735	735

- (1) During the year to 31 December 2009, the function of expenditure incurred by the Group's "special purpose vehicles" ("SPV's") was reconsidered and it was concluded that for some SPVs, expenditure previously reported as administrative expenses was operational and represented accordingly. This reclassification was a voluntary restatement of comparative figures to ensure consistency. Further details of this reclassification are provided in the 2009 audited financial statements incorporated by reference into this document.

## 7. PROPERTY VALUATION POLICY

The Company has appointed Jones Lang LaSalle as property valuers to prepare valuations on a semi-annual basis, with the valuation as at 30 June 2011 appearing in Part 6 of this document. Valuations are undertaken in accordance with the appropriate sections of the current practice statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 6th Edition (the "Red Book"). This is an internationally accepted basis of valuation. The Directors assess the value of investment property based on these valuations. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

At 31 December 2010, investment property and investment property under construction were carried in the consolidated balance sheet of the Company's audited financial accounts at \$1,050 million. At 30 June 2011 this valuation has increased to \$1,204 million after construction costs in this period of \$43 million. The rise is due to a number of factors including improved market conditions in the Russian property market over the last six months, a rise in rents and tenant demand and increased investor interest. The full valuation by JLL is set out as Part 6.

## 8. DIVIDEND POLICY ON ORDINARY SHARES

A final dividend of 1p per Ordinary Share was paid in respect of the financial year ending 31 December 2010. Instead of an interim dividend for 2010, the Directors implemented a tender offer buyback equivalent to a dividend of 1p per Ordinary Share. The Ordinary Shares repurchased were cancelled.

The Board intends to adopt a progressive dividend policy as the Group's property portfolio matures.

The amount of the dividend per Ordinary Share paid in respect of each of the three financial years ending 31 December 2010, 31 December 2009 and 31 December 2008, was as follows:

	<i>Financial year ended</i>		
	<i>31 December 2010</i>	<i>31 December 2009</i>	<i>31 December 2008</i>
Dividend paid	1p	1p	3p

## 9. DIVIDENDS ON PREFERENCE SHARES

Cumulative Preference Dividends accrue from day to day on the Preference Shares at a rate of 12 per cent. per annum and are payable quarterly in equal instalments in arrears on 31 March, 30 June, 30 September and 31 December in each year. The amount of dividend per Preference Share paid in respect of each of the financial years ending 31 December 2010 and 31 December 2009, was as follows:

	<i>Financial year ended</i>	
	<i>31 December 2010</i>	<i>31 December<sup>(1)</sup> 2009</i>
Preference Dividend	12p	9.24p

- (1) The Preference Shares were created following the passing of a resolution on 24 March 2009.

## 10. FINANCING OF THE GROUP

To date the Group has financed the acquisition and construction of its portfolio through a combination of equity and debt finance, the latter in the form of both construction and investment loans. These are secured on each of the Group's properties and on a non-recourse or limited recourse basis to the Company. Details of the limited recourse arrangements are set out in paragraph 10 of Part 8 of this document.

The majority of term facilities mature on dates ranging from 2012 to 2018, with one near term maturity of \$58 million in the current year. The non-recourse, or limited recourse nature of these banking facilities protects, or limits, the exposure of the remainder of the Group from default on any one facility.

The Group has continued to progress and sign new facilities and is in advanced discussions on refinancing the near term debt maturity. Any new facilities are discretionary and would be secured on currently unencumbered assets.

In the financial statements of the Group for the financial year ended 31 December 2009, the Company indicated that there was a possibility of loan-to-value breaches totaling \$9 million on certain bank facilities. The bank involved conducted formal valuations of the related properties. The terms of the Group's banking facilities allow for any loan to value covenant breaches to be remedied through prepayment of part of the relevant facility. As such, it was agreed with the bank involved that additional capital payments of a maximum of \$5.3 million in total would be made in the year to 31 December 2010 to remedy any potential breaches.

Only one asset, Constanta, the Grade B office block in St. Petersburg, continues to be remedied and the bank sweeps all excess cash generated by the asset. Raven Russia has agreed to pay a maximum of \$284,000 if any shortfall in debt service arises. The tenant, Lenenergo, is late in paying its rental obligations for the quarter to 30 June 2011. It has indicated in writing that it will pay all outstanding amounts subject to agreement of certain conditions, including the waiver of penalty interest. The landlord company, Petroestate LLC has replied to the request and is awaiting the tenant's response. In the meantime, Petroestate LLC has instigated legal proceedings for recovery of all outstanding amounts in parallel should the tenant not fulfil its obligations.

Actual additional principal repayments totaled \$4.7 million in 2010 and are expected to be \$2.3 million in 2011.

## **11. RUSSIAN PROPERTY MARKET OVERVIEW AND TRADING UPDATE**

The markets in which the Group operates are continuing to see high levels of tenant demand. In Moscow the vacancy rate for Grade A warehousing is below 3 per cent. and this is causing rents to rise.

These improving market conditions are reflected in the half year valuations of the property portfolio undertaken by JLL. They show an increase in the gross value of the investment portfolio from \$943 million at 31 December 2010 to \$1,078 million at 30 June 2011, including capital expenditure of \$30 million, a valuation uplift of \$104 million (11 per cent.) since the year end. Investment property under construction (including additional phases of existing properties and land bank) is carried at \$125.8 million (31 December 2010: \$107 million) after capital expenditure of \$12.9 million.

In all markets the Group is seeing rents rise and yields tighten, driven by tenant demand and increased investor interest. Prime yields in Moscow are now around 11 per cent. and prime rents have increased to \$120 per square metre. Yields remain high compared to emerging market peers. According to JLL, prime yields for warehouse properties in China are around 8.5 per cent.. In Eastern Europe they are at similar levels. The values above at 30 June 2011 imply a yield of 11.9 per cent. on the Group's completed portfolio when fully let. With interest rates remaining low across the globe, the prospect of a US Dollar denominated rent on a Grade A warehouse property, let on a five year lease at a double digit yield, must become increasingly attractive to investors. In addition, the Russian Government's intention to invest \$1 trillion in infrastructure in the medium term should act as an additional catalyst to investment in regional Russian cities.

The investment property portfolio is now 84 per cent. let with a further 2 per cent. under pre let agreement ("PLA") or letter of intent ("LOI"). In the first six months of 2011 the Group has leased 188,000 square metres and annualised net operating income is now \$112.5 million, rising to \$114 million on conversion of PLAs and LOIs. Fully let, the portfolio has an estimated rental value of \$128 million per annum.

In Moscow, at the Klimovsk project, the Group has taken advantage of favourable market conditions to start the construction of 53,000 square metres of new Grade A warehousing for delivery in the first quarter of

2012. Work is progressing well and detailed negotiations with prospective tenants are expected in the last quarter of this year. The project should contribute an additional \$6.4m to net operating income once fully let.

Tenant demand is expected to remain strong in the second half of 2011, driven by increasing consumer demand in Russia. The Group continues to look at new investment opportunities but the returns from building additional phases on existing projects look more attractive at this time.

## **12. TAXATION**

The policy of the Group will be to continue to manage and operate each Group company in a way that is intended to ensure that it is resident for tax purposes only in the jurisdiction in which it is incorporated or domiciled and that it has no taxable permanent establishments or other taxable presence in any other jurisdiction, other than in the case of those companies providing advisory and staff services which may have permanent establishments in Russia or the UK. In particular, the Group intends to try to ensure, following advice, that any activities of the Company, RRPA or other Group companies carried out in Russia will not create permanent establishments in Russia that could lead to reliefs under the Cyprus-Russia treaty being withdrawn or other Russian tax exemptions not being available.

## PART 2

### OPERATING AND FINANCIAL REVIEW

*The following operating and financial review should be read in conjunction with the historical financial information relating to the Group incorporated by reference into this document and with the information relating to the business of the Group included elsewhere in the Prospectus. This review contains certain forward-looking statements that reflect the current view of the Group's management and involve risks and uncertainties. The actual future results of the Group may differ materially from those discussed herein. Factors that could cause or contribute to such differences include, without limitation those discussed in the "Risk Factors" section and elsewhere in this document.*

*The selected financial information discussed in this Part 2 has been extracted without material adjustment from the financial information of the Group as at, and for the financial years ended, 31 December 2008, 31 December 2009 and 31 December 2010 which have been prepared in accordance with IFRS.*

#### **1. BUSINESS PERFORMANCE AND OPERATING AND FINANCIAL REVIEW**

##### **1.1 Overview of Business**

The Company's strategy is to invest for the long term, in freehold and leasehold Warehouse properties in Russia which offer the prospect of attractive returns to its investors. The Company will continue to seek such property opportunities, either for direct investment by entities within the Group or investment with co-investment partners.

At 31 December 2010, the Group had completed investment properties with a carrying value of \$943.0 million, investment properties under construction with a carrying value of \$15.3 million, additional phases of existing properties with a carrying value of \$41.4 million and a land bank of \$50.1 million.

The completed Grade A warehouse investment properties are located in four cities in Russia: Moscow; St Petersburg; Rostov on Don; and Novosibirsk, with a gross lettable area of 954,000 square metres as at 31 December 2010. The investment portfolio also includes a Grade B office block in St Petersburg and a Grade B warehouse in Kiev, Ukraine which is held for development.

The geographical split of value of the investment portfolio at 31 December 2010 was: Moscow \$577 million; St Petersburg \$188.4 million; and other regional cities \$177.6 million.

Assets under construction and additional phases of existing properties include sites in Moscow, Rostov on Don and the remainder of the development site in Kiev.

The land bank comprises land held for development in six other regional Russian cities and a plot in Minsk in Belarus.

In the year ended 31 December 2010, the Group continued with the orderly disposal of its Raven Mount inventory at above acquisition cost and this should continue to provide the Company with additional cash resources over the medium term.

In addition, the Company rationalised the Roslogistics business in 2010, reducing the space it let, terminating loss making contracts and focusing the management team on operational efficiencies. This provided a contribution to Group overheads of £5.8 million in 2010 and 2011 should see the full benefit of the reorganisation.

#### **2. KEY FACTORS AFFECTING OPERATING AND FINANCIAL RESULTS**

##### **2.1 Movements in Property Prices**

At each balance sheet date, the market value of the Group's completed investment property portfolio is assessed by external, independent valuers on an open market basis and this is reflected in the Group's consolidated balance sheet. The Group recognises the resulting upward or downward

movement in the value of the Group's completed investment properties from the previous valuation date in its income statement under "Unrealised profit/(loss) on revaluation of investment property".

In 2008, the Group carried its investment property under construction at cost less any impairment loss. Following the introduction of IAS 40 "Investment Property (amended)" the Group now carries these assets at fair value based on valuations provided by external, independent valuers for assets under construction and additional phases of completed property and based on Directors' valuations for the land bank. This policy was introduced prospectively from 1 January 2009. The impairment loss in 2008 was reflected in the income statement under "Impairment of investment property under construction". Movements in value from 2009 were included as an "unrealised profit/(loss) on valuation of investment properties under construction" in the income statement.

Property values are affected by a number of macroeconomic and sector-specific factors, including GDP growth rates, business and consumer confidence levels, demand for consumer and business products and services, levels of corporate profitability, government building and infrastructure investment initiatives, inward foreign investment, foreign currency exchange movements, the availability and cost of credit and interest rates. The global economic crisis of late 2008/early 2009 had a severe impact on values across all asset classes, including commercial real estate. This had a detrimental effect on the value of the Group's portfolio valuation in 2008 and 2009 but improving conditions have resulted in some of these valuation losses being recovered in 2010.

The following table shows the amounts the Group recorded for its completed investment properties under "Unrealised profit/(loss) on revaluation of investment properties" for the three years to 31 December 2010:

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Unrealised (loss)/profit on revaluation of investment property	(39,145)	(57,933)	62,798

The Group recognised an impairment loss on investment property under construction in the year to 31 December 2008, an unrealised loss on revaluation of investment property under construction in the year to 31 December 2009 and an unrealised profit on revaluation of investment property under construction in the year to 31 December 2010, as follows:

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Impairment of investment property under construction	(38,918)	–	–
Unrealised (loss)/profit on revaluation of investment property under construction	–	(50,544)	16,453

## **2.2 *Movements in Foreign Currency Exchange Rates***

As the Group operates internationally, it is exposed to foreign exchange risk arising from foreign currency exposure, primarily with respect to US Dollars, Sterling and the Rouble. Foreign exchange risk arises from future commercial transactions, including construction contracts and lease receivables, recognised monetary assets and liabilities and net investments in foreign entities.

Volatility in the foreign exchange markets and the relative weakening of the Rouble to the US Dollar in late 2008/early 2009 had an impact on the results of the Group's Russian subsidiary companies whose functional currency is the Rouble. When translating these subsidiary results from their functional currency of the Rouble to the Company's presentation currency of US Dollars, the re-translation of investment assets under construction led to an unrealised exchange gain or loss in the

Group's income statement under "Foreign currency gains/(losses)". The deterioration of the Rouble in 2008/9 also resulted in reducing the net investment in these Russian subsidiaries. The loss on the net investment in subsidiaries due to exchange rate fluctuations, is recorded as a charge through the translation reserve.

Sterling cash flows, such as Preference Share dividends, dividends on the Ordinary Shares and head office overheads have been funded by holding sufficient Sterling funds to cover the related liability. The foreign exchange movements on translating these Sterling cash balances were taken to the Group's reserves in 2009 and 2010 as the Company's functional currency was sterling. Prior to the acquisition of Raven Mount and the issue of Preference Shares in 2009, movements on sterling currency balances would have been expressed as foreign currency gains and losses through the income statement, as the Company's functional currency was deemed to be US dollars at that time.

The Group recognised these movements in the three years to 31 December 2010 as follows:

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Gains on foreign currency cash held	2,209	464	2,099
Losses on assets under construction	(24,273)	(4,117)	–
Other (losses)/gains	(11,865)	556	(114)
Foreign currency (losses)/gains	<u>(33,929)</u>	<u>(3,097)</u>	<u>1,985</u>
(Losses)/profits on net investment in foreign entities <sup>(1)</sup>	<u>(53,783)</u>	<u>(41,586)</u>	<u>3,322</u>

(1) The (losses)/profits on net investment in foreign entities is a movement in reserves.

When practicable, the Group hedges its exposure to interest rate movements and to non US dollar cash transactions to give certainty to future cash flows. It uses interest and currency derivatives to achieve this.

The Group has recognised movements on the mark to market and maturity of these instruments as part of finance income or expense for the three years to 31 December 2010 as follows:

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Net (loss)/profit on maturing forward currency derivatives	(14,712)	(892)	409
Net change in fair value of open forward currency derivatives	(2,631)	866	961
Net change in fair value of open interest rate derivatives	(7,595)	1,529	(1,333)
Loss on closure of interest rate derivatives	–	–	(31)

### 2.3 *Internalisation of the Property Advisor*

In November 2008, the Company acquired its property advisor, RRPM and its sister company RRPA, from Raven Mount for consideration of 80 million Ordinary Shares and £15 million cash. Details of the transaction and its impact on the income statement of the Group at 31 December 2008 are given in the audited financial statements of the Group, which are incorporated by reference into this document (as referred to on page 108 below).

## 2.4 *Issue of Preference Shares and Warrants*

In March 2009, the Company completed a fundraising, issuing 76,155,000 Units for £1 each, consisting of 1 Preference Share and 1 Warrant.

## 2.5 *Acquisition of Roslogistics*

In May 2009, the Company took full control of its joint venture, Roslogistics. Details of the transaction are given in the audited financial statements of the Group for the year ended 31 December 2009, which are incorporated by reference into this document (as referred to on page 108 below).

## 2.6 *Acquisition of Raven Mount*

In July 2009, the Company completed the acquisition of Raven Mount. Consideration was in the form of 66,409,478 Units, consisting of 1 Preference Share and 1 Warrant. Details of the transaction are given in the audited financial statements of the Group for the year ended 31 December 2009, which are incorporated by reference into this document (as referred to on page 108 below).

## 2.7 *Warrant Offer*

In July 2010, the Company purchased and cancelled 36,256,016 Warrants under an offer to all Warrantholders. Details of the offer to Warrantholders are set out in the audited financial statements of the Group for the year ended 31 December 2010, which are incorporated by reference into this document (as referred to on page 108 below).

## 2.8 *Tender Offer*

In October 2010, the Company completed the purchase of 8,677,910 Ordinary Shares under the terms of a tender offer. Details of the tender offer are set out in the audited financial statements of the Group for the year ended 31 December 2010, which are incorporated by reference into this document (as referred to on page 108 below).

## 2.9 *Results of operations*

### 2.9.1 *Explanation of certain income statement line items*

(a) Gross revenue

Gross revenue includes rent receivable, property operating costs recoverable from tenants, the Group's share of turnover of Roslogistics and gross sale receipts from the sale of Raven Mount inventory.

(b) Net rental and related income

Net rental and related income comprises gross rental and related income less property operating expenses and related costs. Property operating expenses include costs relating to common areas and other costs incurred in running properties including property taxes. Related costs include the cost of sales of both Roslogistics and Raven Mount.

(c) Administrative expenses

Administrative expenses include the property advisor management and performance fees prior to the Internalisation in November 2008, employment costs from the period since Internalisation, any impairment of goodwill, corporate overheads, administrator fees for the companies within the Group, costs associated with the listing of the Ordinary Shares and the administrative expenses of Roslogistics and Raven Mount.

(d) Share-based payments

Share-based payments comprise the notional expenses for the Executive Share Option Schemes ("ESOS") and equity settled bonus payments to Executive Directors and senior employees. Full details of the ESOS and bonus plan are contained in (i) the Director's Remuneration report which forms part of the audited financial statements of the Group for the year ended 31 December 2010, which are incorporated by reference into this document (as referred to on page 108 below) and (ii) paragraph 7 of Part 8 of this document.

- (e) Foreign currency gains/(losses)  
This line item is described above in paragraph 2.2.
- (f) Profit on disposal of investment property  
Profit on disposal of investment property is the profit realised in the year ended 31 December 2010 from the sale of the Baltia warehouse in Moscow.
- (g) Unrealised profit/(loss) on revaluation of investment property  
This line item is described above in paragraph 2.1 above.
- (h) Unrealised profit/(loss) on revaluation of investment property under construction  
This line is described above in paragraph 2.1 above.
- (i) Finance income and finance expense  
Finance income and expense includes interest receivable on deposits and securities, interest receivable on loans to joint ventures, interest payable on borrowings, Preference Share dividends, gains and losses on maturing foreign currency forwards, gains and losses on closure of interest rate derivative contracts and valuation movements on fair value interest rate derivative contracts and foreign currency forwards.
- (j) Taxation  
Taxation includes current taxes, principally Russian corporation tax on income producing subsidiaries, and deferred tax on property revaluations and losses.

#### 2.9.2 Results of operations for the financial years ended 31 December 2008, 2009 and 2010

The following tables summarise the Group's consolidated income statements, extracted from the audited financial statements for the financial years ended 31 December 2008, 2009 and 2010:

	<i>For the financial year ended</i>		
	<i>31 December 2008</i>		
	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Gross revenue	71,311	–	71,311
Net rental and related income	39,503	–	39,503
Administrative expenses	(22,295)	(5,384)	(27,679)
Share based payments	(2,410)	–	(2,410)
Settlement of advisory contract	(67,581)	–	(67,581)
Negative goodwill	7,564	–	7,564
Foreign currency losses	(9,656)	(24,273)	(33,929)
Unrealised loss on revaluation of investment property	–	(39,145)	(39,145)
Impairment of investment property under construction	–	(38,918)	(38,918)
Finance income	11,613	–	11,613
Finance expense	(21,066)	(17,343)	(38,409)
Loss before tax	(64,328)	(125,063)	(189,391)
Taxation	7,653	11,449	19,102
Loss for the year	<u>(56,675)</u>	<u>(113,614)</u>	<u>(170,289)</u>

	<i>For the financial year ended 31 December 2009</i>		
	<i>Revenue</i> (\$'000)	<i>Capital</i> (\$'000)	<i>Total</i> (\$'000)
Gross revenue	112,204	–	112,204
Net rental and related income	50,324	–	50,324
Administrative expenses	(33,662)	–	(33,662)
Share based payments	(190)	–	(190)
Foreign currency profits/(losses)	1,020	(4,117)	(3,097)
Unrealised loss on revaluation of investment property	–	(57,933)	(57,933)
Unrealised loss on revaluation of investment property under construction	–	(50,544)	(50,544)
Finance income	3,952	866	4,818
Finance expense	(57,120)	(892)	(58,012)
Loss before tax	(35,676)	(112,620)	(148,296)
Taxation	6,914	2,103	9,017
Loss for the year	<u>(28,762)</u>	<u>(110,517)</u>	<u>(139,279)</u>

	<i>For the financial year ended 31 December 2010</i>		
	<i>Revenue</i> (\$'000)	<i>Capital</i> (\$'000)	<i>Total</i> (\$'000)
Gross revenue	130,628	–	130,628
Net rental and related income	61,075	–	61,075
Administrative expenses	(31,364)	–	(31,364)
Share based payments	(6,427)	–	(6,427)
Foreign currency profits	1,985	–	1,985
Profit on disposal of investment property	–	12,178	12,178
Unrealised profit on revaluation of investment property	–	62,798	62,798
Unrealised profit on revaluation of investment property under construction	–	16,453	16,453
Finance income	2,483	1,370	3,853
Finance expense	(64,839)	–	(64,839)
(Loss)/profit before tax	(37,087)	92,799	55,712
Taxation	(1,838)	(12,389)	(14,227)
(Loss)/profit for the year	<u>(38,925)</u>	<u>80,410</u>	<u>41,485</u>

(a) *Gross revenue*

The Group's gross revenue was \$71 million, \$112 million and \$131 million for the years ended 31 December 2008, 2009 and 2010 respectively.

The increase year on year principally reflects the progression of the Group's development programme as new properties are completed and become income producing. The share of turnover of Roslogistics was \$9 million (2008), \$16 million (2009) and \$22 million in 2010. Raven Mount contributed \$15 million in 2009 and \$18 million in 2010.

(b) *Net rental and related income*

The Group's net rental and related income was \$40 million, \$50 million and \$61 million for the years ended 31 December 2008, 2009 and 2010 respectively.

As above, the increasing trend principally reflects assets under construction completing and transferring to income producing investment assets. Included in net rental and related income are gross profits generated by Roslogistics of \$0 million, \$2 million and \$6 million in 2008, 2009 and 2010 respectively. Raven Mount contributed \$2 million to net rental and related income in 2009 and \$5 million in 2010.

(c) *Administrative expenses*

The Group had administrative expenses of \$28 million, \$34 million and \$31 million for the years ended 31 December 2008, 2009 and 2010 respectively.

The following table analyses the key elements of administrative costs for each of those years.

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Employment costs	1,250	14,716	12,363
Office running costs and insurance	355	4,105	4,315
Property adviser management fees			
– gross	27,698	–	–
– less amounts capitalised	(21,529)	–	–
Impairment of goodwill	2,265	–	–
Impairment of loans to joint venture	3,119	–	–
Directors' remuneration	527	3,116	3,275
Auditors' remuneration (includes			
non audit services)	1,178	1,723	769
External administrator fees	3,321	1,172	385
Legal and professional	1,146	2,656	2,195
Abortive project costs	3,684	313	–
Depreciation	750	1,344	2,188
Listing costs	–	–	2,017
Closure costs	–	–	1,357
Share of operating expenditure			
of joint ventures	2,947	904	189
Travel costs	159	1,334	1,557
Other operating expenditure	809	2,279	754
	<u>27,679<sup>(1)(2)</sup></u>	<u>33,662<sup>(2)</sup></u>	<u>31,364</u>

(1) The 2008 financial statements included "operating expenditure of subsidiary companies" in administrative expenses but this has been removed from this table to be consistent with treatment in the 2009 and 2010 financial statements whereby this cost category was recorded as a deduction from gross income. The amount removed is \$3,361,000.

(2) Share-based payments were included in administrative expenses in the audited financial statements of the Group for the years ended 31 December 2008 and 31 December 2009 but disclosed as a separate item in the year ended 31 December 2010 and so, for consistency, have been removed from administrative expenses in the tables above and below in this section.

Administrative expenses, before impairment of goodwill and loans, for each business segment in the three years under review were as follows (Roslogistics was accounted for as a joint venture until the acquisition of the remaining 50 per cent. shareholding in April 2009):

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Property investment <sup>(1)</sup>	21,812	15,260	13,789
Roslogistics	2,478	5,536	6,333
Raven Mount	–	5,429	3,076
Central overhead	3,389	7,437	8,166
	<u>27,679</u>	<u>33,662</u>	<u>31,364</u>

(1) Amounts for 2008 are shown after capitalisation of property adviser management fees, amounting to \$21.5 million.

(d) *Share-based payments*

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Equity settled share-based payments	2,410	190	6,427

In 2008, the expense related to the notional charge for the options and warrants issued to the property adviser prior to Internalisation. Following Internalisation, the options and warrants were cancelled and the ESOS were established in their place. Awards under the ESOS were made in late 2009 and early 2010, hence the comparatively low expense in 2009. In 2010, the first share-based payments were made under the cash conserving bonus plan, resulting in a higher expense for that year.

(e) *Profit on disposal of investment property*

The Group generated profit of \$12 million on disposal of its Baltia warehouse from proceeds of \$43 million and after repayment in full of associated debt and asset sale costs.

(f) *Foreign currency gains/(losses)*

The Group had foreign currency losses of \$33.9 million in the year ended 2008 and \$3.1 million in the year ended 31 December 2009 and foreign currency profits of \$2.0 million in the year ended 31 December 2010. The loss in 2008 relates to the unrealised foreign exchange movement on investment assets under construction in Rouble functional currency subsidiaries. This is summarised in the table at 2.2 above.

(g) *Unrealised profit/(loss) on revaluation of investment property*

The Group recognised a loss on revaluation of investment property of \$39 million in the year ended 31 December 2008, \$58 million in the year ended 31 December 2009 and a profit of \$63 million in the year ended 31 December 2010.

These valuation movements reflect the changes in the market value of the Group's completed property portfolio at each balance sheet date.

(h) *Impairment and unrealised profit/(loss) on revaluation of investment property under construction*

The Group's revaluation of investment property under construction was a loss of \$51 million in the year ended 31 December 2009 and a profit of \$16 million in the year ended 31 December 2010.

This valuation movement reflects the changes in the market value of the Group's investment property under construction at each balance sheet date since 1 January 2009.

Prior to 2009, property assets under construction were reviewed for impairment. This resulted in an impairment provision of \$39 million in the year ended 31 December 2008.

(i) *Finance income and finance expense*

The Group generated finance income of \$12 million, \$5 million and \$4 million in the years ended 31 December 2008, 2009 and 2010 respectively, reflecting reducing cash balances as construction progressed and the reduction in global interest rates.

The Group had a finance expense of \$38 million, \$58 million and \$65 million in the years ended 31 December 2008, 2009 and 2010 respectively. The increase reflects the introduction of new debt facilities over the three year period and the issue of the Preference Shares in 2009.

(j) *Taxation*

The table below sets out the key components of taxation credited in each of the three financial years.

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Current taxation	2,022	2,690	1,752
Deferred tax credits on tax losses			
in Russian asset owning subsidiaries	(13,020)	(16,090)	(501)
Deferred tax movements on revaluation			
of investment property	(11,154)	(2,103)	12,095
Other deferred tax movements	3,050	6,486	881
Taxation (credited)/charged	<u>(19,102)</u>	<u>(9,017)</u>	<u>14,227</u>

(k) *Profit/(loss) for the year*

As a result of the factors described above, the Group's profit/(loss) for the year was a loss of \$170 million and \$139 million for the years ended 31 December 2008 and 31 December 2009 respectively and a profit of \$41 million for the year ended 31 December 2010.

### **3. CAPITAL RESOURCES AND LIQUIDITY MANAGEMENT**

As at 31 May 2011, the Group had \$449 million of drawn bank debt and \$107 million of cash and cash equivalents. The Group also had \$38 million of committed undrawn debt as at 31 May 2011, provided by Raffeisenbank and subsequently drawn in full on 23 June 2011 and secured on the Klimovsk Phase I project. This increased the total bank debt drawings to date in 2011 to \$68 million, including \$30 million drawn on 27 January 2011 from Marfin Bank secured on Lobnya.

The majority of the Group's facilities mature on dates ranging from 2012 to 2018 with one near term maturity of \$58 million in the current year. In respect of this facility, the Group is in advanced discussions on refinancing with a number of lenders and, in any event, has other bank facilities and cash resources in excess of \$100 million.

The Group's cash management policy was previously to maintain a minimum central balance to enable it to service its debt obligations on completed properties and act as a buffer for tenant default or slower than expected uptake by new tenants on newly completed properties. As the Group's letting programme progresses and global conditions improve, the Board will use excess cash to enhance shareholder value where possible.

### 3.1 *Cash Flow Analysis*

The following table summarises the Group's consolidated cash flow for the financial years ended 31 December 2008, 2009 and 2010.

	<i>For the financial year ended</i>		
	<i>31 December</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Net cash generated from operating activities	17,975	14,909	33,138
Net cash (used in)/generated			
from investing activities	(670,331)	(64,179)	34,508
Net cash generated from/(used in)			
financing activities	<u>259,839</u>	<u>55,950</u>	<u>(82,095)</u>
Net (decrease)/increase in cash and			
cash equivalents	(392,517)	6,680	(14,449)
Effect of foreign exchange rate changes	<u>20,122</u>	<u>8,667</u>	<u>(1,692)</u>
	<u>(372,395)</u>	<u>15,347</u>	<u>(16,141)</u>
<b>Closing cash and cash equivalents</b>	<u>108,435</u>	<u>123,782</u>	<u>107,641</u>

(a) *Net cash generated from operating activities*

The Group had net cash inflows from operating activities of \$18 million for the year ended 31 December 2008, a small decrease by \$3 million to \$15 million in the financial year ended 31 December 2009 and then a significant increase to \$33 million for the year ended 31 December 2010.

This reflects the trend in asset completion. In 2008 completed assets were substantially fully let whereas in 2009, the majority of the construction of new properties was completed towards the end of the year, increasing the related property operating expenditure but without the benefit of a full year of income receipts. 2010 shows a significant increase in cash generated from operating activities as completed properties were let.

(b) *Net cash (used in)/generated from investing activities*

The Group had net cash outflows from investing activities of \$670 million and \$64 million in the years ended 31 December 2008 and 2009 respectively and an inflow of \$35 million in the year ended 31 December 2010.

Again, this reflects the development trend of the portfolio, 2008 being the height of the Group's development programme, 2009 cash outflows being offset by VAT recoveries and the cash acquired pursuant to the acquisition of Raven Mount and the 2010 inflow largely due to proceeds from disposal of an investment property.

(c) *Net cash generated from/(used in) financing activities*

The Group had net cash inflows from financing activities of \$260 million and \$56 million for the years ended 31 December 2008 and 2009 respectively and a net cash outflow of \$82 million in 2010.

The inflows resulted from the draw down of debt facilities, 2008 showing the most significant drawdowns when construction activity was at its peak. The outflow is due to a combination of

an increase in debt service payments, a full year of Preference Share dividends and the Company's acquisition of its own Ordinary Shares and Warrants under the tender offer and the warrant offer.

### 3.2 *Debt Facilities*

The Group utilises financing structures secured on individual assets which are non recourse or limited recourse to the Company wherever possible. Debt facilities have a variety of maturities and the following table gives an overview of the maturity profile of the Group's on-balance sheet debt obligations at 31 December 2010 and at 31 May 2011, not including the Preference Shares:

	<i>As at 31 December</i>	<i>As at 31 May</i>
	<i>2010</i>	<i>2011</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Repayable within 1 year	89,845	107,733
Repayable between:		
1 and 2 years	161,736	148,918
3 and 5 years	122,865	133,782
5 and 10 years	57,605	68,250
	<u>342,206</u>	<u>350,950</u>
Gross indebtedness	432,051	458,683
Interest rate derivatives	5,774	4,901
Cash and cash equivalents	<u>(107,641)</u>	<u>(106,655)</u>
<b>Net indebtedness</b>	<u>330,184</u>	<u>356,929</u>

#### 3.2.1 *Facility Details*

(a) *Debt secured on investment property and additional phases of completed property*

As at 31 May 2011, \$430 million of debt was secured against investment property and additional phases of completed property.

These facilities have 5-9 year terms and principal repayment terms based on 10 to 30 year amortisation periods. Interest and principal repayments are made quarterly. The facilities had a remaining weighted average debt maturity of 3-4 years at 31 May 2011.

The debt is a mixture of fixed and floating rate facilities, the floating rate having been swapped into fixed rate debt or capped. The facilities had a weighted average interest cost of 5.17 per cent. over US LIBOR at 31 May 2011.

Loan to value covenants on the facilities secured against investment property are 70 per cent. on average and interest and principal amortisation must be covered by income on each of these assets by 120 per cent. on average.

These loans are non-recourse or of limited recourse and details of each loan are given in the material contracts section in Part 8 of this document.

(b) *Debt secured against inventory*

As at 31 May 2011, the Group had \$7.3 million of debt secured against inventory with a weighted average margin of 2.5 per cent. over LIBOR.

Details of the debt secured against inventory are given in the "Material Contracts" section contained within Part 8 of this document.

(c) *Debt secured against cash*

As at 31 May 2011, the Group had \$11.5 million of debt secured against cash with a weighted average margin of 2.85 per cent. over LIBOR. Details of the debt secured against cash are given in the "Material Contracts" section contained within Part 8 of this document.

(d) *Unsecured Debt*

As at 31 May 2011, the Group had \$9.8 million of unsecured debt.

#### 4. COMMITMENTS

The Group's debt commitments are described above.

In addition, the Group's current committed development programme is limited to completion of the development project phases described in Part 5 of this document. As set out in the Group's Interim Management Statement on 16 May 2011, capital commitments in the current financial year are expected to total \$90 million, including VAT.

#### 5. CAPITALISATION AND INDEBTEDNESS

##### 5.1 *Capitalisation*

The table below sets out the Group's total equity attributable to shareholders at 31 December 2010. The information has been extracted without material adjustment from, and should be read together with, the Group's audited financial statements as at and for the year ended 31 December 2010, which are incorporated by reference to this document (as referred to on page 108 below).

	<i>As at 31 December 2010 (\$'000)</i>
<b>Equity</b>	
Share capital – authorised	27,469
Share capital – issued, called up and fully paid	10,196
Share premium	55,119
Warrants	6,033
Own shares held	(12,241)
Special reserve	852,802
Capital reserve	(71,152)
Translation reserve	(109,354)
Retained earnings	(151,039)
Total equity attributable to ordinary shareholders	580,364
Preference Shares at historic exchange rates	207,978
<b>Total equity attributable to shareholders of the Company</b>	<b>788,342</b>

Other than the revaluation of investment property and investment property under construction at 30 June 2011, there has been no material change in the capitalisation of the Group since the year ended 31 December 2010.

##### 5.2 *Indebtedness*

The table below sets out the Group's net indebtedness at 31 May 2011, excluding Preference Shares, and is not extracted from externally audited numbers.

All group commitments can be funded from existing cash resources and operating cash flows.

	<i>As at 31 May 2011 (\$'000)</i>
<b>Indebtedness</b>	
Bank loans and overdrafts	448,858
Other loans	9,825
Gross indebtedness	458,683
Interest rate and currency derivative liabilities	5,279
	<b>463,962</b>

Cash and cash equivalents	(106,655)
<b>Net indebtedness</b>	<u>357,307</u>

*As at 31 May  
2011  
(\$'000)*

Maturity of gross indebtedness	
Repayable	
Within 1 year	107,733
1 and 2 years	148,918
3 and 5 years	133,782
5 and 10 years	68,250
	<u>458,683</u>

Since 31 May 2011 the Group has drawn a further \$38 million of debt on a nine year term facility with Raffeisenbank secured on the Klimovsk Phase 1 project. Had this facility been drawn at 31 May 2011 it would have been repayable as follows:

	(\$'000)
Within 1 year	2,400
1 and 2 years	2,500
3 and 5 years	8,700
5 and 10 years	24,400
	<u>38,000</u>

Other than the additional \$38 million referred to above, there has been no material change in the indebtedness of the Group since 31 May 2011.

## 6. SIGNIFICANT ACCOUNTING POLICIES

For a discussion of the Group's significant accounting policies, see Note 2 to the Consolidated Financial Statements for the year ended 31 December 2010, which are incorporated by reference to this document (as referred to on page 108 below).

## **PART 3**

### **FINANCIAL INFORMATION ON THE GROUP**

The audited financial statements of the Group for the year ended 31 December 2010 which were published on 11 April 2011, are incorporated by reference into this document (as referred to on page 108 below).

The audited financial statements of the Group for the year ended 31 December 2009 are contained in the Company's prospectus dated 30 June 2010 which was previously published and approved by the FSA and which is deemed to be incorporated in, and form part of, this document (as referred to on page 108 below).

The audited financial statements of the Group for the year ended 31 December 2008 are contained in the Company's Equivalent Information Document dated 17 April 2009 which was previously published and approved by the FSA and which is deemed to be incorporated in, and form part of, this document (as referred to on page 108 below).

The audited financial statements for the years ended 31 December 2008, 2009 and 2010 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

## **PART 4**

### **FINANCIAL INFORMATION ON THE RAVEN MOUNT GROUP**

The Financial Information on the Raven Mount Group for the three financial years ended 31 December 2009, and the Accountants' Report relating thereto are contained in the Company's prospectus dated 30 June 2010 which was previously published and approved by the FSA and which is deemed to be incorporated in, and form part of, this document (as referred to on page 108 below).

The Financial Information was prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

## PART 5

### PROPERTY PORTFOLIO

#### SECTION 1: SUMMARY OF INVESTMENT PROPERTY PORTFOLIO

<i>Property</i>	<i>Ownership Status</i>	<i>Land plot ha</i>	<i>GLA, sqm ('000s)</i>	<i>Occupancy</i>	<i>Annualised Net Operating Income \$'m</i>
<b>Grade A Warehouse</b>					
Southern	Leasehold (49 years with effect from 23.4.2001)	1.7	14	91%	2.1
Krekshino	Freehold	22.2	118	100%	13.2
Istra	Leasehold (49 years with effect from 16.5.2005)	33.3	202	100%	27.2
Klimovsk I	Freehold	9.0	53	100%	7.5
Noginsk I	Freehold	21.8	123	98%	17.8
Lobnya	Freehold	10.0	51	100%	6.8
Shushary	Freehold	26.0	145	61%	8.6
Pulkovo I	Freehold	5.1	35	70%	2.6
Rostov on Don I	Freehold	18.6	100	83%	10.5
Novosibirsk	Freehold	17.8	120	51%	7.1
<b>Subtotal</b>		<b>165.5</b>	<b>961</b>		<b>103.4</b>
<b>Office</b>					
Constanta	Freehold	0.5	16	100%	9.2
<b>Total</b>		<b>166</b>	<b>977</b>		<b>112.6</b>

1. All properties are owned 100 per cent. within the Group.
2. Net Operating Income: net operating income represents the annualised IFRS adjusted rental income before costs of vacant space.
3. The Group also has pre-let agreements and letters of intent for 13,900 square metres, which on conversion would increase annual net operating income by US\$1.6 million.
4. Also included in the Investment Property Portfolio is a Grade B warehouse in Kiev, Ukraine on a land plot of 9 hectares.

## SECTION 2: FURTHER INFORMATION ON INVESTMENT PROPERTY PORTFOLIO

### ASSETS – *Property Name*

### *Location, Description, Tenure & Tenancy*

#### Moscow

1. Southern

The Class A warehouse is located in an industrial area of the Southern administrative district of Moscow, approximately 10 km from the city centre, around 1 km from the Varshavskoye highway and 5 km from MKAD.

The gross lettable area is 14,114 sq.m. comprising warehouse (10,442 sq.m.) and office (3,672 sq.m.) and canteen.

The property provides net operating income of \$2.1 million and is let to thirteen tenants including L'Occitane and WeMaTek on a number of leases expiring between July 2011 and June 2016.
2. Krekshino

The Class A warehouse scheme is located in the Naro-Fominsky area of the Moscow Region, about 40 km to the south west of the city centre, 24 km from MKAD, between the Minsk and Kiev highways. Vnukovo airport, which offers both passenger and freight terminals, and is one of the largest airports in Moscow, is within about 15 km of the properties.

The gross lettable area is 118,012 sq.m. comprising warehouse (95,698 sq.m.), mezzanine (13,840 sq.m.) and office (8,474 sq.m.).

Net operating income is \$13.2 million and the main tenant is National Logistics Company. Leases expire between December 2011 and January 2016.
3. Istra

The Class A warehouse scheme is located directly adjacent to the New Riga highway, approximately 50 km from Moscow city centre, 41 km from MKAD and 8 km from the Betonka A 107 motorway.

The gross lettable area is 202,158 sq.m. comprising warehouse (180,668 sq.m.), mezzanine (14,243 sq.m.) and office (7,247 sq.m.).

The scheme provides net operating income of \$27.2 million and is let to multiple tenants including Bacardi, DSV, Seacontinental, Azbuka Vkusa, PresLogistics and RusClimate on leases expiring between December 2014 and July 2021.
4. Klimovsk – Phase 1

The Class A warehouse scheme is located to the south of Moscow, approximately 21 km from the MKAD in a town called Klimovsk. The project is a short distance from the M2 Simferopolskoye highway, a major route to the south from Moscow.

The gross lettable area is 53,005 sq.m. comprising warehouse (42,399 sq.m.), mezzanine (4,751 sq.m.) and office (5,855 sq.m.).

Net operating income is \$7.5 million from multiple tenants including Gradient, Gates, Alliance Healthcare and Fisher Clinical on leases expiring between August 2015 and March 2020.

5. Noginsk – Phase 1
- The Class A warehouse scheme is located in the Noginsk district of the Moscow region approximately 55 km from the city, 45 km from MKAD and 3km outside the Betonka A107 motorway. Access to the site is from the Volga highway, which links Moscow to Nizhniy Novgorod. A rail spur serves the site.
- The gross lettable area of 122,701sq.m. comprises warehouse (113,517 sq.m.), office (7,144 sq.m.) and ramp (2,040 sq.m.).
- Net operating income is \$17.8 million from multiple tenants including Sanitec, X5 and Ontex on leases expiring between June 2013 and November 2021.
6. Lobnya
- The Class A warehouse scheme is located on the Rogachevckoe highway located approximately 35 km to the north of the city centre, 25 km from MKAD and 10 km north of Lobnya.
- The gross lettable area of 50,853 sq.m. comprises warehouse (42,789 sq.m.), mezzanine (4,893 sq.m.) and office (3,171 sq.m.).
- Net operating income is \$6.8 million from two tenants Roslogistics and Nippon Express on leases expiring in April 2015 and December 2017.
- St. Petersburg**
7. Constanta
- The stand alone Class B+ office building is located on Leninsky Prospekt in the Moskovskiy district of St. Petersburg, approximately 8 km to the south of the city centre. The property is a modernised administrative building, which was converted in 2005 to provide an eight storey, self contained office building with a gross lettable area of 15,828 sq.m, and 70 car parking spaces.
- The entire building is let to LenEnergO on a lease expiring in April 2017 and provides \$9.2 million net operating income.
8. Shushary
- The Class A warehouse scheme is located in the Shushary District of St. Petersburg, approximately 15 km south of the city centre and 5 km from the St. Petersburg ring road (KAD) on a motorway from Saint-Petersburg to Moscow.
- The gross lettable area is 144,546 sq.m. comprises warehouse (129,065 sq.m.), mezzanine (6,901 sq.m.), office (7,916 sq.m.) and canteen (664 sq.m.).
- Net operating income is \$8.6 million from multiple tenants including Roslogistics, Dixi and Johnson Controls on leases expiring between May 2015 and December 2021.
9. Pulkovo 1
- The Class A warehouse scheme is located to the south of the city centre on Pulkovskoe highway forming part of the Finland-Russia-Ukraine corridor and in close proximity to the Ring Road (KAD) and 2 km from Pulkovo International airport.
- The gross lettable area is 35,317 sq.m. comprising warehouse (28,215 sq.m.), mezzanine (1,742 sq.m.) and office (5,360 sq.m.).
- Net operating income is \$2.6 million from multiple tenants on leases expiring between August 2011 and March 2017.

## Regions

### 10. Rostov on Don 1

The Class A warehouse scheme is located on the Federal Highway M4 approximately 12 km from the City centre and 7 km from the Airport.

The gross lettable area is 99,848 sq.m. comprising warehouse (87,010 sq.m.), mezzanine (8,145 sq.m.) and office (4,693 sq.m.).

Net operating income is \$10.5 million from multiple tenants including Roslogistics, Auchan and X5 on leases expiring between April 2016 and October 2019.

### 11. Novosibirsk

The Class A warehouse scheme is located on Petukhova Street in the south of the city of Novosibirsk on a site of 17.8 ha with a rail spur serving the site.

The gross lettable area is 119,724 sq.m. comprising warehouse (101,518 sq.m.), mezzanine (8,437 sq.m.), office (5,653 sq.m.), canteen (650 sq.m) and ramp (3,466 sq.m.).

Net operating income is \$7.1 million from multiple tenants including Roslogistics, FM Logistics, Pepsi and Oriflame on leases expiring between April 2013 and October 2019.

### SECTION 3: INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment Property Under Construction comprises assets under construction, additional phases of completed property and the landbank, consistent with the Group's annual audited financial statements for the year ended 31 December 2010 incorporated by reference into this document.

**(a) Under Construction**

Klimovsk – Phase 2                      This scheme comprises a further 9 ha. immediately adjacent to Klimovsk Phase 1 and construction has started on a further 55,975 sq.m. of Class A warehouse scheme with ancillary office space, for delivery in Q1 2012.

**(b) Potential Additional Phases Adjacent to Completed Property**

<i>Project</i>	<i>Land Plots</i>	<i>Ownership</i>
Noginsk (Phase 2 and 3)	40 ha	Freehold
Rostov on Don (Phase 2)	27 ha	Freehold
Kiev (Kalinovka)	11 ha	Freehold

**(c) Land Bank**

<i>Project</i>	<i>Land Plots</i>	<i>Ownership</i>
Nizhniy Novgorod	44 ha	Freehold
Omsk	19 ha	Freehold
Omsk II	9 ha	Freehold
Khabarovsk	27 ha	Land Lease (5 yrs with effect from 6.12.2006)
Chelyabinsk	59 ha	Land Lease (5 yrs with effect from 30.11.2007)
Saratov	29 ha	Land Lease (49 yrs with effect from 22.11.2007)
Ufa	48 ha	Land Lease (10 yrs with effect from 5.6.2008)
Minsk	45 ha	Land Lease (99 yrs with effect from 25.9.2008)
Pulkovo II	10 ha	Freehold

## PART 6

### PROPERTY VALUATION REPORT ON THE GROUP



JONES LANG  
LASALLE<sup>®</sup>

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Raven Russia Limited  
P.O Box 522  
1 Le Truchot  
St. Peter Port  
Guernsey, GY1 6EH

30 June 2011

Dear Sirs

#### **RAVEN RUSSIA LIMITED VALUATION OF A PORTFOLIO OF PROPERTIES**

##### **Scope of Instructions Information and Report**

In accordance with our engagement agreement, contract number RU 4445, dated 27th May 2011, with Raven Russia Limited (the “**Company**”), we, (Jones Lang LaSalle), Chartered Surveyors, have considered the properties referred to in the attached schedule forming Appendix 1 (the “**Schedule**”), in order to advise you of our opinion of the Market Value (as defined below) of the freehold or part freehold and part leasehold interests (as appropriate) of the Company in each of these properties (the “**Properties**”).

##### **Purpose of Valuation**

We understand that this valuation report and the attached Schedule (together, the “**Valuation Report**”) is required for the purpose of Reporting in accordance with the International Financial Reporting Standards for inclusion in the Company’s Financial accounts and, in addition, we understand the valuation will be used for the purposes of inclusion in the prospectus to be published by the Company in respect of the move of its preference shares up to the Official List.

##### **Basis of Valuation and Assumptions**

We confirm that the valuations have been carried out on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the RICS Valuation Standards, 6th Edition (the “**Red Book**”). This is an internationally accepted basis of valuation.

Market Value is defined as:

*“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

We can confirm that we have prepared our valuation as External Valuers as defined in the RICS Valuation Standards and our valuation has been prepared in accordance with our General Principles in Appendix 2 of this report.

In arriving at our opinions of Market Value we have also arrived at our opinions of current estimated net annual rent. These are assessed on the assumption that they are the best rent at which a new letting of an interest in property would have been completed at the date of valuation assuming:

- (i) a willing landlord;
- (ii) that prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the letting;
- (iii) that the state of the market, levels of value and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as on the valuation date;
- (iv) that no account is taken of any additional bid by a prospective tenant with a special interest;
- (v) that where relevant the length of term and principal conditions assumed to apply to the letting and other tenants terms are the same as those set out in the rent review clause contained in the occupational lease which we confirm are not exceptionally onerous or beneficial for letting of the type and class of the subject property and;
- (vi) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

### **Status of Value**

We confirm that we have undertaken the valuations acting as External Valuers, as defined in the Red Book, qualified for the purpose of the valuation.

### **Date of Valuation and Inspections**

The date of valuation is 30 June 2011 and is based upon tenancy information as at this date.

As part of our on going valuation of the portfolio, each of the properties is inspected on a rolling basis over a two year period. We set out below the dates of inspection of the individual properties:

<u>Property</u>	<u>Date of Inspection</u>
Southern, Moscow	26 November 2010
Krekshino, Moscow	26 November 2010
Istra, Moscow	20 May 2011
Lobnya, Moscow	29 October 2010
Klimovsk, Moscow	8 July 2011
Noginsk, Moscow	20 May 2011
Shushary, St. Petersburg	24 November 2010
Pulkovo, St. Petersburg	24 November 2010
Rostov on Don	29 November 2010
Novosibirsk	26 November 2010
Constanta, St. Petersburg	24 November 2010
Kalinovka, Kiev, Ukraine	15 July 2010

Three of the properties we inspected are part freehold and part leasehold tenure and nine are of freehold tenure.

### **Assumptions and Sources of Information**

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the Company’s advisers have confirmed that our assumptions are correct so far as they are aware. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

We have also made an assumption that the information the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, outstanding requirements

under legislation and planning decisions have been made available to us and that the information is up to date.

Shushary, Constanta, Rostov on Don, Lobnya, Pulkovo I, Noginsk, Krekshino, Novosibirsk and Klimovsk are held freehold. Southern, Istra and Kalinovka Kiev are held on a leasehold basis granted by the local authorities. The ground rental payments of such interests may be reviewed on an annual basis, in either an upwards or downwards direction, by reference to an established formula. Within the terms of the lease, there is a right to extend the term of the lease upon expiry in line with the existing terms and conditions thereof. It should be noted, however, that very few leasehold interests have yet reached termination and, hence, the effective ability to renew on such a basis is relatively untested. In arriving at our opinions of Market Value, we have assumed that the respective ground leases are capable of extension in accordance with the terms of each lease. In addition, given that such interests are not normally assigned as real estate assets, for example for taxation reasons, we have assumed that each leasehold interest is held by way of a special purpose vehicle ("SPV"), and that the shares in the respective SPVs themselves are capable of assignment. (See "Tenure and Tenancies" for more detail).

In those instances where the properties are held in part ownership, our valuations assume that these interests are capable of sale in the open market without any restriction from the co-owner and that there are no encumbrances within the share agreements which would impact upon the saleability of the properties concerned.

In terms of the Assumptions which we have made and which are summarised within this Valuation Report, the Company has confirmed that our Assumptions are correct as far as they are aware. In the event that any of our Assumptions prove to be incorrect, the valuations contained in this valuation report should be reviewed and modified as necessary.

### **Tenure and Tenancies**

We have been not provided with copies of the title deeds for all the properties and have taken the advice from the Company, in terms of title, in arriving at our opinions of value. However, we are unable to confirm whether any other documents exist which may invalidate or alter our understanding of the legal status of the properties and, as a result, we have assumed that the title is marketable and that the properties are free from encumbrances, mortgages and charges. We have also assumed that, where the interest in the properties is leasehold, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest.

We understand that each property is either held by the Company or jointly with third parties. We have valued a 100% share of the tenure stated in each property as if each property was held entirely by the Company as at valuation date. We have not made any adjustment to value, which may be appropriate when considering fractural ownership.

The majority of the properties are held under a freehold title. In the case of those with leasehold title the lessee of a ground lease has a priority right to renew the lease upon expiry, on the same terms and conditions. Our valuation is predicated on the special assumption that the ground lease at each property can be extended, effectively in perpetuity, on similar terms to the existing leases.

In terms of those Properties which are held by way of ground leases, we understand that such ground leases are capable of being transferred in Moscow, normally through an SPV,

and we further understand that each asset is held as a SPV. Consequently, as noted above, we have valued the Properties on the assumption that the shares in each of these SPVs can be sold and, in addition, that there are no further assets or liabilities held by each SPV which might affect the ability to sell the shares in the vehicles.

It is important to note that the rights to complete a development may be lost or, at least, delayed if the lessee fails to complete a permitted development within the timescale set out by the ground lease. In addition, in the event that a development has not been commenced upon the expiry of a lease then the City Authorities are entitled to decline the granting of a new lease on the basis that the land is not used in accordance with its designation. Furthermore, where all necessary permissions and consents for the development are not in place, this may provide the City with grounds for rescinding or non-renewal of the ground lease. In undertaking the valuations reported herein, we have made the assumption that no such circumstances will arise to permit the City to rescind the land lease or to not grant a renewal.

We have been provided with rental information in the form of tenancy schedules for the following properties: Kalinovka, Klimovsk I, Constanta, Krekshino, Southern, Istra, Shushary, Rostov on Don I, Novosibirsk, Lobnya, Noginsk I and Pulkovo I.

In Appendix 1 of the present Certificate we use information on annualised Net Operating Income (NOI) for the Properties provided to us by the Company.

Net Operating Income adopted in the valuation is equal to a Property's current yearly base rental income less non-recoverable operating expenses.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

### **Floor Areas**

We have not undertaken any measured surveys of the Properties and have relied entirely on information as to site areas and floor areas and dimensions of existing and proposed developments as provided to us by the Company.

### **Planning**

Although we have not made any formal searches in terms of planning consents and issues, we have generally relied upon information provided by the Company as well as project documentation (where available) in respect of each of the properties.

In arriving at our opinions of Market Value we have had regard, where available, to the Company's specific proposals to develop each asset. However, although we have taken these proposals into account, each valuation reflects our opinion of such a development which may form the basis of a bid for the property by a prospective purchaser. As a result, our valuations do not necessarily fully reflect the Company's proposed development programme.

We have assumed that all existing properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have also assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

### **Environmental Investigations and Ground Conditions**

We have not been instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the properties.

We were not instructed to carry out structural surveys of the properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the issuer's advice save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

### **Plant and Machinery**

In respect of any existing buildings, landlords' plant and machinery such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bylaw or regulation.

### **Valuation**

On the bases outlined within this Valuation Report, we are of the opinion that the aggregate of the individual gross Market Values, as at 30 June 2011, of the freehold and part freehold and part long leasehold interests subject to the existing lettings but otherwise with vacant possession is as set out below:

#### **Freehold Properties:**

**\$860,050,000**

**(Eight Hundred and Sixty Million, Fifty Thousand US Dollars)**

#### **Part Freehold and Part Leasehold Properties:**

**\$273,600,000**

**(Two Hundred and Seventy Three Million, Six Hundred Thousand US Dollars)**

It should be noted that the above valuation represents the aggregate of the individual values attributable to each property type and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

The above aggregate sum of \$1,133,650,000 million represents our opinion of the Market Values of the individual properties forming the portfolio as at 30 June 2011, which was provided to the Company for the purposes of updating the Company's unaudited accounts for the 6 months ended 30 June 2011 (the "2011 Accounts"). We understand from the Company that the value of the portfolio disclosed at 30 June 2011, subject to exchange movements, is \$1,149,700 million.

In accordance with standard market practice, we have arrived at our opinions of Market Value by reflecting (i.e. deducting) all outstanding costs required to complete the subject properties, as at the valuation date. The Company's valuations are, however, disclosed gross of costs to complete the portfolio. In addition, the Company state that one asset included in our valuation was also classed as an investment property under construction and is shown in that category on the balance sheet.

### **Realisation Costs**

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any property. It should be noted that our valuation does not reflect purchaser's costs, which is a standard approach in the valuation of properties in Russia.

### **Exchange rates**

We have indicated the Market Values of the subject properties in the attached valuation schedule in US Dollars, where necessary we have adopted the exchange rate of the Central Bank of Russia or the European Central Bank on 30 June 2011.

### **Responsibility**

This report has been prepared for and only for Raven Russia Limited for the purposes of assisting Raven Russia Limited to value the property portfolio as detailed in the schedule below, at 30 June 2011 for accounting purposes and, in addition, we understand the valuation will be used for the purposes of inclusion in the prospectus to be published by the Company in respect of the move of its preference shares to the Official List, but for no other purpose.

For the purposes of Prospectus Rule 5. 5. 3R (2) (f), we are responsible for the report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration included in the Prospectus in compliance with item 1.2 of Annex I of the PD Regulations.

Before this valuation report, or any part thereof, is reproduced or referred to in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed orally or otherwise to a third party, the Valuer's written approval as to form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not Jones Lang LaSalle are referred to by name and whether or not the contents of our Valuation Report are combined with other reports. Subject to the relevant provisions of the Prospectus Rules, but otherwise to the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of the whole or any part of the report, or valuation, for any other purpose or to any other person or entity to whom the report or valuation is shown or disclosed or into whose hands it may come,

whether published with our consent or otherwise, except where expressly agreed by our prior consent in writing.

Yours faithfully

**Christopher Dryden MRICS**  
**Director**  
**For and on behalf of Jones Lang LaSalle**

**Sergey Belov MRICS**  
**Director**

# Appendices

- Appendix 1** .....Schedule of Portfolio Assets and Valuations
- Appendix 2** .....General Principles Adopted in the Preparation of Valuation and Reports
- Appendix 3** .....Extract from the RICS Valuation Standards (6th edition)

## APPENDIX 1

## SCHEDULE OF PORTFOLIO ASSETS AND VALUATIONS

**RAVEN RUSSIA LIMITED**  
**SCHEDULE**  
**Portfolio of Investment Assets**  
**Valuation as at 30 June 2011**

**Property Name Location, Description, Tenure & Tenancy**

1	<b>Southern</b>	<p>The Class A warehouse is located in an industrial area of the Southern administrative district of Moscow, approximately 10 km from the city centre, around 1 km from the Varshavskoye highway and 5 km from MKAD.</p> <p>The gross lettable area is 14,114 sq.m. comprising warehouse (10,442 sq.m.) and office (3,672 sq.m.) and canteen.</p> <p>The property provides net operating income of \$2,083,320 and is let to thirteen tenants including L'Occitane and WeMaTek on a number of leases expiring between July 2011 and June 2016.</p>
2	<b>Krekshino</b>	<p>The Class A warehouse scheme is located in the Naro-Fominsky area of the Moscow Region, about 40 km to the south west of the city centre, 24 km from MKAD, between the Minsk and Kiev highways. Vnukovo airport, which offers both passenger and freight terminals, and is one of the largest airports in Moscow, is within about 15 km of the properties.</p> <p>The gross lettable area is 118,012 sq.m. comprising warehouse (95,698 sq.m.), mezzanine (13,840 sq.m.) and office (8,474 sq.m.).</p> <p>Net operating income is \$13,081,546 and the main tenant is National Logistics Company. Leases expire between December 2011 and January 2016.</p>
3	<b>Istra</b>	<p>The Class A warehouse scheme is located directly adjacent to the New Riga highway, approximately 50 km from Moscow city centre, 41 km from MKAD and 8 km from the Betonka A 107 motorway.</p> <p>The gross lettable area is 202,158 sq.m. comprising warehouse (180,668 sq.m.), mezzanine (14,243 sq.m.) and office (7,247 sq.m.).</p> <p>The scheme provides net operating income of \$25,658,611 and is let to multiple tenants including Bacardi, DSV, Seacontinental, Azbuka Vkusa, PresLogistics and RusClimate on leases expiring between December 2014 and July 2021.</p>
4	<b>Klimovsk I</b>	<p>The Class A warehouse scheme is located to the south of Moscow, approximately 21 km from the MKAD in a town called Klimovsk. The project is a short distance from the M2 Simferopolskoye highway, a major route to the south from Moscow.</p>

- The gross lettable area is 53,005 sq.m. comprising warehouse (42,399 sq.m.), mezzanine (4,751 sq.m.) and office (5,855 sq.m.). Net operating income is \$6,678,249 from multiple tenants including Gradient, Gates, Alliance Healthcare and Fisher Clinical on leases expiring between August 2015 and March 2020.
- 5            **Noginsk I**            The Class A warehouse scheme is located in the Noginsk district of the Moscow region approximately 55 km from the city, 45 km from MKAD and 3km outside the Betonka A107 motorway. Access to the site is from the Volga highway, which links Moscow to Nizhniy Novgorod. A rail spur serves the site.  
The gross lettable area of 122,701 sq.m. comprises warehouse (113,517 sq.m.), office (7,144 sq.m.) and ramp (2,040 sq.m.). Net operating income is \$15,113,227 as of 1 December 2011 from multiple tenants including Sanitec, X5 and Ontex on leases expiring between June 2013 and November 2021.
- 6            **Lobnya**                The Class A warehouse scheme is located on the Rogachevckoe highway located approximately 35 km to the north of the city centre, 25 km from MKAD and 10 km north of Lobnya.  
The gross lettable area of 50,853 sq.m. comprises warehouse (42,789 sq.m.), mezzanine (4,893 sq.m.) and office (3,171 sq.m.). Net operating income is \$5,949,872 from two tenants Roslogistics and Nippon Express on leases expiring in April 2015 and December 2017.
- 7            **Constanta**            The stand alone Class B+ office building is located on Leninsky Prospekt in the Moskovskiy district of St. Petersburg, approximately 8 km to the south of the city centre. The property is a modernised administrative building, which was converted in 2005 to provide an eight storey, self contained office building with a gross lettable area of 15,828 sq.m, and 70 car parking spaces.  
  
The entire building is let to LenEnergO on a lease expiring in April 2017 and provides \$8,306,166 net operating income (as of July 2011).
- 8            **Shushary**            The Class A warehouse scheme is located in the Shushary District of St. Petersburg, approximately 15 km south of the city centre and 5 km from the St. Petersburg ring road (KAD) on a motorway from Saint-Petersburg to Moscow.  
The gross lettable area is 144,546 sq.m. comprises warehouse (129,065 sq.m.), mezzanine (6,901 sq.m.), office (7,916 sq.m.) and canteen (664 sq.m.).  
Net operating income is \$6,950,310 from multiple tenants including Roslogistics, Dixi and Johnson Controls on leases expiring between May 2015 and December 2021.
- 9            **Pulkovo I**            The Class A warehouse scheme is located to the south of the city centre on Pulkovskoe highway forming part of the Finland-Russia-Ukraine corridor and in close proximity to the Ring Road (KAD) and 2 km from Pulkovo International airport.

		<p>The gross lettable area is 35,317 sq.m. comprising warehouse (28,215 sq.m.), mezzanine (1,742 sq.m.) and office (5,360 sq.m.). Net operating income is \$2,439,046 from multiple tenants on leases expiring between August 2011 and March 2017.</p>
10	<b>Rostov on Don</b>	<p>The Class A warehouse scheme is located on the Federal Highway M4 approximately 12 km from the City centre and 7 km from the Airport.</p> <p>The gross lettable area is 99,848 sq.m. comprising warehouse (87,010 sq.m.), mezzanine (8,145 sq.m.) and office (4,693 sq.m.). Net operating income is \$9,422,689 from multiple tenants including Roslogistics, Auchan and X5 on leases expiring between April 2016 and October 2019.</p>
11	<b>Novosibirsk</b>	<p>The Class A warehouse scheme is located on Petukhova Street in the south of the city of Novosibirsk on a site of 17.8 ha with a rail spur serving the site.</p> <p>The gross lettable area is 119,724 sq.m. comprising warehouse (101,518 sq.m.), mezzanine (8,437 sq.m.), office (5,653 sq.m.) canteen (650 sq.m.) and ramp (3,466 sq.m.).</p> <p>Net operating income is \$6,208,859 from multiple tenants including Roslogistics, FM Logistics, Pepsi and Oriflame on leases expiring between April 2013 and October 2019.</p>

**RAVEN RUSSIA LIMITED**  
**SCHEDULE**  
**Investment Property under Construction**  
**Valuation as at 30 June 2011**

**Property Name Location, Description, Tenure & Tenancy**

<b>Klimovsk II</b>	This scheme comprises a further 9 ha. immediately adjacent to Klimovsk I and construction has started on a further 55,975 sq.m. of Class A warehouse scheme with ancillary office space, for delivery in Q1 2012.
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**RAVEN RUSSIA LIMITED**  
**SCHEDULE**  
**Potential Additional Phases Adjacent to Completed Phases**  
**Valuation as at 30 June 2011**

**Property Name Location, Description, Tenure & Tenancy**

- |   |                           |  |
|---|---------------------------|--|
| 1 | <b>Rostov on Don</b>      | <p>The property is located to the north east of Rostov on Don, in the Aksay District of Rostov Region, on the M4 “Don” Federal Highway approximately 27 km from the city centre. The property is linked directly to the Federal Highway M4 “Don” via a short access road.</p> <p>The site has an excellent position with good road accessibility, within close proximity to the local railway station and airport.</p> <p>The property comprises a land plot with total area of 27 ha.</p> <p>The future GBA is 126,500 sq.m.</p> <p>The category of the land is for industry, energy, transport, communications, radio, television, information technologies, space activities, defence and security, and other special uses.</p>   |
| 2 | <b>Noginsk II and III</b> | <p>The property comprises part of 61.8 ha freehold development site located in the Noginsk district of the Moscow region approximately 55 km east of the city, 45 km from MKAD and 3 km inside the Betonka. Access to the site is from the Volga highway, which links Moscow to Nizhniy Novgorod.</p> <p>It is composed of four land plots with a total area of 40 ha for future Phases II and III. The future GBA is 180,300 sq.m. The site is fully serviced with external utilities.</p>  |
| 3 | <b>Kalinovka</b>          | <p>The property comprises an existing logistics centre with expansion land for new warehouse development, situated approximately 30 km south-west of Kiev city centre in Vasylkiv District, Kiev Region, Ukraine.</p> <p>The property comprises two elements. Firstly an existing development with three Soviet period warehouses, which have been refurbished internally plus an office building. Secondly there is expansion land for development of new logistics warehouses. The aggregated area of the land plots forming these two elements is 30 hectares. The land plots with a total area of 14,644 and 2.9415 hectares are held by ZAT “Logistics Centre Kalvinivka” on a Freehold basis. The land plots with a total area of 1.484 and 0.1203 hectares are held by ZAT “Logistics Centre Kalvinivka” by way of a 49 year lease.</p> <p>The existing warehouse buildings are let to Komora until 31 October 2014 by the way of three leases.</p> |

## APPENDIX 2

### GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATION AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

These General Principles should be read in conjunction with Jones Lang LaSalle's General Terms and Conditions of Business.

#### 1. RICS Valuation Standards:

Valuations and Reports are prepared in accordance with the Practice Statements contained in the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors, by valuers who conform to the requirements thereof.

Except where stated, Jones Lang LaSalle and Jones Lang LaSalle Hotels are External Valuers.

#### 2. Valuation Basis:

Properties are generally valued to "Market Value" or alternatively another basis of valuation as defined in the Appraisal and Valuation Manual. Market Value is defined as "The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The full definition of any other basis, which we may have adopted, is either set out in our report or in the Appraisal and Valuation Manual.

There are interpretative commentaries on the definitions which are set out in the Appraisal and Valuation Manual and which we will be pleased to supply on request.

In our valuations no allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or similar financial encumbrances, which may be secured thereon.

Unless otherwise stated, our valuations are of each separate property. Portfolio valuations are aggregates of individual valuations rather than the portfolio having been valued as a whole. No allowance is made for the effect of the simultaneous marketing of all/or a proportion of the properties.

#### 3. Source of Information:

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

#### 4. Documentation:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn

and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

#### **5. Tenants:**

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

#### **6. Measurements:**

Where appropriate, all measurement is carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, except where indicated or where we specifically state that we have relied on another source.

#### **7. Town Planning and Other Statutory Regulations:**

Information on Town Planning, wherever possible, is obtained verbally from the Local Planning Authority. We do not make formal legal enquiries and, if reassurance is required, we recommend that verification be obtained from lawyers that:

- 7.1. the position is correctly stated in our report;
- 7.2. the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
- 7.3. there are no outstanding statutory notices.

Outside the UK however, it is often not possible to make such verbal enquiries.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including enactments relating to fire regulations, access and use by disabled persons and control and remedial measures for asbestos in the workplace.

#### **8. Structural Surveys:**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention.

#### **9. Deleterious Materials:**

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example, high-alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

#### **10. Site Conditions:**

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed,

our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

**11. Environmental Contamination:**

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

**12. Insurance:**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. For example in regard to the following:

**Composite Panels**

We understand that a number of insurers are substantially raising premiums, or even declining to cover, buildings incorporating certain types of composite panel. Information as to the type of panel used is not normally available, and the market response to this issue is still evolving. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms, or for any adverse market reaction to the presence of such panels.

**Terrorism**

To the extent that it is feasible, our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism.

**Flood and Rising Water Table**

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table.

**13. Currency:**

The valuations are prepared in US Dollars.

**14. Value Added Tax:**

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

**15. Outstanding Debts:**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

**16. Confidentiality and Third Party Liability:**

Our Valuation and the Schedule are for the specific purpose to which they refer and form part of the prospectus. Save where the contents of this Valuation Report are reproduced, referred to or otherwise disclosed by virtue of the Prospectus in which it appears (or any part thereof) being incorporated by reference (as that term is used in the Prospectus Rules and/or the Listing Rules), before this Valuation Report, or any part thereof, is reproduced or referred to in any other

document, circular or statement and before its contents, or any part thereof, are otherwise disclosed orally or otherwise to a third party, the Valuer's written approval as to form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt, such approval is required whether or not Jones Lang LaSalle are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

**17. Valuations Prepared On Limited Information:**

In the event that we are instructed to provide a valuation without the opportunity to carry out an adequate inspection and/or without the extent of information normally available for a formal valuation, we are obliged to state that the valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

## APPENDIX 3

### MARKET VALUE DEFINITION

(EXTRACT FROM THE RICS VALUATION STANDARDS (6th edition))

#### Market Value

**Definition and Interpretive Commentary. Reproduced from the RICS Valuation Standards 6th Edition, PS**

#### 3.2

Valuations based on Market Value (MV) shall adopt the definition, and the interpretive commentary, settled by the International Valuation Standards Committee.

#### Definition

*'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'*

Interpretive Commentary, as published in International Valuation Standard 1

#### 3.2.

The term property is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term Asset may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

#### 3.2.1 'The estimated amount ...'

Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value.

#### 3.2.2 '... a property should exchange ...'

Refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

### **3.2.3 ‘... on the date of valuation ...’**

Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

### **3.2.4 ‘... between a willing buyer ...’**

Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute ‘the market’. A valuer must not make unrealistic Assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

### **3.2.5 ‘... a willing seller ...’**

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the ‘willing seller’ is a hypothetical owner.

### **3.2.6 ‘... in an arm’s-length transaction ...’**

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value (defined in IVSC Standard 2, paragraph 3.8). The Market Value transaction is presumed to be between unrelated parties each acting independently.

### **3.2.7 ‘... after proper marketing ...’**

Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

### **3.2.8 ‘... wherein the parties had each acted knowledgeably, prudently ...’**

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the

transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

### **3.2.9 ‘... and without compulsion.’**

Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

### **3.3**

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

#### **Commentary**

- a. The basis of Market Value is an internationally recognized definition. It represents the figure that would appear in a hypothetical contract of sale at the valuation date. Valuers need to ensure that in all cases the basis is set out clearly in both the instructions and the Report.
- b. Market Value ignores any existing mortgage, debenture or other charge over the property.
- c. In the conceptual framework in IVS quoted above (para 3.2.1) it is clear that any element of special value that would be paid by an actual special purchaser at the date of valuation must be disregarded in an estimate of Market Value. Special value includes synergistic value, also known as marriage value.
- d. IVS describes special value and synergistic value as follows:
  - Special Value can arise where an asset has attributes that make it more attractive to a particular buyer, or to a limited category of buyers, than to the general body of buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any element of Special Value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.
  - Synergistic Value can be a type of Special Value that specifically arises from the combination of two or more assets to create a new asset that has a higher value than the sum of the individual assets.
  - When Special Value is reported, it should always be clearly distinguished from Market Value.
- e. Notwithstanding this general exclusion of special value where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of ‘hope value’ is reflected in Market Value. Examples of where the hope of additional value being created or obtained in the future may impact on the Market Value include:

- the prospect of development where there is no current permission for that development; and
  - the prospect of 'synergistic value' arising from merger with another property or interests within the same property at a future date.
- f. When Market Value is applied to plant & equipment, the word 'asset' may be substituted for the word 'property'. The valuer must also state, in conjunction with the definition, which of the following additional assumptions have been made:
- that the plant & equipment has been valued as a whole in its working place; or
  - that the plant & equipment has been valued for removal from the premises at the expense of the purchaser.

Further information on plant & equipment valuation, including typical further assumptions that may be appropriate in certain circumstances, can be found in GN 2 and in IVS GN 3 – Plant & equipment.

- g. Where the property includes land which is mineral bearing, or is suitable for use for waste management purposes, it may be necessary to make assumptions to reflect either the potential for such uses or, where the land is already in such use, to reflect any potential future uses that may be relevant. Further information on the valuation approach in these cases can be found in GN 4.

Where the property is personal property it may be necessary to interpret Market Value as it applies to different sectors of the market. Further information on this type of valuation can be found in IVSC GN 4 and 5.

## PART 7

### PRINCIPAL TERMS OF THE PREFERENCE SHARES

<b>Fixed Amount</b>	£1 per Preference Share.
<b>Preference Dividends</b>	<p>Cumulative preferential dividends accrue from day to day on the Preference Shares at a rate of 12 per cent. per annum on the Fixed Amount (being £1) from (and including) the date of issue and are payable quarterly in equal instalments in arrears on 31 March, 30 June, 30 September and 31 December in each year.</p> <p>The holders of the Preference Shares shall rank for dividends in priority to the holders of any other class of shares of the Company (save for any Further Preference Shares (as defined below)). The holders of the Preference Shares shall not be entitled to participate in any further dividends or bonus share issue of the Company.</p> <p>If all or any part of the Preference Dividend is in arrears, interest shall accrue on such unpaid sum at the rate of 15 per cent. per annum from the date upon which such arrears arise until the date of payment. In the event that the arrears of the Preference Dividend shall remain unpaid for six months then the rate at which interest will accrue on such arrears will from such time increase to the rate of 20 per cent. per annum.</p> <p>If there are any arrears of the Preference Dividend outstanding the Company may not pay any distribution (as defined in section 301 of the Law but excluding for these purposes distributions falling within sections 302(1)(a), (d) and (e) of the Law) in respect of the Ordinary Shares or any other shares ranking for distribution after the Preferences Shares or Further Preference Shares.</p>
<b>Scrip Preference Dividend</b>	Subject to the provisions of the Statutes, the Board shall offer all holders of Preference Shares the right to elect to receive the Preference Dividend or any part thereof as a scrip dividend of Preference Shares instead of in cash.
<b>Redemption</b>	<p>The Preference Shares only have the right to be redeemed in the following circumstances:</p> <ul style="list-style-type: none"><li>• subject to the Statutes, on completion of a takeover bid or merger transaction to which the City Code applies (or would have applied if such bid or transaction was proposed, made or effected as at the date of the adoption of the Articles (being 25 March 2009)), however effected (but which for the avoidance of doubt will not include a subscription for or purchase of new shares or securities in the Company) including by means of an amalgamation under Part VI of the Law or an arrangement under Part VIII of the Law, as a result of which any person or persons acting in concert (as defined in the City Code) holds shares carrying in aggregate 50 per cent. or more of the voting rights (as defined in the City Code) of the Company; or</li></ul>

- subject to the Statutes, if the Company has served a Rights Cessation Notice (as defined below) on holders of Preference Shares where, at such time, there are fewer than 35,000,000 Preference Shares in issue.

In these circumstances, a holder of Preference Shares can elect to redeem all (but not part) of his holding.

The amount to be paid on such redemption per Preference Share will be an amount equal to the aggregate of: (i) the Fixed Amount (being £1); and (ii) a sum equal to all arrears and accruals of the Preference Dividend thereon to be calculated down to and including the day of redemption (together with any accrued interest) and to be payable irrespective of whether or not such dividend has been declared or earned or become due and payable.

The Preference Dividend shall cease to accrue on any Preference Shares so redeemed with effect from such redemption.

If the Company fails to redeem any Preference Shares on the date fixed for such redemption, interest shall accrue on unpaid redemption monies at the rate of 15 per cent. per annum from the date upon which such redemption monies were required to be paid until the date of payment. In the event that the relevant unpaid redemption monies have been unpaid for 6 months from the date fixed for redemption then the rate at which interest will accrue on such unpaid redemption monies will increase from such time to the rate of 20 per cent. per annum.

Save as set out above, neither the Company nor the holders of Preference Shares shall have a right to redeem the Preference Shares.

## **Capital**

On a return of capital on a winding up or pursuant to an administration order (other than a redemption or purchase by the Company of any of its share capital) the holders of Preference Shares shall be entitled, in priority to other shareholders (save for the rights relating to Further Preference Shares (as defined below)), to be paid out of the assets of the Company available for distribution to members, an amount in respect of each Preference Share equal to the aggregate of the Fixed Amount (being £1) together with a sum equal to any arrears and accruals of the Preference Dividend in respect of such Preference Share (and any accrued interest), whether earned or declared or not, calculated down to the date of commencement of the winding up.

The holders of the Preference Shares have no further rights to participate in the assets of the Company on any such return of capital.

## **Voting Rights**

The holders of the Preference Shares have the right to receive notice of and to attend any general meeting of the Company and to attend, speak and vote at a general meeting of the Company:

- if, and when at the date of the notice convening such meeting, the Preference Dividend is in arrears; or

- if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Preference Shares or for the winding up of the Company pursuant to Part XXII of the Law, in which case they shall only be entitled to vote on such resolution.

Save as set out above, the Preference Shares do not confer on the holders thereof the right to speak or vote at any general meeting of the Company.

Whenever the holders of Preference Shares are entitled to vote at a general meeting of the Company upon any resolution proposed at such general meeting, on a show of hands every holder thereof who is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll every holder thereof who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote in respect of each Preference Share registered in the name of such holder.

The holders of the Preference Shares have the right to have sent to them (at the same time as the same are sent to the holders of the Ordinary Shares) a copy of the Company's annual report and financial statements and (if available) the Company's six monthly interim unaudited financial statements and such other Company information that is sent to the holders of the Ordinary Shares.

### **Transferability**

Subject to the restriction set out in this paragraph, any member may transfer all or any of his Preference Shares in any manner which is permitted by the Statutes or in any other manner which the Directors approve. A transfer of a certificated Preference 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 Preference Shares concerned until the name of the transferee is entered in the register of members in respect of those Preference Shares. All transfers of uncertificated Preference Shares shall be made by means of CREST and as provided in the CREST Guernsey Requirements (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 Preference Share (subject to the Regulations) and of a certificated Preference Share which is not fully paid (provided that this does not prevent dealings in the Preference 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 Preference Shares or, in respect of uncertificated Preference 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 Preference 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

Preference 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 Preference Share; and (iii) the number of joint holders to whom the Preference Share is to be transferred does not exceed four.

## Variation Rights

For as long as any Preference Shares remain in issue, the issue or allotment of or the creation or increase of the amount of any shares of any class or any security convertible into shares of any class ranking, as regards rights to participate in the Company's profits or assets, in priority to the Preference Shares are deemed to constitute a variation of the class rights attaching to the Preference Shares.

The Company may from time to time without the consent of the holders of the outstanding Preference Shares create and issue further preference shares (including but not limited to Preference Shares) ("Further Preference Shares") ranking as regards their participation in the profits and assets of the Company *pari passu* with, but not in priority to Preference Shares, and so that any such Further Preference Shares may either carry as regards participation in the profits and assets of the Company, rights and restrictions identical in all respects with the Preference Shares or with any other series of Further Preference Shares or rights and restrictions differing therefrom in any respect including but without prejudice to the generality of the foregoing in that: (i) the rate of dividend may differ; (ii) the Further Preference Shares may rank for dividends from such date as may be provided by the terms of issue thereof and the dates for payment of the dividend may differ; (iii) a premium may be payable on a return of capital or there may be no such premium; or (iv) the Further Preference Shares may be redeemable and/or convertible into Ordinary Shares on such terms and conditions as may be prescribed by the terms of issue thereof.

In the event that the Company creates and issues Further Preference Shares (except where the Further Preference Shares being created and/or issued are Preference Shares), then unless authorised by the consent in writing of the holders of three-fourths in number of the Preference Shares then in issue (excluding any Preference Shares held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the Preference Shares, the Company shall not create or issue such Further Preference Shares unless:

- the Board has made an offer to each person who holds Preference Shares to allot to him on the same or more favourable terms such proportion of those Further Preference Shares that is as nearly as practicable (fractions being disregarded) equal to the proportion in number held by him of the aggregate Preference Shares then in issue; and
- the period, which shall not be less than 21 clear days, during which any offer referred to above may be accepted, has expired or the Company has received notice of the acceptance or refusal of every offer made.

Until the Rights Cessation Date (as defined below), then save with such consent or sanction on the part of the holders of the Preference

Shares as is required for a variation of the rights attached to such shares as set out in Article 15 of the Articles:

- the Company shall not make a distribution (as defined in section 301 of the Law but excluding for these purposes distributions falling within sections 302(1)(a), (d) and (e) of the Law) in respect of Ordinary Shares or any other shares ranking for distribution after the Preference Shares or Further Preference Shares (a “Qualifying Distribution”) which, either itself or when taken together with the aggregate amount of Qualifying Distributions in the previous 12 month period, would exceed 10 per cent. of the consolidated net asset value of the Company at the point in time the Company proposes to make the relevant Qualifying Distribution; and
- there shall not take place:
  - (a) a conversion of the Company under Part V of the Law;
  - (b) a migration of the Company under Part VII of the Law; or
  - (c) a voluntary striking off of the Company under Part XX of the Law.

If at any time there are fewer than 35,000,000 Preference Shares in issue, the Company may (but shall not be obliged to) serve a notice on the holders of Preference Shares (a “Rights Cessation Notice”) providing that the provisions set out above in respect of distributions and other corporate events shall cease to apply from the date specified in the Rights Cessation Notice provided that such date can be no earlier than a date which is 30 days after the date of the Rights Cessation Notice (such date being referred to as the “Rights Cessation Date”).

**Form**

The Preference Shares will be issued in either certificated form or uncertificated form in CREST

**Purchase of Preference Shares**

At the Company’s AGM on 16 May 2011, the Company was granted the power to buy back Preference Shares. A summary of the resolution passed in this regard is set out in paragraph 4 of Part 8 of this document.

## **PART 8**

### **ADDITIONAL INFORMATION**

#### **1. RESPONSIBILITY STATEMENT**

The Directors whose names, functions and addresses appear on page 15 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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**

- 2.1 The Company was incorporated with liability limited by shares in Guernsey on 4 July 2005 and is registered under the Law with registered number 43371 and with the name Raven Russia Limited.
- 2.2 The Company's legal and commercial name is Raven Russia Limited.
- 2.3 The registered and head office of the Company is at 1 Le Truchot, St. Peter Port, Guernsey and its telephone number is 01481 712955.
- 2.4 The principal legislation under which the Company operates is the Companies (Guernsey) Law, 2008, as amended.

#### **3. SHARE AND LOAN CAPITAL**

- 3.1 The Company was incorporated with a share capital of £10,000 divided into 1,000,000 Ordinary Shares of £0.01 each. Two Ordinary Shares were issued upon incorporation.
- 3.2 By a resolution passed on 25 July 2005, the share capital of the Company was increased from £10,000 to £7,500,000 by the creation of an additional 749,000,000 Ordinary Shares. 152,999,998 Ordinary Shares were subsequently issued by the Company and the entire issued share capital of the Company constituting 153,000,000 Ordinary Shares, was admitted to trading on AIM on 29 July 2005.
- 3.3 By a resolution passed on 26 April 2006, the share capital of the Company was increased from £7,500,000 to £10,000,000 by the creation of an additional 250,000,000 Ordinary Shares.
- 3.4 On 26 April 2006, the Company issued 269,565,210 Ordinary Shares at a price of 115p per share, which were admitted to trading on AIM on 27 April 2006.
- 3.5 On the same day, the Company issued 2,098,501 Ordinary Shares to RRPM in part settlement of the performance fee due under the Property Advisory Agreement for the period ended 31 December 2005. Such shares were admitted to trading on AIM on 2 May 2006.
- 3.6 On 30 March 2007, the Company issued 1,222,841 Ordinary Shares to RRPM in settlement of the performance fee due under the Property Advisory Agreement for the period ended 31 December 2006. Such shares were admitted to trading on AIM on 10 April 2007.
- 3.7 On 23 August 2007, the Company issued 622,536 Ordinary Shares at a price of 116.75p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 31 August 2007.
- 3.8 On 30 October 2007, the Company issued 3,531,478 Ordinary Shares at a price of 96.17p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 5 November 2007.
- 3.9 On 28 April 2008, the Company issued 2,512,349 Ordinary Shares at a price of 83.67p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 22 May 2008.

- 3.10 On 27 November 2008, the Company issued 64,000,000 Ordinary Shares to previous shareholders of Raven Mount Limited and 16,000,000 Ordinary Shares to Raven Mount Limited in consideration of the sale of RRPM and RRPA pursuant to the Internalisation. Such shares were admitted to trading on AIM on 28 November 2008.
- 3.11 By a resolution passed on 24 March 2009, the authorised share capital of the Company was increased from £10,000,000 to £19,000,000 by the creation of an additional 500,000,000 Ordinary Shares and 400,000,000 Preference Shares.
- 3.12 On 24 March 2009, the Company issued 76,155,000 Preference Shares and 76,155,000 Warrants pursuant to a placing. Such Preference Shares and Warrants were admitted to trading on AIM on 25 March 2009.
- 3.13 In connection with the Raven Mount Offer (and in satisfaction of bonus and option arrangements in place for Raven Mount employees), between 22 April 2009 and 9 July 2009, the Company issued 66,409,478 Preference Shares and Warrants. Such Preference Shares and Warrants were admitted to trading on AIM shortly after their issue.
- 3.14 On 30 June 2009, the Company issued 97,665 Preference Shares at a price of 100p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 30 June 2009.
- 3.15 On 30 September 2009, the Company issued 122,987 Preference Shares at a price of 96p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 30 September 2009.
- 3.16 On 31 December 2009, the Company issued 530,049 Preference Shares at a price of 96p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 31 December 2009.
- 3.17 During the period between 25 March 2009 and 31 December 2009, the Company issued 144,679 Ordinary Shares following Warranholders exercising such number of Warrants in accordance with the terms of the Warrant Instrument. Such Ordinary Shares were admitted to trading on AIM shortly after their issue.
- 3.18 On 31 March 2010, the Company issued 122,026 Preference Shares at a price of 96p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 31 March 2010.
- 3.19 On 30 June 2010, the Company issued 198,242 Preference Shares at a price of 100p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 30 June 2010.
- 3.20 During the period between 1 January 2010 and 1 August 2010 (being the latest practicable date before the admission of the Ordinary Shares and Warrants to (i) the Official List and (ii) trading on the Main Market), the Company issued 2,976,483 Ordinary Shares following Warranholders exercising such number of Warrants in accordance with the terms of the Warrant Instrument. Such Ordinary Shares were admitted to trading on AIM shortly after their issue.
- 3.21 In connection with an offer to Warranholders to surrender their Warrants in consideration for the issue of new Ordinary Shares or a cash payment, on 28 July 2010 the Company accepted for surrender 36,256,016 Warrants and, on 2 August 2010, issued 21,740,807 Ordinary Shares. Such Ordinary Shares were admitted to the Official List and to trading on the Main Market shortly after their issue.
- 3.22 On 30 September 2010, the Company issued 456,516 Preference Shares at a price of 100p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 30 September 2010.
- 3.23 Further to a tender offer to Ordinary Shareholders, 8,677,910 Ordinary Shares were bought back by the Company at a price of 58p per Ordinary Share and subsequently cancelled on 25 October 2010.
- 3.24 On 31 December 2010, the Company issued 265,193 Preference Shares at a price of 123p per share in respect of a scrip dividend. Such shares were admitted to trading on AIM on 31 December 2010.
- 3.25 During the period between 2 August 2010 and 31 December 2010, the Company issued 1,536,230 Ordinary Shares following Warranholders exercising such number of Warrants in accordance with the

terms of the Warrant Instrument. Such Ordinary Shares were admitted to the Official List and to trading on the Main Market shortly after their issue.

3.26 As at 31 December 2010, the total Ordinary Shares, Preference Shares and Warrants in issue was 530,273,204, 144,357,156 and 101,651,070 respectively. During the financial year ended 31 December 2010:

- (a) 26,253,520 Ordinary Shares were issued, of which 8,677,910 were subsequently bought back and cancelled pursuant to the tender offer described in paragraph 3.23 above;
  - (b) 1,041,977 Preference Shares were also issued; and
  - (c) 40,768,729 Warrants were exercised or cancelled,
- all of which are described in paragraphs 3.18 to 3.25 above.

3.27 On 31 March 2011, the Company issued 193,862 Preference Shares at a price of 127p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 31 March 2011.

3.28 On 30 June 2011, the Company issued 164,929 Preference Shares at a price of 134p per share in respect of a scrip dividend. Such shares were issued to trading on AIM on 30 June 2011.

3.29 During the period between 1 January 2011 and 20 July 2011 (being the latest practicable date before the publication of this document), the Company issued 658,948 Ordinary Shares following Warrantholders exercising such number of Warrants in accordance with the terms of the Warrant Instrument. Such Ordinary Shares were admitted to the Official List and to trading on the Main Market shortly after their issue.

3.30 At 20 July 2011 (being the latest practicable date before the publication of this document), and on Admission, the issued fully paid share capital of the Company is, and will be:

<i>Class of shares</i>	<i>£</i>	<i>Number</i>
Ordinary Shares	5,309,322	530,932,152
Preference Shares	1,447,159	144,715,947
Warrants		100,992,122

3.31 On Admission (assuming that no further issue of Ordinary Shares (including the issue of Ordinary Shares upon the exercise of Warrants) takes place between 20 July 2011 (being the latest practicable date before the publication of this document) and Admission):

- (a) the unissued ordinary share capital of the Company will be £9,690,678 representing approximately 64.0 per cent. of the ordinary share capital; and
- (b) approximately 10.5 per cent. of the unissued ordinary share capital will be reserved for the issue of 100,992,122 Ordinary Shares on the exercise of the issued Warrants.

3.32 Other than: (i) the issue of Ordinary Shares on the exercise of Warrants; or (ii) the issue of Preference Shares in respect of the Company's quarterly Preference Share scrip dividend, the Company has no present intention to issue any of the authorised but unissued share capital of the Company.

3.33 Other than in respect of the Preference Shares and the Warrants, the Company does not have in issue any securities not representing share capital.

3.34 There are no provisions of Guernsey law equivalent to section 561 of the 2006 Act 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) are contained within the Articles. By a resolution passed at the EGM held on the 24 March 2009 (and as amended by a resolution passed at the AGM held on 16 May 2011), the Company sought and obtained authority from its Ordinary Shareholders for the Directors to disapply pre-emption rights in respect of the allotment of: (i) up to 210,000,000 Warrants; and (ii) other than pursuant to (i), in respect of allotments of equity securities

of up to a maximum aggregate nominal value of £1,250,000, with such power to expire on 23 March 2014.

- 3.35 Save in respect of the Preference Shares, no shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.36 Save as disclosed in this paragraph 3, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document.
- 3.37 Save as disclosed in paragraph 7 below, on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 3.38 The Preference Shares were created under the Law.
- 3.39 The ISIN Code for the Preference Shares remains as GGOOB55K7B92.

#### **4. MEMORANDUM AND ARTICLES**

The memorandum of incorporation 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 incorporation.

The Articles contain, *inter alia*, the provisions set out below as well as the rights granted in respect of the Preference Shares, further details of which are set out in Part 7 of this document.

##### **4.1 *Voting rights***

Subject to the provisions of the Articles (including the rights and restrictions referred to in paragraph 4.2 below) and subject to any special rights or restrictions as to voting attached to any shares (including Preference Shares), on a show of hands every member who (being an individual) 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 member who is present in person or by proxy shall have one vote for each share held by him. A corporate member may, by resolution of its Directors or other governing body, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company and that person shall be entitled to exercise the same powers as the corporate member could exercise if it were an individual member present at the meeting in person.

##### **4.2 *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 vote at any general meeting of the Company unless all calls and other sums payable by him in respect of that share have been paid.

##### **4.3 *Dividends***

Subject to the rights granted in respect of the Preference Shares, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the Company (up to the amount recommended by the Board). Subject to the rights granted in respect of the Preference Shares, 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. Subject to the rights granted in respect of the Preference Shares, the Directors may, if authorised by an ordinary resolution, offer the holders of any particular class of shares the right to elect to receive further shares (whether or not of that class), credited as fully paid instead of cash in respect of all or part of a dividend (a "scrip dividend").

Subject to the rights granted in respect of the Preference Shares, 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 was declared or became due for payment shall be forfeited and cease to remain owing by the Company.

#### 4.4 ***Return of capital***

Subject to the rights granted in respect of the Preference Shares, if the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by the Statutes, divide among the members *in specie* the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Alternatively, the liquidator may with the same sanction, vest the whole or any part 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.

#### 4.5 ***Variation of rights***

All or any of the 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-fourths in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), or with the sanction of a special 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 representing by proxy, not less than one-third in nominal amount of the issued shares of the relevant class.

The issue of Further Preference Shares (as defined in the Articles) is not and shall not be deemed an abrogation, variation or modification of the class rights attaching to the Preference Shares.

#### 4.6 ***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 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 Requirements (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; and (iii) the number of joint holders to whom the share is to be transferred does not exceed four.

#### 4.7 *Issue of shares*

4.7.1 Unless otherwise authorised by a special resolution, the Company shall not allot equity securities (as defined in the Articles) on any terms unless: (i) the Company has made an offer to each person who holds relevant shares and relevant employee shares (each as defined in the Articles) to allot to him on the same or more favourable terms a proportion of those equity securities which is as nearly as practicable (fractions being disregarded) equal to the proportion in number held by him of the aggregate of relevant shares and relevant employee shares; and (ii) the period, which shall not be less than 21 clear days, during which any offer referred to in sub-paragraph (i) above may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer made. A reference to the allotment of equity securities includes the grant of a right to subscribe for, or to convert any securities into, relevant shares of the Company but does not include the allotment of any relevant shares pursuant to such a right.

4.7.2 The pre-emption rights set out above shall not apply:

- (a) to a particular allotment of equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash or are allotted in whole or in part otherwise than for cash; and
- (b) to the allotment of equity securities which would, apart from a renunciation or assignment of the right to their allotment, be held under an employees' share scheme (as defined in the Articles).

4.7.3 By a resolution passed at the EGM held on the 24 March 2009 (and as amended by a resolution passed at the AGM held on 16 May 2011), the Company sought and obtained authority from its Ordinary Shareholders for the Directors to disapply pre-emption rights in respect of the allotment of: (i) up to 210,000,000 Warrants; and (ii) other than pursuant to (i), in respect of allotments of equity securities of up to a maximum aggregate nominal value of £1,250,000, with such power to expire on 23 March 2014.

#### 4.8 *Alteration of capital and purchase of own shares*

4.8.1 The Company may alter its share capital as follows:

- (a) by ordinary resolution, it may increase its share capital, consolidate or divide all or any of its share capital into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount, cancel any shares not taken or agreed to be taken by any person, convert all or any of its shares the nominal of which is expressed in a particular currency or former currency, into shares of a nominal amount of a different currency and where its share capital is expressed in a particular currency or former currency, denominate or redenominate it;
- (b) by special resolution and subject to the provisions of the Statutes, and to the rights conferred on the holders of any class of shares it may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserves in any manner; and
- (c) subject to the provisions of the Statutes and the Articles, the Company may purchase all or any of its shares of any class (together with, for the avoidance of doubt, warrants and/or options over such shares) whether or not they are redeemable and may pay the purchase price in respect of such purchase to the fullest extent permitted by the Law.

Subject to the provisions of the Law and the Articles, shares repurchased by the Company may be held as treasury shares and dealt with by the Directors of the Company to the fullest extent permitted by the Law.

4.8.2 Subject to the Law and the Articles, on 16 May 2011 the Company was permitted, by a resolution of Ordinary Shareholders to make market purchases of up to 100,000,000 Ordinary Shares provided that:

- (a) the minimum price which may be paid for an Ordinary Share (exclusive of expenses) pursuant to such authority is £0.01; and
- (b) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to the higher of: (i) 105 per cent. of the average of the closing middle market quotation for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and (ii) the amount stipulated by Article 5(i) of the Buyback and Stabilisation Regulations 2003.

The authority shall expire on 16 November 2012.

4.8.3 Subject to the Law and the Articles, on 16 May 2011 the Company was permitted, by a resolution of Ordinary Shareholders to make market purchases of up to 100,000,000 Preference Shares provided that:

- (a) the minimum price which may be paid for a Preference Share (exclusive of expenses) pursuant to such authority is £0.01; and
- (b) the maximum price (exclusive of expenses) which may be paid for a Preference Share is an amount equal to 120 per cent. of the average of the closing middle market quotation for a Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase.

The authority shall expire on 16 November 2012.

#### 4.9 ***General meetings***

The Company's Board shall convene and the Company shall hold general meetings in accordance with the Law and the Articles (which provides that 14 clear days prior written notice is required to convene general meetings).

The main meeting place or other place or places where members are present in person or by proxy for general meetings must be located outside the United Kingdom.

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 day 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 and, in the latter case, not less than 7 clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given. 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 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 or casting vote in addition to any vote or votes to which he may be entitled.

#### 4.10 *Ownership thresholds, capital changes and beneficial interest*

The Articles provide that any shareholder who acquires or ceases to have a Notifiable Interest, ('Notifiable Interest' being defined in the Articles as any time when the aggregate number of a class or series of securities in which a shareholder of the Company is interested in percentage terms is equal to or more than 3 per cent. of the aggregate outstanding shares of that class of securities of the Company). The obligation of disclosure also arises if there is an increase or decrease in the percentage level of a shareholders' Notifiable Interest. If the percentage level is not a whole number, it shall be rounded down to the next whole number.

The Articles require persons who receive a notice (as described in Article 13.1 of the Articles) to provide information requested by the Directors to the Company. Failure to do so within the time specified, will permit the Company to apply certain restrictions in respect of such shares.

#### 4.11 *Directors*

##### 4.11.1 *Number and Residence*

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

At all times, the majority of the Directors shall not be resident nor ordinarily resident in the United Kingdom.

##### 4.11.2 *Meetings*

All Board meetings must be held outside the United Kingdom.

A quorum requires a majority of Directors physically present in Guernsey or physically present at a location of the Board meeting outside the United Kingdom.

The Chairman, or any deputy chairman, must be physically present in Guernsey or physically present at a location of the Board meeting outside the United Kingdom.

##### 4.11.3 *Committees*

The quorum for committee meetings is a majority of those present to be Directors not resident in the United Kingdom and all members attending to be physically present outside the United Kingdom.

##### 4.11.4 *Remuneration*

The Directors shall be paid out of the funds of the Company for their services as Directors. 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.

##### 4.11.5 *Retirement of Directors by rotation*

At each annual general meeting of the Company, any Director who has been appointed by the Board since the previous annual general meeting and any Director selected to retire by rotation (as set out below) shall retire from office. At each annual general meeting, one-third of the Directors (excluding any Director who has been appointed by the Board 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 by rotation shall be those of the 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.

#### 4.11.6 *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.

#### 4.11.7 *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:

- (a) 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 subsidiaries) or in respect of a debt or obligation of the Company (or any of its subsidiaries) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (b) any contract concerning an offer of shares, debentures or other securities by the Company (or any of its subsidiaries) 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;
- (c) 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;
- (d) 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;
- (e) an arrangement for the benefit of the employees of the Company (or any of its subsidiaries) which does not award the Director a privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (f) 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 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.

#### 4.12 *Benefits*

The Board 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 subsidiaries (or the relatives or dependants of any such person).

#### 4.13 *Borrowing powers*

Subject to the Law, the Board 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. There are no restrictions on the Company entering into any hedging arrangements.

#### 4.14 *Indemnity of officers*

Every Director and other officer of the Company shall be indemnified by the Company to the extent permitted by the Law, from and against all actions, expenses and liabilities which they may incur by reason of any contract entered into or any act in or about the execution of their office except where incurred through their own negligence, default or breach of duty or trust.

The Company may purchase and maintain insurance 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 discretion in relation to the Company.

#### 4.15 *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 Preference Shares have been admitted to, and accordingly enabled for settlement in, CREST.

### 5. **DIRECTORS' AND OTHER INTERESTS**

- 5.1 As at 20 July 2011 (being the latest practicable date before the publication of this document) and on Admission (assuming that no further issue of Ordinary Shares, Preference Shares or Warrants, or exercise of Warrants, in each case takes place between 20 July 2011 and the date of Admission), the interests in the share capital of the Company of the Directors and their immediate families (all of which are beneficial) and, (so far as is known to the Directors or could with reasonable diligence be ascertained by them) persons connected with them (within the meaning of sections 252 to 255 of the 2006 Act) which, if the connected person were a Director would otherwise be disclosed pursuant to this paragraph, are and will be (in addition to those interests disclosed in paragraph 7 of this Part 8):

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital (%)</i>	<i>Number of Warrants</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share capital (%)</i>
Richard Jewson	123,653	0.02	15,157	130,949	0.09
Christopher Sherwell	29,000	0.01	–	100,712	0.07
Stephen Coe	82,727	0.01	31,997	53,837	0.04
David Moore	101,779	0.02	40,557	57,052	0.04
Anton Bilton <sup>(1)</sup>	12,997,166	2.45	12,571,215	23,690,755	16.37
Glyn Hirsch <sup>(1)</sup>	2,827,946	0.53	2,292,817	3,562,578	2.46
Mark Sinclair	1,375,934	0.26	7,332	158,612	0.11
Colin Smith <sup>(2)</sup>	231,242	0.04	7,385	90,772	0.06
The Organon SIPP re:					
Anton Bilton <sup>(3)</sup>	1,578,859	0.30	721,826	984,375	0.68
Godfrey Bilton Life Interest Settlement Trust <sup>(4)</sup>	978,921	0.18	557,987	760,942	0.53
Bilton Family Discretionary Settlement Trust <sup>(5)</sup>	1,756,018	0.33	1,000,932	1,611,091	1.11
The Bilton Charitable Foundation <sup>(6)</sup>	680,235	0.13	230,984	315,000	0.22

(1) The total includes Ordinary Shares, Preference Shares and Warrants which have been allocated by the Remuneration Committee to the individuals. These shares and others are held in a number of different trust or pension schemes where the individual is a beneficiary.

(2) The total includes shares held by The Lorier Retirement Annuity Trust Scheme, of which Colin Smith is a trustee and beneficiary.

(3) The Organon SIPP re: Anton Bilton is a Self Invested Personal Pension of which Anton Bilton is a trustee and beneficiary.

(4) The Godfrey Bilton Life Interest Settlement Trust of 1st Floor, 21 Knightsbridge, London SW1X 7LY, was formed on 17 June 2002. Its trustees are Anton Bilton, Brendan Patterson and Martin Davies and its beneficiaries are the Life Tenant (being Anton Bilton's children) and their children and remoter issue (grandchildren, great grandchildren and so on).

(5) The Bilton Family Discretionary Settlement Trust of 1st Floor, 21 Knightsbridge, London SW1X 7LY was formed on 17 October 2007. Its trustees are Anton Bilton, Brendan Patterson and Martin Davies and its intended beneficiaries are Anton Bilton's children, remoter issue, father, siblings, charitable organisations and anyone who the trustees shall add to the beneficiary class. Anton Bilton and his wife are excluded from benefiting from the Trust.

(6) The Bilton Charitable Foundation, of 1st Floor, 21 Knightsbridge, London SW1X 7LY, was formed on 26 March 2007. Its trustees are Anton Bilton, Martin Davies, Brendan Patterson and Lisa Bilton and its beneficiaries are as nominated at the discretion of the trustees exclusively for charitable objects or purposes. As such, the Company does not consider The Bilton Charitable Foundation to be connected to Anton Bilton.

5.2 As at 20 July 2011 (being the latest practicable date before the publication of this document) and on Admission (assuming that no further issue of Ordinary Shares, Preference Shares or Warrants, or exercise of Warrants, in each case takes place between 20 July 2011 and the date of Admission), save for the interests of the Directors disclosed in paragraph 5.1 above, the Company is aware of the following persons who hold and will hold directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital and Warrants of the Company:

### Ordinary Shares

<i>Holder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital (%)</i>
Invesco Perpetual	115,443,388	21.74
Schroder Investment Management	77,636,520	14.62
Mackenzie Financial Corp	59,000,000	11.11
F&C Asset Management	25,888,490	4.88
Legal & General Investment Management	19,783,787	3.73
JO Hambro Capital	17,433,853	3.28

## Warrants

<i>Holder</i>	<i>Number of Warrants</i>
Invesco Perpetual	55,452,704
Schroder Investment Management	7,656,934
Bim Sandhu	5,763,766
Laxey Partners	4,129,776

## Preference Shares

<i>Holder</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share capital (%)</i>
Invesco Perpetual	75,000,000	51.82
Schroder Investment Management	7,197,469	4.97

- 5.3 Save as disclosed in paragraphs 5.1 and 5.2 above, the Company is not aware of any person who immediately will, following Admission, hold directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could directly or indirectly, jointly or severally, exercise control over the Company.
- 5.4 The persons, including the Directors referred to in paragraph 5.1 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.
- 5.5 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.
- 5.6 In addition to their directorships of Raven Russia and certain wholly owned subsidiaries of the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

	<i>Current</i>	<i>Past</i>
<b><i>Richard Jewson</i></b>	Archant Limited Jarrold and Sons Limited Temple Bar Investment Trust PLC Grafton Group plc Nomina No. 195 LLP	Clean Energy Brazil plc East Port Great Yarmouth Limited Octagon Healthcare Group Limited Octagon Healthcare (Holdings) Limited Watts Blake Bearne And Company plc PFI Infrastructure plc 111 Alderney Street, (1981) Limited
<b><i>Anton Bilton</i></b>		Santon Close Nominees Limited Capital Reversions plc Avanti Capital plc ZTC Telecommunications plc Angela Flowers Gallery plc Santon Management Limited Santon Capital plc Santon Developments plc Santon UK Limited Swan Hill Staff Pension Trust Limited Bilton House Investments Limited Audley Court Limited A & A Interiors & Furnishings Limited

	<i>Current</i>	<i>Past</i>
<b><i>Anton Bilton</i></b> <i>(continued)</i>		Tal CPT Land Development Partnership LLP Santon Putney Limited Eclipse Film Partners No. 16 LLP Tal Se Land Development Partnership
<b><i>Glyn Hirsch</i></b>	Liontrust Asset Management plc	Emisan Limited Proventec plc Glotel PLC Property Fund Management Limited The Io Group Limited International Brand Licensing plc Santon UK Limited Audley Court Limited Medavinci plc Swan Hill Staff Pension Trust Limited
<b><i>Mark Sinclair</i></b>		BDO Stoy Hayward LLP Capital City Developments Limited Heid Limited
<b><i>Colin Smith</i></b>	AB Holdings Limited GVH Holdings Limited	Cript Holdings Limited BDO Novus Limited BDO Novus (Audit) Limited Ibex Systems (CI) Limited Ibex Systems Guernsey Limited Da Vinci CIS Private Sector Growth Fund Ltd Kraken Commercial Property Fund plc KG Property Ltd K&M (IOM) Ltd Tethys Petroleum Inc.
<b><i>Stephen Coe</i></b>	ACP Capital Limited ACP Capital (Cyprus) Limited Building Bloc Insurance PCC Limited Callidus Holdings LLC Capitalpost Luxembourg Sarl Care Home Properties Limited Data Debt PCC Limited George Street Holdings Pty Limited Greenfield Holdings Limited Hamilton Corporate Finance (Guernsey) Limited HCF Guernsey Limited HCHP Limited Healthcare Alpha Limited Healthcare Beta Limited Healthcare Delta Limited Healthcare Finance Limited Healthcare Holdings Limited Healthcare Property Investments Limited Healthcare Real Estate Investors Limited	ACP Mezzanine Limited ACP Mezzanine Holdings UK Limited Leasecom SA Dorchester Guernsey General Partner Limited Select Industries Management Co Limited Global Investment Basket Limited Investec Recovery Partners I Limited Enhanced Global Growth Basket Limited Maghull Limited Maghull Management Limited Northern Property Investment Company Limited Congleton Management Limited Arkle Limited Alborg Plc Optimal Investment Growth Basket Limited Leopard Astley Limited

*Stephen Coe*  
(continued)

*Current*

Healthcare Real Estate Holdings Limited  
HHL Properties Limited  
HH Properties Limited  
HHLC Limited  
HIC Limited  
HICS Limited  
HIHP Limited  
IHP Limited  
La Gaude SA  
La Gaude Investments  
La Gaude Property Sarl  
Leopard Holding Guernsey Limited  
Leopard Guernsey SBB Limited  
Leopard Guernsey Gatwick Limited  
Leopard Guernsey Azambuja Limited  
Kolar Gold plc  
Matrix Austria Holdings One Sarl  
Matrix EPH Sarl  
Matrix EPH 2 Sarl  
Matrix EPH Delta Sarl  
Matrix German Portfolio No. 1 Frankfurt Sarl  
Matrix German Portfolio No. 1 Celle Sarl  
Matrix German Portfolio No. 1 Munster Sarl  
Matrix German Portfolio No. 1 Dusseldorf Sarl  
Matrix German Portfolio No. 1 Kaiserslautern Sarl Limited  
Matrix European Real Estate Investment Trust Limited  
MEPV Finance Company Sarl  
Mosaic Property CEE Limited  
Polonius Limited  
Polonius 2 Limited  
Specialised Care Properties Limited  
St. Andrews Healthcare PTY  
St. Etienne Holdco Sarl  
St. Etienne Propco Sarl  
St. Laurent de Mure Sarl  
Supported Living Limited  
Totemic Insurance Limited  
Trikona Trinity Capital Limited  
Victoria Capital PCC  
Trikona Trinity Capital Mauritius Limited  
Viola Leasing Limited

*Past*

Chateau First Properties SARL (CFPS)  
Timber Investments Inc.  
Energy Investment Holdings Inc.  
Matrix Property Fund Management (Guernsey) Limited  
MP Trustees Limited  
Spedition Center Kassel GmbH  
Palm Developments Limited  
Accelerated Global Growth Basket Limited  
Ampurius Nu Homes Investments Limited  
Matrix European Real Estate Sterling Capital Growth Trust Limited  
Sidra Fund Limited  
Aurora Russia Limited  
East Asian Growth Basket Limited  
Matrix Real Estate India Limited  
Matrix Juno (Guernsey) Limited  
Matrix Abaco Limited  
Finistere Directors Limited  
GFT Directors Limited  
Finistere (UK) Nominees Limited  
ITGL UK Nominees Limited  
Investec Administration Services Limited  
Finistere Secretaries Limited  
Finistere Limited  
Investec Trust (Guernsey) Limited  
Euro Asian Basket Limited  
Syndicate Asset Management (CI) Limited  
Syndicate Nominees (CI) Limited

*David Moore*

*Current*

ACI Global Insurance Limited  
Assay Insurance Services Limited  
Barbican Group Holdings Limited  
Barbican Reinsurance Company Limited  
Bracken Partners Investments  
Channel Islands Limited  
BSI Generali Bank (CI) Limited (in voluntary liquidation)  
Clarke Wilmott Indemnity Limited  
Drummonds Insurance PCC Limited  
Financial Insurance Guernsey PCC Limited  
Generali International Limited  
Generali Worldwide Insurance Company Limited  
Generali Portfolio Management Limited  
Generali Portfolio Management (UK) Limited  
Hauteville Limited  
HRS Asset Management Limited  
HRS Diversified Fund PCC Limited  
HRS Holdings Limited  
HRS France S.A.  
Jupiter Insurance Limited  
Land Securities Insurance Limited Limited  
Lothbury Insurance Company Limited  
Maturin UK 2008-01 (M/F 80-100) IC Limited  
Memberco One Limited  
Memberco Two Limited  
Morar ICC Limited  
Mourant Ozannes Corporate Services Limited  
Mourant Ozannes (GP) Limited  
Mourant Ozannes Securities Limited  
Messrs Mourant Ozannes LP  
Messrs Mourant Ozannes  
Nest Egg Investments Limited  
New Hill Group Limited  
Newman Insurance Company Limited  
NT General Partner Limited  
Orion Finance Corporation Limited  
Royal Bank of Canada ARC Fund Limited  
Schroders CI Limited  
Standard Life Investments Property Holding Limited  
Standard Life Investments Property Income Trust Limited  
Windward Insurance PCC Limited

*Past*

AQH Dundee GP Limited  
AQH Edward Street GP Limited  
AQH Edward Street Properties Limited  
Asante Holdings Limited  
Central General Limited  
Central Life Limited  
Cheshire Guernsey Limited  
BSkyB Guernsey Limited  
Central Capital Limited  
Ciel Bleu Limited  
Ciel Gris Limited  
Ciel Clair Limited  
Ciel Orageux Limited  
Ciel Nuageux Limited  
Ciel Voilé Limited  
Directorco One Limited  
Directorco Two Limited  
Greenpark Capital Investment Management Limited  
Greenpark International General Partner I Limited  
Greenpark International General Partner II Limited  
Greenpark International General Partner III Limited  
Generali Portfolio Management Limited  
Lapco Limited  
Legis Group Limited  
Legis Corporate Services Limited  
Legis Fund Services (Isle of Man) Limited  
M&J Properties Limited  
Ovaco Limited  
Schroder Executor & Trustee Company (CI) Limited  
Secretaryco Limited  
State Street Trustees (Guernsey) Limited  
GLASS CP Funding Limited  
Guernsey Loan Asset Securitisation Scheme Limited  
White Rock Insurance Company PCC Limited  
White Rock Insurance Company ICC Limited

*Christopher  
Sherwell*

*Current*

Burnaby Insurance (Guernsey) Limited  
Schroder Oriental Income Fund Limited  
Cayuga Global Macro Fund Limited  
Collins Stewart (CI) Limited  
Consulta (Channel Islands) Limited  
Consulta Alternative Strategy Fund PCC Limited  
Consulta Alternative Strategy Holdings Limited  
Consulta Collateral Fund PCC Limited  
Consulta Collateral Fund Holdings Limited  
Dexion Equity Alternative Limited  
IRP Property Investments Limited  
IRP Holdings Limited  
The Prospect Japan Fund Limited  
The Clifford Estate Company Limited  
The Clifford Estate (Chattels) Limited  
Hermes Alternative Investment Funds plc  
Hermes Commodities Index Fund Limited  
Hermes Commodities Index Fund PCC Limited  
Hermes Commodities Index Plus Fund PCC Limited  
Hermes Commodities Alpha Fund PCC Limited  
Strategic Investment Portfolio GP Limited  
SIP (Holdings) Limited  
SIP (Investments) Limited  
GN3 SIP GP Limited  
GN3 SIP Limited  
FTS SIP GP Limited  
WDCRK SIP GP Limited  
Goldman Sachs Dynamic Opportunities Limited  
NB Private Equity Partners Limited  
NB PEP Investments Limited  
NB PEP Investments LP Limited  
NB PEP Holdings Limited  
NB Distressed Debt Investment Fund Limited  
Baker Steel Resources Trust Limited  
Rufford & Ralston PCC Limited  
Saltus European Debt Strategies Limited

*Past*

Consulta High Yield Fund PCC Limited  
Consulta High Yield Holdings Limited  
Consulta Canadian Energy Fund Limited  
FF&P Alternative Strategy PCC Limited  
DP Property Europe Limited  
DP Property Europe Management (Guernsey) Limited  
Henderson Global Property Companies Limited  
Schroders (C.I.) Limited  
Fox Paine Guernsey GP Limited  
GAM Diversity III Inc  
GAM Composite Bond Inc  
GAM Composite Preservation Plus Inc  
GAM MP Liquidity Plus Inc  
GAM MP Relative Value Inc  
GAM AmalGAMs SPC Inc  
GAM MP Asia Pacific Equity Inc  
GAM MP European Equity Inc  
GAM MP US Equity Inc  
GAM Equity One Inc  
GAM European Focus Inc  
Consulta Capital Fund PCC Limited  
Consulta Capital Fund Holdings Limited  
Diversified Alpha Select Z Inc  
GAM Institutional Alpha Strategies Inc  
GAM MP US Equity Relative Return Inc  
GAM Multi-Commodities Inc  
Alternative Asset Opportunities PCC Limited  
Alpha Spectrum Inc  
GAM Alpha Select Inc  
Select Alternative Investments Inc  
GAM MP Multi-Europe Inc  
GAM MP Multi-Japan Inc  
GAM MP Multi-Asia Pacific Inc  
GAM MP Multi-Emerging Markets Inc  
GAM Multi-Japan Inc  
GAM Multi-North America Inc  
GAM Trading (No. 25) Inc  
Ugbrooke Properties Limited  
Hermes Absolute Return Fund (Guernsey) Limited

<i>Christopher Sherwell (continued)</i>	<i>Current</i>	<i>Past</i>
		MP Reserved Inc
		GAM Diversity II Investments Inc
		Cervin Growth Fund Inc
		BAS Alternative Strategies SPC Inc
		GAM Apex Strategy SPC Inc
		GAM Composite Absolute Return Access Inc
		GAM MP Access SPC Inc
		Corazon Capital Group Limited
		Prodesse Investment Limited
		EMP Europe (CI) Limited
		Mid Europa III Management Limited
		GAM Portable Diversity/S&P500 Inc
		GAM Portable Alpha Inc
		GAM Fermat Cat Bond Inc
		GAM Starboard Inc
		GAM EuroSystematic Value Hedge Inc
		GAM Global Emerging Markets Hedge Inc
		Ciel Bleu Limited
		Ciel Clair Limited
		Ciel Gris Limited
		Ciel Nuageux Limited
		Ciel Orageux Limited
		Ciel Voilé Limited
		BSkyB Guernsey Limited
		GAM Greater China Equity Hedge Inc
		GAM Diversity III Investments Inc
		GSC Credit Limited
		Henderson Global Property Companies (Luxembourg) Sarl
		New Star RBC Hedge 250 Index Exchange Traded Securities PCC Limited
		JP Morgan Progressive Multi-Strategy Fund Limited
		NB PEP GP Limited
		Dawnay Day Milroy Investment Management Limited

- 5.7 Within the period of five years preceding the date of this document, none of the Directors has had any convictions in relation to fraudulent offences.
- 5.8 Within the period of five years preceding the date of this document, none of the Directors has been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authority (including a designated professional body).
- 5.9 Within the period of five years preceding the date of this document, none of the Directors or has 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.
- 5.10 Save as provided below, none of the Directors has at any time in the previous five years been a member of any administrative, management or supervisory body of any company that has been subject to any receivership, liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors.

- 5.11 Christopher Sherwell was a non-executive director of the following companies in the past five years, each of which were put into solvent voluntary liquidation: Ciel Bleu, Ciel Clair, Ciel Gris, Ciel Nuageux, Ciel Orageux, Ciel Voilé, GAM Diversity III Investments Inc, Consulta Capital Fund PCC Limited, Consulta Capital Fund Holdings, Consulta High Yield Fund PCC Limited, Consulta High Yield Holdings Limited, Prodesse Investment Limited, JPMorgan Progressive Multi-Strategy Fund Limited, New Star RBC Hedge 250 Index Exchange Traded Securities PCC Limited and Hermes Absolute Return Fund (Guernsey) Limited.
- 5.12 David Moore was a non-executive director of the following companies in the past five years: BSI Generali Bank (CI) Limited, Ciel Bleu, Ciel Clair, Ciel Gris, Ciel Nuageux, Ciel Orageux, Ciel Voile and Schroder Executor & Trustee (CI) Limited, each of which were put into solvent voluntary liquidation.
- 5.13 David Moore was appointed as a director of Orion Finance Corporation Limited on 23 May 2006, a position which he still holds. The interests of Orion Finance Corporation are now vested in the security trustee following enforcement action by creditors.
- 5.14 Mark Sinclair was appointed a director of Capital City Developments Limited on 1 December 2007, a position from which he resigned on 1 June 2009. Capital City Developments Limited was put into creditors' voluntary liquidation on 7 December 2009.
- 5.15 Colin Smith and Mark Sinclair were directors of Raven Russia Property Management Limited (a wholly owned subsidiary of the Company) which was put into members' voluntary liquidation on 12 October 2009.
- 5.16 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.
- 5.17 No asset of any Director has at any time been the subject of a receivership.
- 5.18 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.
- 5.19 Save as disclosed in this document, there are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for any member of the Group.
- 5.20 Save in respect of the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company described in paragraph 5.1 above and in paragraph 7 below, no Director has any actual or potential conflicts of interest between their duties to the Company and their private interests and/or other duties.

## **6. DIRECTORS' SERVICE AGREEMENTS**

### **6.1 *Executive Directors***

The following agreements have been entered into between each of the Directors and the Group:

- 6.1.1 Anton Bilton, who was appointed as a Director on 27 November 2008, is employed by the Group in the post of Executive Deputy Chairman. He is engaged under dual contracts with both Raven Russia Limited and Cuervo Russia Sociedad Limitada (a wholly-owned subsidiary of the Company) both of which include a notice period of 12 months and contain restrictive covenants. The aggregate annual salary under Mr. Bilton's service agreements is £494,000 and Mr. Bilton is entitled to a discretionary bonus which is to be determined by the Remuneration Committee;
- 6.1.2 Glyn Hirsch, who was appointed as a Director on 27 November 2008, is employed by the Group in the post of Chief Executive Officer. He is engaged under dual contracts with both

Raven Russia and Raven Mount, both of which include a notice period of 12 months and contain restrictive covenants. The aggregate annual salary under Mr. Hirsch's service agreements is £494,000 and Mr. Hirsch is entitled to a discretionary bonus which is to be determined by the Remuneration Committee;

6.1.3 Mark Sinclair, who was appointed as a Director on 23 March 2009, is employed by the Group in the post of Chief Financial Officer. He is engaged by Raven Russia (Service Company) Limited. The annual salary under Mr. Sinclair's service agreement is £309,000 and Mr. Sinclair is entitled to a discretionary bonus which is to be determined by the Remuneration Committee. Mr. Sinclair's service agreement includes a notice period of 12 months and contains restrictive covenants; and

6.1.4 Colin Smith, who was appointed as a Director on 14 November 2008, is employed by the Group in the post of Chief Operating Officer. He is engaged by the Company and Mr. Smith's service agreement includes a notice period of 12 months and also contains restrictive covenants. His annual salary is £232,000 and he is entitled to a discretionary bonus which will be determined by the Remuneration Committee.

A contribution of 10 per cent. of basic salary is made to each Executive Director for his personal pension arrangements or direct to his personal pension plan.

## 6.2 *Non-Executive Directors*

Each Non-Executive Director has entered into a letter of appointment with the Company. Such letters of appointment are terminable by the Company or the relevant Director by giving notice in writing not less than 90 days in advance.

Details of the remuneration for the Company's Non-Executive Directors as at the date of this document is as follows:

<i>Director</i>	<i>Salary</i>	<i>Appointment Date</i>
Richard Jewson	£100,000	29 June 2007
Christopher Sherwell	£42,000	1 April 2008
Stephen Coe	£42,000	4 July 2005
David Moore	£42,000	4 July 2005

6.3 The aggregate remuneration paid (including pension fund contributions and benefits in kind) to the Directors by members of the Group in the year ended 31 December 2010 was as follows:

<i>Director</i>	<i>Salary/fee</i>	<i>Cash bonus</i>	<i>Benefits</i>	<i>Total</i>	<i>Pension contributions</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Anton Bilton	480	–	11	491	45
Glyn Hirsch	480	–	11	491	45
Mark Sinclair	300	100	2	402	30
Colin Smith	225	100	5	330	23
Richard Jewson	80	–	–	80	–
Christopher Sherwell	40	–	–	40	–
Stephen Coe	40	–	–	40	–
David Moore	40	–	–	40	–
	<u>1,685</u>	<u>200</u>	<u>29</u>	<u>1,914</u>	<u>143</u>

## 7. INCENTIVE ARRANGEMENTS

The Company has in place a number of schemes designed to incentivise Directors and employees of the Group. In this respect, 30 million Ordinary Shares were contributed to the Employee Benefit Trust for the following purposes:

## 7.1 *Bonus Scheme*

In 2009, the Remuneration Committee designed a bonus plan for 2009, 2010 and 2011, which reduced the cash burden to the Group and aligned the interests of the Executive Directors and senior employees with those of the shareholders. 15 million Ordinary Shares were held by the Company's Employee Benefit Trust, to be used as consideration for bonuses for Executive Directors and senior employees (the "Bonus Shares") under the Bonus Scheme. Of these, some Ordinary Shares have been allocated in respect of the financial years ended 31 December 2009 and 31 December 2010 as set out below; the remainder are still held by the Company's Employee Benefit Trust.

### *Financial years ended 31 December 2009 and 31 December 2010*

In respect of the financial years ended 31 December 2009 and 31 December 2010, and as a result of the achievement of the Executive Directors in meeting the objectives set by the Remuneration Committee, the Remuneration Committee agreed the following in relation to performance related bonuses:

- (a) no cash bonuses were paid to Anton Bilton or Glyn Hirsch for either year and cash bonuses of £100,000 were paid for each year to each of Mark Sinclair and Colin Smith; and
- (b) of the 15 million Ordinary Shares held by the Company's Employee Benefit Trust, an allocation of 5,885,000 Ordinary Shares was made available for distribution to the Executive Directors and senior employees for performance targets met during the financial year ended 31 December 2009 and an allocation of 4,685,000 Ordinary Shares was made available for the financial year ended 31 December 2010. Prior to allocation, some of these Ordinary Shares were exchanged for Preference Shares by the Employee Benefit Trust. The resulting Ordinary Shares and Preference Shares were allocated to Executive Directors and others in the following proportions:

<i>Director</i>	<i>Year ended 31 December 2009</i>	
	<i>Number of Bonus Shares allocated</i>	<i>Number of Preference Shares allocated</i>
Anton Bilton*	324,155	656,062
Glyn Hirsch*	783,092	400,000
Mark Sinclair	595,773	100,000
Colin Smith	60,000	55,795
Other staff	1,162,319	300,000

\* The allocations to Messrs Bilton and Hirsch were made to trusts of which each of them and their families are beneficiaries.

<i>Director</i>	<i>Year ended 31 December 2010</i>	
	<i>Number of Bonus Shares allocated</i>	<i>Number of Preference Shares allocated</i>
Anton Bilton*	883,992	8,971
Glyn Hirsch*	883,922	8,971
Mark Sinclair	761,155	7,725
Colin Smith	157,142	1,594
Other staff	1,819,632	16,946

\* The allocations to Messrs Bilton and Hirsch were made to trusts of which each of them and their families are beneficiaries.

Executive Directors are not permitted to sell such Bonus Shares for at least one year from allocation unless the proceeds of such sale(s) are reinvested in either Preference Shares or Warrants, or where there is a change in control of the Company.

### *Financial year ending 31 December 2011*

In respect of the financial year ending 31 December 2011, the Remuneration Committee has discretion to issue up to a maximum of 4.4 million Bonus Shares to the Executive Directors and senior

employees based upon the Remuneration Committee's assessment of Group performance against certain financial and share price indicators. The Remuneration Committee will have the discretion to issue Bonus Shares on a sliding scale based on annualised Net Operating Income targets up to \$115 million per annum, dividend cover targets and/or a share price or diluted NAV per share target of 75p.

Any awards based on these targets assume that the Executive Directors and senior employees remain in the employment of the Group at 31 December 2011 and would be made following the publication of the audited financial statements of the Company for the year ending 31 December 2011.

## 7.2 *Employee Retention Scheme ("ERS")*

The ERS is operated by the Employee Benefit Trust for the benefit of certain board members and employees below the board level (including their spouses and dependants) of the Group. The Company's Employee Benefit Trust held 5 million Ordinary Shares for the ERS and used such shares to retain and incentivise recipients by awarding them interests in and/or rights to acquire those shares (including through the use of "nil-cost option awards"). The nil-cost options granted over such Ordinary Shares are now fully exercisable.

The trustee of the Employee Benefit Trust is entitled to receive dividends or other distributions in respect of the Ordinary Shares held by the trustee that shall accrue between the date a nil-cost option is granted over such shares and the transfer of Ordinary Share(s) the subject of the option following its exercise to the relevant recipient. The trustee will distribute such distributions to the relevant recipient if and to the extent that such options are exercised by the recipient and the underlying Ordinary Shares are transferred to the recipient.

The relevant recipient will bear the income tax and employee national insurance contribution liabilities arising on exercising their option(s). The Company will bear the cost of any employer's national insurance contributions arising on exercise.

As at the date of this document, the following ERS awards had been granted and are exercisable as follows:

<i>Director</i>	<i>Awards granted</i>	<i>Exercised</i>	<i>Outstanding and exercisable</i>
Mark Sinclair	1,000,000	–	1,000,000
Colin Smith	125,000	–	125,000
Other employees of the Group	3,875,000	2,450,000	1,425,000
<b>Total</b>	<u>5,000,000</u>	<u>2,450,000</u>	<u>2,550,000</u>

## 7.3 *Long Term Incentive Plan ("LTIP")*

The Group operates a long term incentive plan under which all employees (including former employees) of the Group may be incentivised by the grant to them of an option over Ordinary Shares held by the Employee Benefit Trust. 10 million Ordinary Shares held by the Employee Benefit Trust have been reserved for the LTIP. The options that the Employee Benefit Trust grants over such shares vest in three tranches, subject in each case to the performance conditions set out below, on 24 March 2012, 24 March 2013 and 24 March 2014 and, provided in each case, the relevant option holder remains in continued employment with the Company (or any member of the Group) as at that date (save as set out below).

The trustee of the Employee Benefit Trust is entitled to receive dividends or other distributions in respect of the Ordinary Shares held by it and over which options have been granted pursuant to the LTIP. The trustee will distribute such distributions to the relevant recipient if and to the extent that such options are exercised by the recipient and the underlying Ordinary Shares are transferred to the recipient.

In the event of a takeover or winding up of the Company, the Board retains a discretion as to the operation of the performance conditions and the vesting of such options (whether accelerated or otherwise) in such circumstances.

Under the terms of the LTIP, the trustee of the Employee Benefit Trust may, with the consent of the Remuneration Committee, at any time amend the terms of the LTIP without requiring prior shareholder approval but provided always that with respect to outstanding awards, the relevant employees shall have agreed to such changes being made.

#### *Performance Conditions*

The vesting of LTIP awards for each tranche is subject to the Company meeting a target of total shareholder return of 7.5 per cent. over UK RPI during each of the following three year periods, in each case with a starting share price of 25p;

- 24 March 2009 to 24 March 2012;
- 24 March 2010 to 24 March 2013; and
- 24 March 2011 to 24 March 2014.

As at the date of this document, the Employee Benefit Trust has granted the following options over existing Ordinary Shares in respect of the LTIP:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>
Anton Bilton*	810,811
Glyn Hirsch*	1,000,000
Mark Sinclair	1,000,000
Colin Smith	500,000
Other persons**	5,935,135
Unallocated	754,054

All of the above options have an exercise price of £0.25 per Ordinary Share and an exercise period commencing on the date of vesting through to 24 March 2019.

\* Messrs Bilton and Hirsch have not received options with an exercise price of £0.25 per Ordinary Share but the Company has recommended to the trustees of the Employee Benefit Trust arrangements having a similar economic effect.

\*\* The options referred to above include options issued to three individuals that were granted pursuant to three “stand alone” unapproved option agreements. In light of the fact that these three individuals are not employees of the Group the employment conditions relating to the above awards do not apply to these individuals.

## **8. THE COMPANY AND ITS SUBSIDIARIES**

The Company is the holding company of the Group and has the following principal (direct or indirect) subsidiaries:

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Registered Office</i>	<i>Principal activity</i>	<i>Proportion of ownership interest</i>
Petroestate LLC	Russian Federation	196247 Saint-Petersburg, Leninsky prospect, 153, letter D, Russian Federation	Property Holding	100
CJSC Kulon Development	Russian Federation	117535, Moscow, Dorozhnaya st. 3, building 6, Moscow, Russian Federation	Property Holding	100

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Registered Office</i>	<i>Principal activity</i>	<i>Proportion of ownership interest</i>
EG Logistics LLC	Russian Federation	127550, Moscow, Pryanishnikova Str. 19A, bld.4, Russian Federation	Property Holding	100
CJSC Kulon Istra	Russian Federation	143500, Moscow region, Istra city, Glavnogo Konstruktora V.I. Adas'ko, bld. 4, section 4, Moscow, Russian Federation	Property Holding	100
Soyuz-Invest LLC	Russian Federation	142180, Russia, Moscow region, Klimovsk town, Kommunalnaya st. 23a Moscow region, Russian Federation	Property Holding	100
Reserv-Invest LLC	Russian Federation	142180, Russia, Moscow region, Klimovsk town, Kommunalnaya st. 23a, Moscow region, Russian Federation	Property Holding	100
Real-Invest LLC	Russian Federation	142180, Russia, Moscow region, Klimovsk town, Kommunalnaya st. 23a, Moscow region, Russian Federation	Property Holding	100
Logopark Don LLC	Russian Federation	346710, Rostov region, Aksajskij district, homestead Bolshoj Log, Novocherkasskoe shosse 111, bld. 1, Russian Federation	Property Holding	100
Logopark Ob LLC	Russian Federation	630088, the Russian Federation, Novosibirsk city, Petukhova street 71 Russian Federation	Property Holding	100
Fenix LLC	Russian Federation	143391, Moscow region, Naro-Fominskij district, Marushkinski rural district, Krekshino village, Tupikovyi proezd, 1. Russian Federation	Property Holding	100
CJSC Noginsk Vostok	Russian Federation	142438, Moscow region, Noginsk district, the 58th km of Moscow – N.Novgorod Highway, industrial plot No 1. Russian Federation	Property Holding	100

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Registered Office</i>	<i>Principal activity</i>	<i>Proportion of ownership interest</i>
Resource Economica LLC	Russian Federation	196626, Saint-Peterburg, Pushkinsky region, Shushary village, Moscovskoe highway, bld. 70, section 4, letter A, premises 13-H, room 27. Russian Federation	Property Holding	100
Kulon Spb LLC	Russian Federation	191028, Saint-Peterburg, Liteyniy prospect, bld. 24 Russian Federation	Property Holding	100
Raven Russia Property Advisors Limited	United Kingdom	21 Knightsbridge, London, SW1X 7LY United Kingdom	Property Management	100
Avalon Logistics Company LLC	Russian Federation	Dorozhnaya ul., str. 60, p. sovkhoza "Ostankino", s/p Gabovskoye, Dmitrov District, Moscow Region, 141895, Russian Federation	3rd Party Logistics	100
Raven Russia (Service Company) Limited	Guernsey	1 Le Truchot, St. Peter Port Guernsey, GY1 6EH Channel Islands	Group Employment Company	100
Raven Mount Group Limited	UK	21 Knightsbridge, London SW1X 7LY United Kingdom	Property Trading Company	100
Raven Property Group plc	UK	21 Knightsbridge, London SW1X 7LY United Kingdom	Service Company	100
Swan Hill Developments Ltd	UK	21 Knightsbridge, London SW1X 7LY United Kingdom	Property Investment	100

## 9. TAXATION

The following information, which relates only to UK and Guernsey, is applicable to the Company and to persons who are resident or ordinarily resident in the UK or resident in Guernsey and who hold Preference Shares as investments. It is based on the law and practice currently in force in the UK and Guernsey.

The information is not exhaustive and is intended as a general guide only and not does constitute advice. If any potential investor is in any doubt as to his taxation position, he should consult his professional adviser without delay. Investors should note that tax law and practice and its interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and such changes may alter the benefits of investment in the Company. This information may not apply to certain classes of shareholders, such as dealers in securities, insurance companies, collective investment schemes and shareholders who have, or are deemed to have, acquired shares by reason of, or in connection with, an office or employment. Such person should consider seeking professional advice relevant to their own activities.

## 9.1 **Guernsey taxation**

### 9.1.1 *The Company*

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 by the Director of Income Tax in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit. It is anticipated that no income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax.

In keeping with its ongoing commitment to meet international standards, Guernsey is currently undertaking a review of its corporate tax regime. Until such time as the review is complete, the existing corporate income tax regime remains in place. At the date of publication no announcements have been made regarding specific changes to Guernsey's tax regime or the timing of the implementation of any changes that may arise as a result of the review. It is currently anticipated that there will be no changes to the current exempt company regime and, as such, the Company is expected to be able to continue to qualify for exempt status for Guernsey tax purposes.

### 9.1.2 *Shareholders*

Shareholders in the Company resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any shares owned by them. Such shareholders will receive distributions without deduction of Guernsey income tax.

Shareholders in the Company who are resident in Guernsey will incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. The Company will be required to provide the Director of Income Tax such particulars relating to any distribution paid to Guernsey resident shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident shareholders, the gross amounts of any distribution paid and the date of the payment. Provided the Company maintains its exempt status, there would currently be no requirement for the Company to withhold tax from the payment of a distribution.

There are no death duties, capital inheritance, capital gains, gifts, sales or turnover taxes levied in Guernsey in connection with the acquisition, holding or disposal of shares (unless the varying of investments and the turning of such investments to account is a business or part of a business). However, registration fees and *ad valorem* duty calculated by reference to the gross value of the deceased's worldwide or Guernsey personal estate (depending upon circumstances) are payable upon an application for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant. No stamp duty or stamp duty reserve tax is chargeable in Guernsey on the issue or transfer of shares.

## 9.2 **UK taxation**

### 9.2.1 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the United Kingdom and so that

the Company does not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). On this basis, the Company should, broadly, not be liable for United Kingdom taxation on its profits and gains other than certain profits or gains deriving from a United Kingdom source.

### 9.2.2 *UK Shareholders*

#### Taxation of dividends

Shareholders who are resident in the United Kingdom for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax in respect of dividends paid by the Company in relation to Preference Shares whether directly or by way of reinvestment of income.

For shareholders who are individuals and who are not taxable on the remittance basis, income tax will generally be charged at the rate of 10 per cent. or 32.5 per cent. or 42.5 per cent. (the 32.5 per cent. tax rate applies if the individual is a higher rate tax payer and the 42.5 per cent. tax rate applies if the individual has other taxable income in excess of £150,000 per annum). Where a taxpayer has other taxable income of less than £150,000, the receipt of a dividend may result in his total taxable income exceeding the £150,000 threshold. In that event, the dividend will be taxed partly at 32.5 per cent. (up to the £150,000 income threshold) and partly at 42.5 per cent. (on the excess above the £150,000 threshold). Any dividend on Preference Shares will ordinarily carry a tax credit equal to one ninth of the dividend, provided that the individual's interest in the Preference Shares is less than 10 per cent. For Shareholders who are higher rate taxpayers (taxed at 32.5 per cent.) entitled to a tax credit this gives an effective tax rate of 25 per cent. of the net cash dividend. For Shareholders with taxable income in excess of £150,000 per annum (taxed at 42.5 per cent.) entitled to a tax credit this gives an effective tax rate of approximately 36.1 per cent. of the net cash dividend.

Individuals who are taxable on the remittance basis should seek their own advice in relation to the tax treatment of dividends paid by the Company.

For corporate shareholders, the tax treatment of dividends paid by the Company in respect of Preference Shares will depend upon the size of the recipient company. Any corporate shareholder which is not small will generally be exempt from corporation tax on the dividend. Certain small companies will be taxable at their marginal rate of corporation tax on all dividends received from the Company. A tax credit should also be given for any underlying tax (that is, tax paid on the profits out of which the dividend was paid), provided the relevant corporate shareholder controls at least 10 per cent. of the voting rights in the Company and certain detailed conditions are satisfied. Corporate shareholders should seek their own separate advice as to whether they are a small company for these purposes.

#### Scrip dividends

Generally, a scrip dividend payable by a non-UK resident company is not taxable as income for UK income or corporation tax purposes. For the purposes of capital gains tax and corporation tax on chargeable gains, a scrip dividend is generally treated as a bonus issue, i.e. the new shares received are treated as having been acquired at the same time as the original shares, and the base cost of the original shares is apportioned between the original shares and the bonus shares.

#### Taxation of chargeable gains

In the case of those shareholders who are individuals or otherwise not within the charge to corporation tax, capital gains tax may be payable on any chargeable gain arising upon a disposal of Preference Shares. Any such gain may be subject to tax at a rate of 28 per cent. for individuals with income in excess of £35,000 (and, therefore, liable to income tax at the higher or additional rate) subject to the availability of relevant reliefs and exemptions as whose income, together with the amount of gains and exemptions, exceeds £35,000. Individual

shareholders are not subject to tax on chargeable gains up to the annual exempt amount. For the 2011/2012 tax year this is £10,600.

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains in respect of any gain arising on a disposal of Preference Shares. Indexation allowance may apply to reduce any chargeable gain arising on a disposal of the Preference Shares but will not create or increase an allowable loss.

#### Close company

Shareholders who are resident or ordinarily resident for tax purposes in the United Kingdom who hold more than 10 per cent. of the Company (either alone or taking into account the interests of persons connected with them), should seek their own separate advice on the basis that in certain circumstances (i.e. if the Company is or becomes a close company for UK tax purposes) a proportion of gains made by the Company could be attributable to them under section 13 of the Taxation of the Chargeable Gains Act 1992.

#### Offshore funds

The Company should not be regarded as a mutual fund for the purposes of Section 356 Taxation (International and other provisions) Act 2010. On this basis a shareholding in the Company should not be regarded as a relevant interest in an offshore fund for tax purposes.

#### Controlled foreign company

A UK resident corporate shareholder who, together with connected or associated persons, holds at least a 25 per cent. interest in the Company should note the provisions of the controlled foreign companies legislation contained in sections 747 to 756 of the Income and Corporation Taxes Act 1988. Shareholders should seek their own specific advice on how these provisions may impact upon them.

#### Transfer of assets abroad

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of section 714 to 751 of the Income Tax Act 2007 which may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.

#### Transactions in securities

The attention of investors is drawn to Section 684 of the Income Tax Act 2007 under which HM Revenue & Customs may seek to cancel tax advantages from certain transactions in securities.

### 9.2.3 *Non-UK Shareholders*

Shareholders who are not resident or ordinarily resident (or temporarily non resident) in the United Kingdom and do not carry on a trade, profession or vocation through a branch, agency or other form of permanent establishment in the United Kingdom with which Preference Shares are connected will not normally be liable to United Kingdom taxation on capital gains arising on the sale or other disposal of Preference Shares. However, non-UK Shareholders will need to take specific professional advice about their individual tax position.

### 9.2.4 *Individual Savings Accounts ("ISA")*

Preference Shares in the Company should be eligible to be held in the stocks and shares component of an ISA.

### 9.2.5 *Self-invested Personal Pension Schemes (“SIPPs”)*

SIPPs approved by HM Revenue & Customs are automatically treated by HM Revenue & Customs as registered pension schemes. Preference Shares should be eligible investments for registered pension schemes.

### 9.2.6 *Stamp Duty and Stamp Duty Reserve Tax*

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) position 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. UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Preference Shares executed within, or that relates to any matter or thing to be done in the United Kingdom. In practice, as the register of members is maintained outside the UK, no duty is ordinarily payable.

An exemption from stamp duty is available where the amount or value of the consideration is £1,000 or less, provided that it is certified on the instrument of transfer that the transaction does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers.

## **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 members of the Group in the two years immediately preceding the date of this document and which are, or may be, material or which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document:

- 10.1 The Company entered into an agreement dated 30 June 2010 with Numis Securities Limited (“Numis”) pursuant to which Numis agreed to act as sponsor to the Company in relation to admission of the Ordinary Shares and Warrants to the Official List and to trading on the Main Market of the London Stock Exchange. The agreement contained customary warranties given by the Company to Numis and a customary indemnity given by the Company to Numis in respect of liabilities arising out of or in connection with admission. The Company agreed to pay Numis a corporate finance fee of £225,000.
- 10.2 A facility agreement dated 17 September 2009 (as amended by facility amendment and restatement agreements dated 23 December 2009, 25 June 2010 and 23 December 2010) between the Company and the Royal Bank of Scotland International Limited (“RBSi”), pursuant to which RBSi made available to the Company a loan facility of up to £25 million. The amount outstanding under this facility at 31 December 2010 was £7 million. The main terms of this facility are as follows:
  - (a) The facility expires on 31 January 2012;
  - (b) The interest rate payable is LIBOR plus a margin of 2.85 per cent. and a fee payable on repayment of 0.75 per cent.; and
  - (c) The facility is secured by security interests granted over some of the Company’s deposits with RBSi.
- 10.3 The Warrant Instrument, details of which are set incorporated by reference into this document (as referred to on page 108 below).

#### 10.4 **AKM**

The Company completed the sale of AKM Logistics (a company which was indirectly wholly owned by the Company) to Nomos Bank on 5 August 2010 in consideration for the repayment of all outstanding amounts due under the \$48m credit line agreement dated 21 November 2007 between Nomos Bank and AKM Logistics.

#### 10.5 **Krekshino**

A facility agreement dated 6 July 2007 between Raven Russia Holdings 10 Limited, a company wholly owned by the Company and Deutsche Pfandbriefbank AG (“Deutsche”) pursuant to which Deutsche made available to the Group a term loan facility for up to \$89,775,000 for the purpose of on-lending the amounts drawn to Fenix LLC a company indirectly wholly owned by the Company and the owner of the site located near the village of Krekshino, Moscow Oblast. The amount was fully drawn. The main terms of this facility are as follows:

- (a) The facility is a five year term loan expiring in January 2013;
- (b) The interest rate payable is LIBOR plus a margin of 2.85 per cent., plus mandatory costs (if any). The Group has entered into separate interest rate agreements to fix the LIBOR element at 3.51 per cent. over the course of the loan; and
- (c) The Group may prepay the whole or any part of the loan (minimum \$1 million) in addition to any break costs, hedging agreement unwind costs and potential fees in order to avoid a breach of any of its covenants.

The obligations of the borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests entered into for the benefit of Deutsche by the borrower and other entities in the specific groups of entities (within the Group) that were set up to (directly or indirectly) hold and finance the property. In the case of the Company this is limited to a charge over the shares it holds in the borrower and in the ultimate Cypriot holding company in such property holding group.

#### 10.6 **Istra**

A loan agreement dated 3 September 2008 (as amended by an amendment agreement dated 17 September 2009) and made between Intorla Holdings Limited as lender and ZAO Kulon-Istra a company indirectly wholly owned by the Company and which is developing office and warehouse buildings at a site located in the Istra Region, Moscow Oblast as borrower (the “Istra Loan Agreement”).

The main terms of the Istra Loan Agreement are as follows:

- (a) Intorla Holdings Limited made available to ZAO Kulon-Istra a facility of up to \$119 million which shall be repayable in full on 8 August 2013 or such other date as agreed between the parties; and
- (b) Interest is payable on the amount of the facility outstanding from time to time at the rate of 13 per cent. per annum.

Intorla Holdings Limited is a subsidiary of a company, external to the Group, that entered into a bank facility agreement with Aareal Bank AG for the purpose of financing the Istra Loan Agreement. Various companies in the specific group of entities (within the Group) that was set up to hold the property have provided mortgages, charges, pledges and other customary security interests to Aareal Bank AG in relation to the bank facility agreement. In the case of the Company this is limited to a charge over the shares it holds in the ultimate Cypriot holding company in such property holding group.

## 10.7 **Konstanta**

10.7.1 A loan agreement dated 20 April 2007 between Spiralpont Limited as lender and Petroestate LLC a company indirectly wholly owned by the Company and the owner of the property known as Konstanta and located in St. Petersburg, Russia as borrower, as novated, amended and restated pursuant to a loan transfer agreement dated 20 September 2007 between Spiralpont Limited, Petroestate LLC and HSH Nordbank AG. Pursuant to the loan transfer agreement, HSH Nordbank made available to Petroestate LLC a facility in an amount equal to \$23 million (the “Amended Konstanta Loan”) under terms substantially similar to the terms of the term facility agreement dated 14 August 2007 and described in paragraph 10.7.2 below.

10.7.2 A term facility agreement dated 14 August 2007 between HSH Nordbank AG and a wholly owned subsidiary of the Company. The amount drawn by the Group under this facility (including the amount drawn under the Amended Konstanta Loan) was \$53 million. The main terms of this facility are as follows:

- (a) The facility is a five year term loan expiring in November 2012;
- (b) The interest rate payable on the aggregate amount of this loan and the Amended Konstanta Loan is LIBOR plus a margin at 2.70 per cent. The Group has entered into an interest rate agreement to cap the LIBOR element of \$30.3 million of the total balance at 5.50 per cent. over the course of the loan; and
- (c) The Group may prepay the whole or any part of the loan (minimum \$0.5 million) in addition to any break costs and potential fees in order to avoid a breach of any of its covenants.

On 14 October 2010, a waiver was agreed between the borrowing companies and HSH Nordbank, for a potential loan to value breach amounting to \$2.6 million. 50 per cent. of the breach was repaid at that time and the remainder was agreed to be settled by way of additional quarterly principal repayments of \$250,000. Raven Russia guaranteed these additional prepayments until such time as the breach amount of \$2.6 million was made good.

On 27 April 2011 a further waiver was granted for a continuing potential loan to value breach. A formal valuation was not requested by HSH Nordbank but it was agreed that all surplus cash generated by the asset would swept by the bank until such time as the potential breach has been remedied. No further guarantees were given by Raven Russia in relation to this waiver.

The obligations of the borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests entered into for the benefit of HSH Nordbank AG by the borrower and other entities in the specific groups of entities (within the Group) that were set up (directly or indirectly) to hold or finance the property. In the case of the Company this is limited to a charge over the shares it holds in the borrower and ultimate Cypriot holding company of such property holding group.

## 10.8 **Rostov on Don**

A loan agreement dated 30 September 2009 (as amended and restated on 7 May 2010) between Logopark Don LLC and International Finance Corporation (“IFC”) pursuant to which IFC agreed to make available to Logopark Don LLC three loans as follows: (i) the A Loan being \$20 million; (ii) the B Loan being \$10 million; and (iii) the C Loan being \$10 million. The balance drawn and outstanding under these loans as at 31 December 2010 was \$40 million with \$30 million drawn immediately after completion (Facility A and C) and a further \$10 million drawn on 5 July 2010 (Facility B) after IFC syndicated this tranche to Cordiant. The interest rates payable on these loans are: (i) A Loan and B Loan: LIBOR plus a margin of 5.75 per cent.; and (ii) C Loan: LIBOR plus a margin of 16 per cent. Interest over the first eight quarterly interest payment dates on the C Loan shall be capitalised; thereafter interest shall be payable on both the principal amount and the capitalised interest. The obligations of Logopark Don LLC under this facility are secured by various mortgages, charges,

pledges and other customary security interests entered into for the benefit of IFC by the borrower and other entities in the specific groups of entities (within the Group (not including the Company)) that were set up (directly or indirectly) to hold and finance the property. In addition, pursuant to a Sponsor Support and Share Retention Agreement dated 5 November 2009 between the Company, Logopark Don LLC and IFC, the Company has given a guarantee to IFC for all the debts and monetary liabilities of Logopark Don LLC in respect of the IFC facility. This guarantee will terminate on the earlier of: (a) IFC confirming that Logopark Don LLC's obligations under the facility have been discharged in full; and (b) the later of 15 November 2012 and the satisfaction of a financial hurdle calculated by reference to forecast net operating income and forecast principal and interest payments.

## 10.9 *Novosibirsk*

10.9.1 A loan agreement dated 26 August 2008 (as amended and restated on 26 September 2008, 20 May 2009 and 15 January 2010) between Logopark Ob LLC and IFC pursuant to which IFC agreed to make available to Logopark Ob LLC three loans as follows: (i) the A Loan being \$35 million (subsequently reduced to \$20 million); (ii) the B Loan being \$40 million (subsequently cancelled, and replaced by the \$25 million EBRD loan referred to in paragraph 10.13.2 below); and (iii) the C Loan being \$5 million. The balance drawn and outstanding under these loans as at December 2010 was \$47 million. The interest rates payable on these loans are: (i) A Loan: LIBOR plus a margin of 5.75 per cent.; and (ii) C Loan: LIBOR plus a margin of 16 per cent. The obligations of Logopark Ob LLC under this facility are secured by various mortgages, charges, pledges and other customary security interests entered into for the benefit of IFC by the borrower and other entities in the specific groups of entities (within the Group (not including the Company)) that were set up (directly or indirectly) to hold and finance the property. In addition, the Company has entered into a guarantee to IFC dated 20 January 2010 for all the debts and monetary liabilities of Logopark Ob LLC in respect of the IFC facility (up to an aggregate amount of \$25 million). This guarantee will terminate on the earlier of:

- (a) IFC confirming all the guaranteed obligations have been repaid in full; and
- (b) IFC confirming that: (a) all the liens, charges and other security interests granted to IFC in relation to the loan are validly created and registered; (b) either a mortgage over the freehold interest or a long term 49 year land lease has been perfected; (c) it has received evidence from Logopark Ob LLC that it has entered into lease contracts for a weighted average term of at least six years that utilise capacity of the project in an amount sufficient to satisfy a financial hurdle calculated by reference to forecast net operating income and forecast principal interest payments; and (d) no event of default has occurred under the loan agreement.

10.9.2 A loan agreement dated 27 March 2009 as amended and restated on 20 May 2009 and 18 January 2010 between Logopark Ob LLC and EBRD pursuant to which EBRD agreed to make available to Logopark Ob LLC a loan in an amount of up to \$25 million. The interest rate payable on the A Loan principal amount of \$20 million is LIBOR plus a margin of 5.75 per cent. per annum. The interest rate payable on the C Loan principal amount of \$5 million is LIBOR plus a margin of 16 per cent. per annum. The obligations of the borrower will be secured by various mortgages, charges, pledges and other customary security interests entered into for the benefit of EBRD by the borrower and other entities in the specific groups of entities (within the Group (not including the Company)) that were set up (directly or indirectly) to hold and finance the property. In addition, the Company has entered into a deed of guarantee and indemnity with EBRD pursuant to which the Company has guaranteed the payment of all the debts and liabilities of Logopark Ob LLC to EBRD under or in relation to the loan agreement up to \$25 million plus any interest, fees and expenses due to EBRD (the "Guaranteed Obligations") and has undertaken to indemnify EBRD against any cost, loss or liability incurred by EBRD as a result of the Guaranteed Obligations being or becoming void, unenforceable or invalid. This guarantee and indemnity will terminate on the earlier of:

- (a) EBRD confirming that all the Guaranteed Obligations have been repaid in full and no amounts remain available for disbursement under the loan agreement; and
- (b) EBRD confirming that: (i) all the liens, charges and other security interests granted to EBRD in relation to the loan are validly created and registered; (ii) all such security interests are subordinated only to the security interests granted to IFC in connection with the loan agreement described in paragraph 10.13.1 above; (iii) it has received from Logopark Ob LLC evidence that Logopark Ob LLC has entered into lease contracts for a weighted average term of at least six years that utilise capacity of the project in an amount sufficient to satisfy a financial hurdle calculated by reference to forecast net operating income and forecast principal and interest payments; (iv) no event of default under the loan agreement has occurred; and (v) if the guarantee given by the Company to IFC and further described in paragraph 10.9.1 above has come into force, all the debts and liabilities of Logopark Ob LLC to IFC have been discharged in full or the Company has been released from its obligations under such guarantee.

10.9.3 In addition to the above security arrangements, a Sponsor Support and Share Retention Agreement dated 20 January 2010 between the Company and both IFC and EBRD was entered into to cover any shortfall in scheduled debt service repayments due by Logopark Ob LLC. The aggregate liability under this guarantee is capped up to a maximum of \$15 million prior to project completion and up to a maximum of \$22 million thereafter. The Sponsor Support and Share Retention Agreement obligations remain in force until the outstanding loans are repaid.

#### 10.10 *Volhonsky Limited hedging arrangements*

Volhonsky Limited (a wholly owned subsidiary of the Company) has entered into two interest rate cap agreements with RBSi to hedge the interest rate exposure of the Group under the Rostov on Don and Novosibirsk facilities (see paragraphs 10.8 and 10.9 above, respectively). The caps are for an initial aggregate notional sum of \$92.6 million, a cap rate of 3 per cent. and mature during August and September 2013.

#### 10.11 *Noginsk*

A loan agreement dated 21 December 2007 and made between Anfirimo Holdings Limited (“Anfirimo”) as lender and Noginsk-Vostok (a company in which the Company indirectly holds a 100 per cent. ownership interest, and the owner of the freehold rights to the land situated in the Noginsk District of the Moscow Region where the warehouse known as the Noginsk property is currently under construction) as borrower, as amended by an amendment agreement dated 29 February 2008, an amendment agreement dated 12 March 2008, as amended and restated pursuant to an amendment and restatement agreement dated 8 September 2008 and as amended and restated pursuant to a further amendment and restatement agreement dated 5 February 2010 (the “Noginsk Loan Agreement”).

The main terms of the Noginsk Loan Agreement are as follows:

- (a) Anfirimo Holdings Limited made two facilities available to Noginsk-Vostok: Facility A up to US\$66.3 million which shall be repayable on 22 October 2011 and Facility B up to US\$60.8 million which shall be repayable on 6 April 2012; and
- (b) Interest is payable quarterly on the amount of the facility outstanding from time to time at the rate of 12.5 per cent. per annum.

Anfirimo is the subsidiary of a company (external to the Group) that entered into a bank facility agreement with HSH Nordbank AG for the purpose of financing the Noginsk Loan Agreement. The loan to Anfirimo under the bank facility agreement falls due for repayment in 22 October 2011. Various companies of the Group (excluding the Company) have provided mortgages, charges, pledges and other customary security interests to HSH Nordbank AG in relation to the bank facility agreement. In addition, the Company has provided a corporate guarantee to HSH Nordbank AG in respect of

payment of non-default interest and amortisation due by the borrower throughout the term of the facility and also the punctual payment of construction retentions withheld by Noginsk-Vostok as these fall due for repayment.

#### 10.12 *Southern*

10.12.1 A loan agreement dated 22 December 2006 (the “Senior Loan”), as amended by an amendment agreement dated 10 April 2007 between Storvo Holdings Limited and Closed Joint Stock Company Kulon Development (“Kulon Development” or “the Borrower”), an indirect wholly owned subsidiary of the Company and the owner of the property known as Southern in Moscow. This loan was novated, amended and restated pursuant to a loan transfer agreement dated 14 June 2007 between Storvo Holdings Limited, Kulon Development and HSH Nordbank AG as supplemented by a supplemental agreement dated 12 October 2007. Under the terms of the loan transfer agreement, HSH Nordbank AG made available to Kulon Development a facility in an amount equal to \$8.5 million (the “Amended Southern Loan”) under terms substantially similar to the terms of the term facility agreement dated 11 May 2007 and described in paragraph 10.12.2 below.

10.12.2 A term facility agreement dated 11 May 2007 between Raven Russia Holdings 3 Limited and HSH Nordbank AG (the “Top-Up Loan”) as supplemented by a supplemental agreement dated 10 December 2007. The amount drawn by the Group under this facility (including the amount drawn under the Amended Southern Loan) was \$13.0 million. The main terms of this facility are as follows:

- (a) The facility is a five year term loan expiring in December 2012;
- (b) The interest rate payable on the aggregate of this loan and the Amended Southern Loan is LIBOR plus a margin of 2.99 per cent. The Group has entered into an interest rate agreement to cap the LIBOR element of \$4.8 million of the total balance at 5.50 per cent. over the course of the loan; and
- (c) The Group may prepay whole or any part of the loan (minimum \$0.5 million) in addition to any break costs and potential fees in order to avoid a breach of any of its covenants.

The obligations of the borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of HSH Nordbank entered into by the borrower and other entities in the specific groups of entities (within the Group) that were set up to hold (directly or indirectly) and finance the property. In the case of the Company this is limited to a charge over the shares it holds in the borrower and the ultimate Cypriot holding company in such property holding group.

#### 10.13 *Baltia*

10.13.1 An Agreement for the sale and purchase of the entire issued share capital of Closed Joint Stock Company Kulon Estate (the “Agreement”), was signed on 2 August 2010 between Raven Russia Cyprus Acquisition (Baltia) Company Limited (the “Seller), an indirect wholly owned subsidiary of the Company and Casebre Holdings Limited (the “Buyer”) for consideration of \$42 million. The agreement contained customary warranties for a transaction of this nature in favour of the Buyer.

10.13.2 In conjunction with the Agreement the associated senior debt secured against the project was fully terminated and repaid at completion of the sale. A Termination Agreement was signed dated 18 November 2010 between Raven Russia Holdings 3 Limited as borrower and HSH Nordbank AG as lender to a facility in an amount equal to \$16.5 million. In addition a Loan Transfer Agreement was signed dated 18 November 2010 transferring the loan to Kulon Estate from HSH Norbank AG to the Buyer. An amount of \$20.5m was paid to HSH Nordbank in full settlement of the early termination, loan transfer, break and prepayment fees

(of which \$19.3 million related to debt outstanding at completion). All security has been fully released.

#### 10.14 *Lobnya*

10.14.1 A \$30 million Facility Agreement (“the Facility Agreement”) dated 22 November 2010 between EG Logistics Limited, an indirect wholly owned subsidiary of the Company and Marfin Popular Bank Public Co Ltd (“Marfin”). The full \$30 million was drawn on 27 January 2011. The main terms of this facility are as follows:

- (a) The facility is a seven year term expiring in December 2017;
- (b) The interest rate payable is LIBOR plus a margin of 6.75 per cent.; and
- (c) The borrower may prepay the whole or any part of the loan (minimum \$2 million) subject to full settlement of break costs, full unwinding of hedging agreement and early prepayment fee.

10.14.2 EG Logistics Limited entered into an interest rate cap agreement with Marfin dated 27 January 2011 to hedge the interest rate exposure of the Facility Agreement. The cap is for an initial notional sum of \$30 million, the cap rate is 3.5 per cent. and the cap matures on 31 December 2013.

10.14.3 The obligations of the borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of Marfin entered into by the borrower and other entities in the specific groups of entities (within the Group) that were set up to hold (directly or indirectly) and finance the property. In the case of the Company this is limited to a charge over the shares it holds in the borrower.

#### 10.15 *Klimovsk Phase I*

A \$38 million Facility Agreement dated 20 April 2011 between OOO Soyuz-Invest, OOO Real-Invest and OOO Reserv-Invest (“the Borrowers”), all indirect wholly owned subsidiaries of the Company and Raffeisenbank. The full \$38 million was drawn on 23 June 2011. The main terms of the facility are as follows:

- (a) The facility is a nine year term expiring 20 April 2020;
- (b) The interest rate payable is LIBOR plus a margin of 5.75 per cent.; and
- (c) The Borrowers may prepay the whole or any part of the loan (minimum \$0.5 million) subject to full settlement of prepayment fee.

The obligations of the borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of Raffeisenbank entered into by the borrower and other entities in the specific groups of entities (within the Group (not including the Company)) that were set up to hold (directly or indirectly) and finance the property.

## 11. MANDATORY TAKEOVER BIDS AND SQUEEZE-OUT/SELLOUT PROVISIONS

### 11.1 *Mandatory takeover bids*

The City Code applies to all takeover and merger transactions in relation to the Company.

The Panel on Takeovers and Mergers is an independent body, whose main functions are to issue and administer the City Code and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in the City Code. The City Code is designed principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are

conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interests in shares of the company during the 12 months prior to the announcement of the offer.

There are not in existence any current mandatory takeover bids in relation to the Company.

### 11.2 *Squeeze-out*

Part XVIII of the Law provides that if an offer is made for the shares or any class of shares in the capital of the Company and if, within four months after the making of the offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected then the offeror may, within two months of the expiry of that four month period acquire any remaining shares to which the offer relates. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders informing them that it wishes to acquire their shares (an "Acquisition Notice"). Where an Acquisition Notice is served, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

## 12. RELATED PARTY TRANSACTIONS

Other than: (i) those matters referred to in Note 34 to the Financial Statements of the Group for the year ended 31 December 2010 which are incorporated by reference into this document; (ii) those matters referred to in Note 33 to the Financial Statements of the Group for the year ended 31 December 2009 which are contained within the Prospectus of the Company dated 30 June 2010 and incorporated by reference into this document; (iii) those matters referred to in Note 28 to the Financial Statements of the Group for the year ended 31 December 2008 which are contained within the Equivalent Information Document of the Company dated 17 April 2009 and incorporated by reference into this document; and (iv) those matters referred to in Note 26 to the Financial Information relating to the Raven Mount Group for the three years ended 31 December 2009 which are contained within the Prospectus of the Company dated 30 June 2010 and incorporated by reference into this document, during the period commencing on 1 January 2008 and terminating on the date of this document, the Company has not entered into any related party transaction.

## 13. WORKING CAPITAL

The Company is of the opinion that, after taking into account the banking facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the period of 12 months from the date of this document.

## 14. LITIGATION

There are no governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any governmental, legal or arbitration proceedings pending or threatened which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

## **15. GENERAL**

- 15.1 Other than the revaluation of investment property and investment property under construction at 30 June 2011 set out in Part 6, there has been no significant change in the financial or trading position of the Group since 31 December 2010, the date to which the last audited financial statements of the Group were prepared.
- 15.2 There has been no material change to the valuation of the freehold, and part freehold and part leasehold properties of the Group set out in the Property Valuation Report on the Group in Part 6 of this document since 30 June 2011, the date to which such report was prepared.
- 15.3 The estimated costs and expenses relating to Admission (including the fees of the FSA, professional fees and expenses and the costs of printing and distribution of documents) are expected to amount to approximately £420,000, excluding VAT.
- 15.4 Kinmont Limited is registered in England and Wales under number 03456766 and its registered office is at 5 Clifford Street, London W1S 2LG. Kinmont Limited is regulated by the Financial Services Authority and is acting in its capacity as financial adviser to the Company.
- 15.5 Kinmont Limited 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.
- 15.6 Jones Lang LaSalle has given and has not withdrawn its written consent to the inclusion in this document of its name and its report set out in Part 6 of this document and references thereto in the forms and contexts in which they appear and has authorised the contents of such report for the purposes of Prospectus Rule 5.5.3R(2)(f).
- 15.7 Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and were the auditors of the Company for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010.
- 15.8 Save as otherwise disclosed in paragraph 10 of this Part 8, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- 15.9 Where information has been sourced from a third party as specifically noted in this document, the Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for physical inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document until the first anniversary of Admission:

- 16.1 the memorandum of incorporation of the Company and the Articles;
- 16.2 the report prepared by Jones Lang LaSalle set out in Part 6 of this document and referred to in paragraph 15.6 above;
- 16.3 the letters referred to in paragraphs 15.5 and 15.6 above; and
- 16.4 the historical financial information incorporated by reference in this document and referred to on pages 108 to 109 below.

Dated 21 July 2011

## DOCUMENTS INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with the following documents which have been previously published and approved by the FSA and which shall be deemed to be incorporated in, and form part of, this document:

<i>Document</i>	<i>Section</i>	<i>Page numbers in such document</i>
Audited Financial Statements for the Group for the year ended 31 December 2010	Independent Auditor's Report to the members of the Company	20
	Director's Remuneration Report	23–27
	Group Income Statement	29
	Group Statement of Comprehensive Income	30
	Group Balance Sheet	31
	Group Cash Flow Statement	32
	Group Statement of Changes in Equity	33
	Notes to the Financial Statements	34–72
Prospectus Dated 30 June 2010	Audited Financial Statements of the Group for the year ended 31 December 2009 dated 14 March 2010	
	Independent Auditor's Report to the members of the Company	56
	Group Income Statement	57
	Group Statement of Comprehensive Income	58
	Group Balance Sheet	59
	Group Statement of Changes in Equity	60
	Group Cash Flow Statement	61
	Notes to the Financial Statements	62–101
	Financial Statements of the Raven Mount Group for the years ended 31 December 2009 and 31 December 2008	
	Consolidated Income Statement	105
	Consolidated Statement of Comprehensive Income	105
	Consolidated Balance Sheet	106
	Consolidated Statement of Changes in Equity	107
	Consolidated Cash Flow Statement	108–109
	Notes to the Financial Statements	110–142
	Operating and Financial Review of the Group	
	Overview of Business	36
	Key Factors Affecting Operating and Financial Results	36
	Results of Operations	39
	Capital Resources and Liquidity Management	44
Cash Flow Analysis	44	
Debt Facilities	45	
Capitalisation and Indebtedness	46	
Operating and Financial Review of the Raven Mount Group		
Overview of Business	49	
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Capitalisation and Indebtedness	53	
Capital Resources and Liquidity Management	53	
Cash Flow Analysis	53	
Debt Facilities	53	
Principal Terms of the Warrants	172–180	

<i>Document</i>	<i>Section</i>	<i>Page numbers in such document</i>
Equivalent information document dated 17 April 2009	Audited Financial Statements of the Group for the year ended 31 December 2008 dated 29 March 2009	
	Independent Auditor's Report to the members of the Company	60–61
	Group Income Statement	62
	Group Balance Sheet	63
	Group Statement of Changes in Equity	64
	Group Cash Flow Statement	65
	Notes to the Financial Statements	66–102

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the written request of such person, a copy of any or all of the documents that are incorporated by reference herein. Written requests for such documents should be directed to the Company at its registered office set out in the "Directors, Secretary and Advisers" section of this document.

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“ <b>2006 Act</b> ”	the Companies Act 2006 (as amended)
“ <b>Admission</b> ”	admission of the Preference Shares to the Official List and to trading on the Main Market of the London Stock Exchange becoming effective
“ <b>AIM</b> ”	AIM, a market operated by the London Stock Exchange
“ <b>Articles</b> ”	means the Company’s articles of incorporation as at the date of this document
“ <b>certificated</b> ” or “ <b>in certificated form</b> ”	in certificated form (that is, not in CREST)
“ <b>City Code</b> ”	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers in the United Kingdom and, from time to time, any successor or replacement body thereof
“ <b>Company</b> ” or “ <b>Raven Russia</b> ”	Raven Russia Limited
“ <b>CREST</b> ”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“ <b>CREST Regulations</b> ”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“ <b>Directors</b> ” or “ <b>Board</b> ”	the directors of the Company as at the date of this document, whose names are set out on page 15 of this document
“ <b>DTRs</b> ” or “ <b>Disclosure and Transparency Rules</b> ”	the rules relating to the disclosure of information made in accordance with Section 73A(3) of FSMA
“ <b>EBT</b> ” or “ <b>Employee Benefit Trust</b> ”	the Employee Benefit Trust of the Group, details of the schemes which it operates are as set out in paragraph 7 of Part 8 of this document
“ <b>Euroclear</b> ”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“ <b>Executive Directors</b> ”	Anton Bilton, Glyn Hirsch, Mark Sinclair and Colin Smith
“ <b>Existing Ordinary Shares</b> ”	the Ordinary Shares in issue as at the date of this document
“ <b>Fixed Amount</b> ”	£1.00
“ <b>Framework Agreement</b> ”	the agreement dated 9 July 2008 (as amended on 4 September 2008) between the Company, Raven Mount plc, Raven Mount Holdings plc (now in members’ voluntary liquidation), Russian Property Management Limited and Raven Mount Admission Limited (now Raven Mount) for the sale and purchase of the entire issued share capital of RRPA and the disposal of RRPM to the Company
“ <b>FSA</b> ” or “ <b>Financial Services Authority</b> ”	Financial Services Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
“ <b>FSMA</b> ”	Financial Services and Markets Act 2000, as amended

<b>“Group”</b>	the Company and its subsidiaries and “member of the Group” shall be construed accordingly
<b>“IFRS”</b>	International Financial Reporting Standards (including International Accounting Standards)
<b>“Internalisation”</b>	the acquisition by the Company of the entire issued share capital of RRPM and RRPA pursuant to the Framework Agreement which completed on 26 November 2008
<b>“IPO”</b>	the admission of the Company’s Ordinary Shares to trading on AIM which became effective on 29 July 2005
<b>“Law”</b>	the Companies (Guernsey) Law 2008, as amended
<b>“Listing Rules”</b>	the rules of the UKLA relating to the companies admitted to the Official List
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	London Stock Exchange’s main market for listed securities
<b>“Official List”</b>	the official list of the UKLA
<b>“Ordinary Shareholder”</b>	a holder of Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company
<b>“Part VI Rules”</b>	the rules contained in Part VI of FSMA
<b>“Preference Dividend”</b>	the cumulative preferential dividend accruing on each Preference Share as set out in more detail in Part 7 of this document
<b>“Preference Shareholder”</b>	a holder of Preference Shares
<b>“Preference Shares”</b>	the preference shares of £0.01 each in the capital of the Company
<b>“Prohibited Territories”</b>	the United States, Canada, Australia, Japan, the Republic of South Africa and their respective territories and possessions and any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for the Company if information or documents concerning Admission were to be sent or made available in that jurisdiction
<b>“Property Advisory Agreement”</b>	a property advisory agreement between (1) the Company and (2) RRPM dated 25 July 2005, as varied by the variation agreement between (1) the Company (2) Raven Mount and (3) RRPM dated 6 April 2006
<b>“Prospectus”</b>	this document
<b>“Prospectus Directive”</b>	the Prospectus Directive of the European Parliament and Council (2003/71/EC)
<b>“Prospectus Rules”</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading in a regulated market
<b>“Raven Mount”</b>	Raven Mount Group Limited (formerly Raven Mount Group plc)
<b>“Raven Mount Group”</b>	Raven Mount and its subsidiaries and “member of Raven Mount Group” shall be construed accordingly

<b>“Raven Mount Offer”</b>	the recommended offer by the Company to acquire the entire issued and to be issued share capital of Raven Mount which completed in July 2009
<b>“Roslogistics”</b>	the logistics business operated by the Group’s wholly owned subsidiary, Avalon Logistics Company LLC
<b>“Rouble”</b>	the lawful currency of the Russian Federation
<b>“RRPA”</b>	Raven Russia Property Advisors Limited
<b>“RRPM”</b>	Raven Russia Property Management Limited
<b>“Statutes”</b>	the Law and every other statute, statutory instrument, regulation or order for the time being in force concerning companies whether registered under the Law or not
<b>“Sterling”</b>	the lawful currency of the United Kingdom
<b>“subsidiary”</b>	as defined in section 1159 of the 2006 Act
<b>“UK Combined Code”</b>	the revised code on the principles of good corporate governance and best practice published in June 2008 by the Financial Services Authority
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“uncertificated”</b>	recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“Units”</b>	the units, each consisting of one Preference Share and one Warrant
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possessions, any state of the US and the District of Columbia and all other areas subject to its jurisdiction
<b>“US dollar” or “\$”</b>	US dollars, the lawful currency of the United States
<b>“VAT”</b>	value added tax
<b>“Warehouse(s)”</b>	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-storey warehouse buildings, any of which may have an office content
<b>“Warrant”</b>	a warrant to subscribe for 1 Ordinary Share at 25 pence per Ordinary Share
<b>“Warrantholder”</b>	a holder of a Warrant
<b>“Warrant Instrument”</b>	the warrant instrument adopted by the Company constituting the Warrants
<b>“£” and “p”</b>	respectively pounds and pence Sterling