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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.

Application has been made to the Financial Services Authority and to the London Stock Exchange respectively for admission of the New Preference Shares to the Official List and to trading on the Main Market. The New Preference Shares will have a standard listing. It is expected that Admission will become effective and that dealings in the New Preference Shares will commence no later than 8.00 a.m. on 20 June 2012. No application has been made or is currently intended to be made for the New 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 8 to 14 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 8 to 14 of this document.

Raven Russia Limited

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

Placing and Open Offer of 48,414,250 New Preference Shares at 134 pence per New Preference Share in connection with the proposed acquisition of Pushkino Logistics Park

Joint Financial Adviser and Broker
Singer Capital Markets Limited

Joint Financial Adviser
Kinmont Limited

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

Kinmont Limited (“Kinmont”), which is authorised and regulated in the United Kingdom by the Financial Services Authority for the conduct of investment business, is acting for the Company and no one else in connection with the Placing and Open Offer and, accordingly, will not be responsible to anyone other than the Company for providing the protections afforded to clients of Kinmont, or for providing advice in relation to the Placing and Open Offer or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Kinmont by FSMA, no representation or warranty, express or implied, is made by Kinmont 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, Open Offer Entitlements or the New Preference Shares to, or for the account or benefit of, US Persons or persons within the United States or any other Prohibited Territory. The New 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

Raven Russia announced on 30 April 2012 that it had, through its wholly owned subsidiary, Padaastro, entered into a conditional agreement with PLP, a subsidiary of Aareal, to acquire CJSC “Toros”, the owner of Pushkino, a Class A logistics complex of approximately 213,000 sq m. located to the north east of Moscow, for a cash consideration of approximately US\$215 million. On the same day, the Company also announced that it is proposing to raise gross proceeds of approximately US\$104 million by way of a Placing and Open Offer of 48,414,250 New Preference Shares.

The Proposed Acquisition will be partially funded by a US\$129 million debt facility secured against Pushkino. The remaining consideration of approximately US\$86 million will be funded out of the net proceeds of the Placing and Open Offer. The balance of such proceeds will increase the cash resources available to the Company for future acquisitions.

The Proposed Acquisition and the Placing and Open Offer are each conditional on, *inter alia*, the passing of the Resolution to approve the Proposed Acquisition at the General Meeting to be held at the offices of the Company at 1 Le Truchot, St. Peter Port, Guernsey GY1 6EH at 10.00 a.m. on 30 May 2012.

2. DETAILS OF THE PLACING AND OPEN OFFER

Qualifying Shareholders are being given the opportunity to apply to subscribe for New Preference Shares in proportion to their existing holdings at the Issue Price (payable in full upon application) on the following basis:

1 New Preference Share at 134p per New Preference Share for every 3 Existing Preference Shares

registered in the name of Qualifying Shareholders on the Open Offer Record Date and so in proportion for any other number of Existing Preference Shares then registered. Fractions representing New Preference Shares which would otherwise have arisen will not be allotted to Qualifying Shareholders, but will be aggregated with the New Preference Shares attributable to Overseas Shareholders not eligible to participate in the Open Offer and subscribed for under the Placing for the benefit of the Company.

Singer has received a commitment from Invesco to subscribe for 25,000,000 Preference Shares pursuant to the Placing, which they will offset by taking up in full their Open Offer entitlement. Singer has agreed to place conditionally the balance of the New Preference Shares (after taking into account such commitment) with institutional investors (subject to clawback in respect of the Open Offer).

The New Preference Shares will rank *pari passu* in all respects with Existing Preference Shares and will represent 25 per cent. of the Preference Shares in issue following Admission. The Preference Dividend shall accrue on the New Preference Shares from the date of their issue.

If a Qualifying Shareholder does not take up his Open Offer Entitlements his interest will be diluted by 25 per cent.

Applications will be made to the FSA and to the London Stock Exchange for the New Preference Shares to be admitted to the Official List and to trading on the London Stock Exchange. Admission is expected to occur and dealings to commence in the New Preference Shares on 20 June 2012.

The New Preference Shares will initially trade with under the ticker “RUP2” with ISIN number GG00B5Q2YY60 until 1 July 2012 when they will trade, together with the Existing Preference Shares, under the ticker “RUSP” with ISIN number GG00B55K7B92.

The Placing and Open Offer is conditional upon, amongst other things, the following:

- (i) the passing of the Resolution to be proposed at the General Meeting to approve the Proposed Acquisition;
- (ii) the conditions to completion of the Acquisition Agreement (save for Admission) having been satisfied or waived;
- (iii) the Placing and Open Offer Agreement becoming unconditional (except as to Admission occurring) and not having been terminated in accordance with its terms; and
- (iv) Admission becoming effective on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012).

If such conditions are not fulfilled or (where capable of waiver) waived on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012) application monies will be returned to applicants, without interest, as soon as practicable thereafter and any Open Offer Entitlements admitted to CREST will be disabled.

Completion of the Acquisition Agreement is expected to occur shortly following Admission once the funds flow relating to the repayment of the existing facility secured on Pushkino and implementation of the New Facility has completed.

3. THE PROPOSED ACQUISITION

The Company announced on 30 April 2012 that it had through its wholly owned subsidiary, Padaastro, entered into a conditional agreement with PLP, a subsidiary of Aareal, to acquire CJSC “Toros”, the owner of Pushkino, a Class A logistics complex of approximately 213,000 sq m located to the north east of Moscow, for a cash consideration of approximately US\$215 million.

Once completed, the Directors anticipate that the Proposed Acquisition will be earnings enhancing for Raven Russia.

Description of Pushkino

Pushkino is a modern Class A logistics complex which was completed in 2007. It consists of three warehouses and two infrastructure buildings on a single site, with lettable space of approximately 213,000 sq m. It is located to the north east of Moscow city centre, approximately 15 km from the MKAD (the Moscow Ring Road) and has good transportation connections to the main roads from Moscow.

Pushkino has been valued at US\$228,910,000 as described in the Valuation Report prepared by Cushman & Wakefield which is set out in Part 9 of this document. The key characteristics of Pushkino are as follows:

- Approximately 213,000 sq m of total lettable space on a land plot with a total area of 35 hectares;
- Stabilised net annual rent receivable of US\$24,750,000;
- A stabilised yield of 11.5 per cent.;
- The Valuation Report reflects an ERV of US\$29.9 million giving a reversionary yield of 13.9 per cent.; and

- The property is 99 per cent. let to high quality international companies, including Auchan, DHL, Leroy Merlin and NLC.

Pushkino is owned directly by CJSC “Toros”, a Russian special purpose vehicle specifically and solely established to hold the lease interest in Pushkino and develop the warehouse asset on the land plot. As a result, the Proposed Acquisition will be structured as an acquisition by the Company’s wholly owned subsidiary, Padastro, of the entire issued share capital of CJSC “Toros” from PLP.

Background to and benefits of the Proposed Acquisition

In September 2010, PLP took full ownership of Pushkino via the transfer of the shares in CJSC “Toros” following its repossession from the previous owner, to which Aareal was the sole lender. This repossession followed a debt restructuring during late 2009 and early 2010, where Aareal bought out the interests of its co-lenders to become the sole lender. Raven Russia had looked at acquiring Pushkino prior to this reorganisation and consequently the Directors are familiar with its operating history.

The Directors believe that Pushkino is complementary to Raven Russia’s existing portfolio. It is a high quality completed asset with a stabilised yield of 11.5 per cent. which, when funded conservatively with debt, gives a high income return on equity.

Terms of the Proposed Acquisition

Padastro has entered into a conditional agreement with PLP to acquire the entire issued share capital of CJSC “Toros”.

The Acquisition Agreement, and therefore the Proposed Acquisition, is subject to the satisfaction of certain conditions including:

- the Resolution to approve the Proposed Acquisition being passed at the General Meeting by 5 June 2012;
- the New Facility being available for draw-down in full on Completion; and
- Admission of the New Preference Shares.

Completion of the Acquisition Agreement is expected to occur shortly following Admission once the funds flow relating to the repayment of the existing facility secured on Pushkino and implementation of the New Facility has completed.

Further details of the Proposed Acquisition, including details of the terms of the Acquisition Agreement, are set out in Part 11 of this document and within the Circular sent to Ordinary Shareholders and published today.

Raven Russia will finance the costs of the Proposed Acquisition by using US\$86 million of the net proceeds of the Placing and Open Offer. Approximately US\$49 million will be paid to PLP as consideration for the shares in CJSC “Toros” and approximately US\$37 million will be part of a combined new debt facility of US\$166 million to be used to repay the Existing Toros Bank Debt, resulting in an acquisition cost of approximately US\$215 million.

Financial effects of the Proposed Acquisition

As set out in the Pushkino Valuation Report in Part 9 of this document, the stabilised net annual rent attributable to Pushkino is US\$24,750,000. Based on the estimated difference between anticipated finance costs and the relatively high yield of Pushkino, the Directors anticipate that the Proposed Acquisition will be earnings enhancing for Raven Russia.

Upon Completion, the value of the Raven Russia Group’s investment properties will increase by approximately US\$215 million, cash balances will increase by approximately US\$14 million and the Group’s long-term liabilities will increase by approximately US\$129 million. The carrying value of the Preference Shares will increase by US\$100 million.

4. COMPANY OVERVIEW

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.

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 Warrantheolders 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.

In July 2011, following satisfaction of the requirement in the Listing Rules that not less than 25 per cent. of the Preference Shares were held in “public hands” (as such term is defined in Listing Rule 14.2.2R), the Company successfully moved its Preference Shares from trading on AIM to a standard listing on the Official List.

5. 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.

As at 31 December 2011, the Group had completed investment properties with a market value of US\$1,154.5 million, additional phases of existing properties with a carrying value of US\$54.0 million and a land bank of US\$47.5 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 1.03 million sq m. as at 31 December 2011. The investment portfolio also includes a Grade B office block in St. Petersburg.

The geographical split of value of the investment portfolio at 31 December 2011 was: Moscow US\$758.0 million; St. Petersburg US\$205.7 million; and other regional cities US\$190.8 million. Assets under construction and additional phases of existing properties include sites in Moscow and Rostov on Don. 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 2011, the Group continued the orderly disposal of its Raven Mount inventory and this should continue to provide the Company with additional cash resources over the medium term.

6. 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
- Liability for costs of renewal, investigation or remediation of hazardous or toxic substances

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, *inter alia*, the Company satisfying the statutory solvency test
- Volatility in the Preference Share price can occur due to a change in market factors

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 has led to a reducing pool of senior lenders in the Group's market. If this situation continues, the Group might experience increased funding costs and funding pressures when it seeks new financing facilities which could lead to lower profitability and a decrease in the market price of its Preference Shares.

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. The Group holds sufficient cash in each currency to cover the servicing of its various obligations and will consider other hedging methods with respect to its sterling Preference Share coupon obligations in the future.

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 owns a large number of land plots on which its warehouses are built that may have been used for alternative purposes previously. Whilst appropriate due diligence processes are completed at the time of acquisition, and no environmental concerns have arisen, if such a concern was subsequently discovered the Group may be liable for the costs of removal, investigation or remediation of any hazardous or toxic substances 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, as happened during the market crisis in 2009.

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, especially in an immature property investment market such as Russia. This can have an impact on underlying property values.

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 Group holds an inventory of UK residential housing stock which it is in the process of realising. 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 or that the Group will be able to sell such stock at profitable prices. The financial performance and position of the Group depends upon, amongst other things, the economic situation in the UK 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 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 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 President-Elect Putin, 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 under-staffed 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. Should the Group be subject to an adverse tax law change or interpretation, it could increase the effective tax rate of the Group and reduce profitability.

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 Russian 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. The Group has no land lease expiries in the short to medium term on its completed portfolio and is intending to acquire freehold rights where it can.

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 and limited liability 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 these rules, however, is when one company is capable of determining the decisions of its subsidiary. Under certain circumstances, such joint stock company or limited liability company may bear joint and several responsibility for transactions concluded by its subsidiary in carrying out these decisions. Other members of the subsidiary (if any) in certain cases may also be entitled to claim for damages incurred by the

subsidiary due to the fault of the relevant company. In addition, a joint stock company or limited liability 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 and limited liability 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 New 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 sustained following Admission. If an active trading market is not 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*, 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 10 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 New 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 and a standard listing of Preference 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. The Company is not required to appoint such a sponsor in connection with the Placing and Open Offer; however it is required to appoint a sponsor in connection with the Proposed Acquisition and has appointed Singer in this regard;
- 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 (significant transactions, related party transactions and dealing in own securities and treasury shares respectively).

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.

IMPORTANT INFORMATION AND 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. The attention of existing and potential investors is drawn to the "Risk Factors" set out on pages 8 to 14 of this Prospectus.

Investment in the Company will involve certain risks and special considerations. Existing and potential investors should be able and willing to withstand the loss of their entire investment. The investments of the Company are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur. The price of the Preference Shares and the income from Preference Shares can go down as well as up and Preference Shareholders may not realise the value of their initial investment.

General

This Prospectus has been produced for the purpose of the Placing and Open Offer and seeking admission of the New Preference Shares to the Official List and to trading on the Main Market. The New Preference Shares will have a standard listing. In making an investment decision regarding the New Preference Shares, investors must rely on their own examination of the Company, including the merits and risks involved in an investment in the New Preference Shares. The Placing and Open Offer is being made solely on the basis of this Prospectus.

In connection with the Placing and Open Offer, Singer and any of its Affiliates acting as an investor for its or their own account(s) may receive New Preference Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the New Preference Shares, any other securities of the Company or other related investments in connection with the Placing and Open Offer or otherwise. Accordingly, references in this Prospectus to the New Preference Shares being offered, received, acquired or otherwise dealt with should read as including any offer to sell, or receipt, acquisition or dealing by Singer and any of its Affiliates acting as an investor for its or their own account(s). Singer does not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

No broker, dealer or other person has been authorised by the Company, its Directors or Singer to issue any advertisement or to give any information or to make any representations in connection with the Placing and Open Offer, other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors or Singer.

Existing and potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Existing and potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, receipt, holding, transfer, redemption or other disposal of New Preference Shares and/or Existing Preference Shares, (b) any foreign exchange restrictions applicable to the purchase, receipt, holding, transfer, redemption or other disposal of New Preference Shares and/or Existing Preference Shares that they might encounter and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, receipt, holding, transfer, redemption or other disposal of New Preference Shares and/or Existing Preference Shares. Existing and potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

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 behavior of other market participants and therefore undue reliance should not be placed on such statements.

Statements made in this Prospectus are based on the law and practice currently in force in Guernsey and England and Wales and are subject to changes therein. Prospective investors should assume that the information appearing in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of the Prospectus or of any offer or sale of the New Preference Shares. The business, financial condition and prospects of the Company could have changed since that date. 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 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 statement contained herein whether to reflect any change in the Company's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such statement is based, or otherwise. In particular, and in light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur.

This Prospectus should be read in its entirety before making any investment in the Company. All prospective and existing Preference Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Incorporation of the Company.

Rounding

Certain figures in this Prospectus have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

Restrictions on Sales

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any New Preference Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The distribution of this Prospectus and the offering of the New Preference Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any restrictions as to the offer or sale of New Preference Shares and the distribution of this Prospectus under the laws and regulations of any territory in connection with any applications for New Preference Shares in the Company, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of the New Preference Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required.

This Prospectus does not constitute or form part of an offer or invitation to sell or issue, or a solicitation of an offer to purchase or subscribe for, the Open Offer Entitlements or the New Preference Shares to any person to whom or in any jurisdiction in which such an offer, invitation or solicitation is unlawful, including the Prohibited Territories. US Persons and persons within the United States or any other Prohibited Territory may not take up the Open Offer Entitlements or subscribe for or purchase the New Preference Shares offered hereby.

US Persons and persons within the United States or any other Prohibited Territory who obtain a copy of this Prospectus or the Application Form are required to disregard it. No offer, purchase, sale, exercise or transfer of Open Offer Entitlements or New Preference Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act or potentially being in violation of the US Investment Company Act or the rules and regulations promulgated thereunder.

For the attention of Preference Shareholders and investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), an offer of New Preference Shares described in this Prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Preference Shares that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities may be offered to the public in that Relevant Member State at any time:

- to any legal entity that is authorised or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an “offer to the public” in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and includes any relevant implementing measure in each Relevant Member State.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer of any New Preference Shares or an invitation to purchase or subscribe for New Preference Shares in any Relevant Member State or jurisdiction in which such offer or invitation will be lawful.

No Incorporation of Website

The contents of the Company’s website do not form part of this Prospectus.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|--|---|
| Directors | <p>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></p> <p><i>Further information on the Directors is contained in paragraph 5 of Part 11 of this document</i></p> |
| Company Secretary | Benn Garnham |
| Registered Office, Principal Place of Business of the Company and Business Address of the Directors | <p>1 Le Truchot St. Peter Port Guernsey GY1 6EH Channel Islands</p> |
| Website address | www.ravenrussia.com |
| Joint Financial Adviser and Broker | <p>Singer Capital Markets Limited One Hanover Street London W1S 1YZ United Kingdom</p> |
| Joint Financial Adviser | <p>Kinmont Limited 5 Clifford Street London W1S 2LG United Kingdom</p> |
| UK Solicitors to the Company | <p>Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom</p> |
| Guernsey Advocates to the Company | <p>Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands</p> |
| UK Solicitors to the Joint Financial Adviser and Broker | <p>Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom</p> |

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|------------------------------|--|
| Auditors | Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom |
| Registrars | Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH Channel Islands |
| UK Transfer Agent | Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom |
| Bankers | Royal Bank of Scotland International Royal Bank Place St. Peter Port Guernsey GY1 4BQ Channel Islands |
| Valuer (Raven Russia) | Jones Lang LaSalle LLC Kosmodamianskaya NAB 52/3 Korp 3 Moscow 115054 Russia |
| Valuer (Pushkino) | Cushman & Wakefield Ducat Place III 6 Gasheka Street Moscow 125047 Russia |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|--|-----------------------|
| | 2012 |
| Open Offer Record Date | 5.00 p.m. on 27 April |
| Announcement of the Placing and Open Offer | 30 April |
| Publication of Prospectus and despatch of Application Forms and publication of Circular | 1 May |
| Existing Preference Shares marked “ex” by the London Stock Exchange | 1 May |
| Open Offer Entitlements credited to the stock accounts of Qualifying CREST Shareholders | 2 May |
| Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST (i.e. if Open Offer Entitlements are in CREST and the Qualifying CREST Shareholder wishes to convert them into certificated form) | 4.30 p.m. on 13 May |
| Recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service (i.e. where a Qualifying Shareholder wishes to hold the Open Offer Entitlement set out in an Application Form as Open Offer Entitlements in CREST) | 3.00 p.m. on 14 May |
| Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only) | 3.00 p.m. on 15 May |
| Latest time and date for acceptance, payment in full and submission of Application Forms (in respect of Qualifying Non-CREST Shareholders) and USE Instructions (in respect of Qualifying CREST Shareholders) to the Receiving Agent | 11.00 a.m. on 17 May |
| Open Offer Entitlements held in CREST expected to be disabled | 11.00 a.m. on 17 May |
| Announcement of results of the Placing and Open Offer | 18 May |
| Latest time and date for receipt of the Form of Proxy for the General Meeting (or receipt of the appropriate CREST message, in the case of CREST members) | 10.00 a.m. on 28 May |
| General Meeting | 10.00 a.m. on 30 May |
| Admission of the New Preference Shares issued pursuant to the Placing and Open Offer to the Official List and commencement of dealings on the London Stock Exchange | 20 June |
| New Preference Shares in uncertificated form expected to be credited to accounts in CREST | 8.00 a.m. on 20 June |
| Despatch of definitive share certificates for the Preference Shares in certificated form | by 27 June |

The actions specified in the expected timetable of principal events above are subject to certain restrictions relating to certain Preference Shareholders and the Prohibited Territories, details of which are set out in Parts 1 and 2 (as applicable) of this Prospectus.

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement through the Regulatory Information Service of the London Stock Exchange. All references in this Circular are to London time unless otherwise stated.

If you are in any doubt as to the procedure for acceptance, please contact the Receiving Agent by telephone on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

INDICATIVE STATISTICS

| | |
|--|---------------|
| Issue Price per New Preference Share | 134p |
| Number of Preference Shares in issue at the date of this document | 145,242,751 |
| Number of New Preference Shares to be issued pursuant to the Placing and Open Offer | 48,414,250 |
| Total number of Preference Shares in issue following Placing and Open Offer | 193,657,001 |
| Estimated net proceeds receivable by the Company pursuant to the Placing and Open Offer ⁽¹⁾ | £63.0 million |
| ISIN for Preference Shares | GG00B55K7B92 |
| ISIN for New Preference Shares ⁽²⁾ | GG00B5Q2YY60 |
| ISIN for Open Offer Entitlement | GG00B7T9KD98 |

(1) The estimated net proceeds receivable by the Company are stated after deduction of the estimated commissions, fees and expenses of the Placing and Open Offer payable by the Company, which are expected to be approximately £1.9 million.

(2) The New Preference Shares will initially trade with under the ticker “RUP2” with ISIN number GG00B5Q2YY60 until 1 July 2012 when they will trade, together with the Existing Preference Shares, under the ticker “RUSP” with ISIN number GG00B55K7B92.

PART 1

LETTER FROM THE CHAIRMAN OF RAVEN RUSSIA LIMITED

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

Directors:

Richard Wilson Jewson, *Non-Executive Chairman*
Anton John Godfrey Bilton, *Executive Deputy Chairman*
Glyn Vincent Hirsch, *Chief Executive Officer*
Mark Sinclair, *Chief Financial Officer*
Colin Andrew Smith, *Chief Operating Officer*
Stephen Charles Coe, *Non-Executive Director*
David Christopher Moore, *Non-Executive Director*
Christopher Wade Sherwell, *Non-Executive Director*

Registered and Head Office:

1 Le Truchot
St. Peter Port
Guernsey
GY1 6EH
Channel Islands

1 May 2012

Placing and Open Offer of 48,414,250 New Preference Shares at 134 pence per New Preference Share in connection with the proposed acquisition of Pushkino Logistics Park

Dear Preference Shareholder,

1. INTRODUCTION

Raven Russia announced on 30 April 2012 that it had, through its wholly owned subsidiary, Padastro, entered into a conditional agreement with PLP, a subsidiary of Aareal, to acquire CJSC “Toros”, the owner of Pushkino, a Class A logistics complex of approximately 213,000 sq m. located to the north east of Moscow, for a cash consideration of approximately US\$215 million. On the same day the Company also announced that it is proposing to raise gross proceeds of approximately US\$104 million by way of a Placing and Open Offer of 48,414,250 New Preference Shares.

Annex III
Para 3.4

The Proposed Acquisition will be partially funded by a US\$129 million debt facility secured against Pushkino. The remaining consideration of approximately US\$86 million will be funded out of the net proceeds of the Placing and Open Offer. The balance of such proceeds will increase the cash resources available to the Company for future acquisitions.

The Proposed Acquisition and the Placing and Open Offer are each conditional on, *inter alia*, the passing of the Resolution to approve the Proposed Acquisition at the General Meeting to be held at the offices of the Company at 1 Le Truchot, St. Peter Port, Guernsey GY1 6EH at 10.00 a.m. on 30 May 2012. Further details of the Proposed Acquisition are set out below.

The purpose of this document is to provide Preference Shareholders with details of the Placing and Open Offer.

2. DETAILS OF THE PLACING AND OPEN OFFER

Qualifying Shareholders are being given the opportunity to apply to subscribe for New Preference Shares in proportion to their existing holdings at the Issue Price (payable in full upon application) on the following basis:

1 New Preference Share at 134p per New Preference Share for every 3 Existing Preference Shares

registered in the name of Qualifying Shareholders on the Open Offer Record Date and so in proportion for any other number of Existing Preference Shares then registered. Fractions representing New Preference Shares which would otherwise have arisen will not be allotted to Qualifying Shareholders, but will be aggregated with the New Preference Shares attributable to Overseas Shareholders not eligible to participate in the Open Offer and subscribed for under the Placing for the benefit of the Company.

Singer has received a commitment from Invesco to subscribe for 25,000,000 Preference Shares pursuant to the Placing, which they will offset by taking up in full their Open Offer entitlement. Singer has agreed to place conditionally the balance of the New Preference Shares (after taking into account such commitment) with institutional investors (subject to clawback in respect of the Open Offer).

If a Qualifying Shareholder does not take up his Open Offer Entitlements his interest will be diluted by 25 per cent.

Application will be made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST on 2 May 2012. The Open Offer Entitlements will also be enabled for settlement in CREST on 2 May 2012. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a legitimate market claim.

Qualifying Non-CREST Shareholders will receive an Application Form with this document which sets out their maximum entitlement to New Preference Shares as shown by the number of Open Offer Preference Shares allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 2 May 2012. The latest time and date for payment in full under the Open Offer is 11.00 a.m. on 17 May 2012.

Applications will be made to the FSA and to the London Stock Exchange for the New Preference Shares to be admitted to the Official List and to trading on the London Stock Exchange. Admission is expected to occur and dealings to commence in the New Preference Shares on 20 June 2012.

The New Preference Shares will rank *pari passu* in all respects with Existing Preference Shares and will represent 25 per cent. of the Preference Shares in issue following Admission. The Preference Dividend shall accrue on the New Preference Shares from the date of their issue.

The ex-date and the record date in respect of the Preference Dividend on the New Preference Shares for the period from Admission to (but excluding) 30 June 2012 (the “RUP2 Preference Dividend Period”) shall be the date of Admission. Pursuant to the Articles, holders of the New Preference Shares will be entitled to elect to receive new Preference Shares instead of cash in respect of the Preference Dividend on the New Preference Shares for the RUP2 Preference Dividend Period. In order to elect to receive new Preference Shares, Placees and Qualifying Shareholders who accept the Open Offer are invited to contact Capita Registrars by telephone on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK from 30 May 2012 until 15 June 2012 for further details and to request a Form of Election.

The New Preference Shares will initially trade under the ticker “RUP2” with ISIN number GG00B5Q2YY60 until 1 July 2012 when they will trade, together with the Existing Preference Shares, under the ticker “RUSP” with ISIN number GG00B55K7B92.

The Placing and Open Offer is conditional upon, amongst other things, the following:

- (i) the passing of the Resolution to be proposed at the General Meeting to approve the Proposed Acquisition;
- (ii) the conditions to completion of the Acquisition Agreement (save for Admission) having been satisfied or waived;
- (iii) the Placing and Open Offer Agreement becoming unconditional (except as to Admission occurring) and not having been terminated in accordance with its terms; and
- (iv) Admission becoming effective on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012).

Completion of the Acquisition Agreement is expected to occur shortly following Admission once the funds flow relating to the repayment of the existing facility secured on Pushkino and implementation of the New Facility has completed.

If such conditions are not fulfilled or (where capable of waiver) waived on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012) application monies will be returned to applicants, without interest, as soon as practicable thereafter and any Open Offer Entitlements admitted to CREST will be disabled.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholders originally entitled or by a person entitled by virtue of a legitimate market claim raised by CRESTCo's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike a rights issue, any New Preference Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be placed under the Placing for the benefit of the Company at the Issue Price.

For Qualifying Non-CREST Shareholders, to be valid, Application Forms should be completed and returned, accompanied by the appropriate remittance so as to reach Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event by no later than 11.00 a.m. on 17 May 2012. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 17 May 2012.

It is expected the definitive documents of title in respect of the New Preference Shares, which will be in registered form, will be delivered in uncertificated form in CREST by 20 June 2012 and in certificated form by 27 June 2012.

Temporary documents of title will not be issued pending the despatch by post of definitive certificates for the New Preference Shares (other than in respect of those shares held through CREST). Pending the despatch of definitive certificates for the New Preference Shares (other than in respect of those shares held through CREST), transfer will be certified against the register held by the Registrars.

Further details of the Open Offer (including the conditions to which it is subject) are set out in Part 2 of this document and, where relevant, in the accompanying Application Form. Further details of the Placing and Open Offer Agreement are set out in paragraph 10.1 of Part 11 of this document.

3. THE PROPOSED ACQUISITION

Raven Russia announced on 30 April 2012 that it had, through its wholly owned subsidiary Padastro, entered into a conditional agreement with PLP, a subsidiary of Aareal, to acquire CJSC "Toros", the owner of Pushkino, a Class A logistics complex of approximately 213,000 sq m located to the north east of Moscow, for a cash consideration of approximately US\$215 million. The Proposed Acquisition will be partially funded by a US\$129 million debt facility secured against Pushkino. The remaining consideration of approximately US\$86 million will be funded from the net proceeds of the Placing and Open Offer.

In view of its size, completion of the Proposed Acquisition, which constitutes a Class 1 transaction under the Listing Rules, is conditional on, *inter alia*, Ordinary Shareholder approval at a General Meeting. The General Meeting will be held at the offices of the Company, 1 Le Truchot, St. Peter Port, Guernsey GY1 6EH at 10.00 a.m. on 30 May 2012. The Proposed Acquisition is also conditional upon Admission (completion of the Placing and Open Offer).

Further information on the Proposed Acquisition is set out in paragraph 3 of Part 3 and paragraph 10 of Part 11 of this document.

4. BACKGROUND TO AND REASONS FOR THE PLACING AND OPEN OFFER

As stated in the Company's Annual Report and Accounts for the financial year ended 31 December 2011 published on 17 April 2012, Raven Russia has been looking at a number of acquisitions, specifically high quality completed assets, such as Pushkino, which yield over 11 per cent. and, when funded with conservative debt, give the Group a high income return on equity.

In order to part-fund the acquisition of Pushkino and to fund future acquisitions, the Directors believe that a further issue of Preference Shares to raise net proceeds of approximately £63 million at a 9 per cent. yield is an attractive funding option for the Group.

5. RUSSIAN PROPERTY MARKET OVERVIEW AND TRADING UPDATE

The markets in which the Group operates continue to be undersupplied putting upward pressure on rental levels. In Moscow the vacancy rate for warehousing is 1.3 per cent. and the volume of new product coming onto the market last year was the lowest since 2005. The lack of available project finance in the market is likely to prolong this situation as it will limit the volume of new construction activity.

The impact of increasing market rent levels, now US\$135 per sqm. in Moscow, have been reflected in the property valuations completed on the Group's portfolio at 31 December 2011. The financial statements at that date show an increase in the gross value of the investment portfolio from US\$943 million at 31 December 2010 to US\$1,154 million at 31 December 2011, including capital expenditure of US\$62 million and a valuation uplift of US\$142 million. Investment property under construction (including additional phases of existing properties and land bank) is carried at US\$101 million (31 December 2010: US\$107 million).

Prime yields in Moscow are now around 11-11.5 per cent. with future capital growth being driven by upward pressure on rents. In regional cities in which the Group operates, yields are between 12.5 and 13.5 per cent. The Directors expect that any movement in yields in the short term would be tempered by the availability and cost of debt in the market.

As at the date of this document, the investment property portfolio of the Group is now 89 per cent. let with a further 3 per cent. under pre-let agreement ("PLA") or letter of intent ("LOI"). Annualised net operating income is now US\$126 million, rising to US\$130 million on conversion of PLAs and LOIs. Fully let, the portfolio has an estimated rental value of US\$139 million per annum.

6. ACTION TO BE TAKEN

If you are a Qualifying Non-CREST Shareholder, you will find a personalised Application Form accompanying this document which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for New Preference Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure set out in paragraph 4 of Part 2 of this document and on the Application Form itself and post it in the accompanying prepaid envelope, together with any payment in full in respect of the number of New Preference Shares applied for to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 17 May 2012, having first read carefully the contents of the Application Form.

If you are a Qualifying CREST Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure set out in paragraph 4 of Part 2 of this document.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 17 May 2012. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part 2 of this document.

Further details also appear on the Application Forms which have been sent to Qualifying Non-CREST Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

7. OVERSEAS SHAREHOLDERS

The attention of Preference Shareholders who are citizens or residents of countries other than the United Kingdom or have a registered address outside the United Kingdom is drawn to the information set out in the Overseas Shareholders section of Part 2 of this document. Such Preference Shareholders must satisfy themselves as to the laws applicable to them and ensure their observance thereof.

8. ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in Parts 2 to 11 of this document.

Preference Shareholders should be aware that if the Resolution to be proposed at the General Meeting is not passed by Ordinary Shareholders, neither the Proposed Acquisition nor the Placing and Open Offer will proceed.

Your faithfully

Richard Jewson
(Chairman)

PART 2

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

Conditional on, amongst other things, the Resolution being approved by Ordinary Shareholders at the General Meeting and Admission occurring, 48,414,250 New Preference Shares are being issued pursuant to the Placing and Open Offer.

Upon completion of the Placing and Open Offer, the New Preference Shares will represent 25 per cent. of the Enlarged Preference Share Capital.

This Prospectus (and, for Qualifying Non-CREST Shareholders only, the Application Form) contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part 2 which gives details of the procedure for application and payment for the New Preference Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part 2 below.

Placees have agreed to subscribe for all the New Preference Shares at the Issue Price subject to (other than in the case of Invesco), amongst other things, clawback in respect of valid applications by Qualifying Shareholders at the Issue Price under the Open Offer.

The Open Offer is being made to Qualifying Shareholders, being holders of Existing Preference Shares as set out on the Register on the Open Offer Record Date. The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 48,414,250 New Preference Shares on a *pro rata* basis by reference to their holding of Existing Preference Shares as at the Open Offer Record Date at the Issue Price in accordance with the terms of the Open Offer. Each such applicant will be entitled to apply for New Preference Shares in the proportions detailed below.

Any Preference Shareholder who has sold or transferred all or part of their registered holding(s) of Existing Preference Shares prior to the close of business on 27 April 2012 is advised to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Preference Shares under the Open Offer may be a benefit which may be claimed from them by the purchasers or transferees under the rules of the London Stock Exchange.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity to apply to subscribe for New Preference Shares in proportion to their holding of Existing Preference Shares at the Issue Price (payable in full on application) on the following basis:

1 New Preference Share at 134 pence per New Preference Share for every 3 Existing Preference Shares

registered in the name of Qualifying Shareholders at the Open Offer Record Date.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of New Preference Shares. Fractions representing New Preference Shares which would otherwise have arisen will not be allotted to Qualifying Shareholders, but will be aggregated with the New Preference Shares attributable to Overseas Shareholders not eligible to participate in the Open Offer and subscribed for under the Placing for the benefit of the Company.

Valid applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlements. No application in excess of a Qualifying Shareholder's *pro rata* entitlement will be met under the Open Offer and any Qualifying Shareholder so applying will be deemed to have applied for the maximum entitlement as specified on the Application Form in the case of a Qualifying Non-CREST Shareholder or standing to the credit of the CREST stock account in the case of a Qualifying CREST

Shareholder or as otherwise notified to him (and any monies received in excess of the amount due will be returned to the Qualifying Shareholder, without interest, at the risk of the Qualifying Non-CREST Shareholder). Qualifying Shareholders may apply for less than their maximum entitlement should they wish to do so. Any New Preference Shares comprising Open Offer Entitlements not applied for by Qualifying Shareholders will be placed with the Placees.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Preference Shares registered in your name on the Open Offer Record Date (in Box 4) and also shows the maximum number of New Preference Shares for which you are entitled to apply pursuant to your Open Offer Entitlement (in Box 5).

Qualifying CREST Shareholders will have their Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of this Part 2 and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders will have a *pro rata* entitlement to apply for New Preference Shares which, in the case of Qualifying Non-CREST Shareholders is equal to the number of Open Offer Entitlements shown in Box 5 on their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements that will be credited to their stock account in CREST on 2 May 2012.

Following the issue of the New Preference Shares to be allotted pursuant to the Placing and Open Offer, Qualifying Shareholders who do not take up any of their Open Offer Entitlement will suffer a dilution of 25 per cent. to their Preference Share interests in the Company.

Not all holders of Existing Preference Shares will be Qualifying Shareholders. Preference Shareholders of the Company who are located or resident in, or who are citizens of, or who have a registered address in a Prohibited Territory or are US Persons (regardless of the number of Existing Preference Shares that they hold) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part 2.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although their Open Offer Entitlements will be credited to their CREST accounts, the Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying CREST Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Preference Shares which are not taken up under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up New Preference Shares will have no rights under the Open Offer. Any New Preference Shares which are not applied for in respect of the Open Offer will be issued to the Placees, with the proceeds retained for the benefit of the Company.

The Existing Preference Shares are already admitted to CREST. Application for admission to CREST will be made for the New Preference Shares. All such New Preference Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 8.00 a.m. on 2 May 2012.

The results of the Open Offer are expected to be announced by the Company on or around 18 May 2012 through the Regulatory Information Service of the London Stock Exchange.

The New Preference Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Preference Shares. The Preference Dividend shall accrue on the New Preference Shares from the date of their issue. The New Preference Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Placing and Open Offer

The Placing and Open Offer is conditional on, amongst other things, the passing of the Resolution at the General Meeting and on Admission becoming effective by not later than 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated for 20 June 2012) (or such later time and date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012).

Accordingly, if any condition is not satisfied, the Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued. Definitive certificates in respect of New Preference Shares subscribed for under the Open Offer are expected to be posted to each Qualifying Non-CREST Shareholder by 27 June 2012. Pending receipt of the certificates, transfers of New Preference Shares will be certified against the Register. In respect of Qualifying CREST Shareholders, the New Preference Shares are expected to be credited to stock accounts maintained in CREST on 20 June 2012.

Application has been made to the Financial Services Authority and to the London Stock Exchange respectively for admission of the New Preference Shares to the Official List and to trading on the Main Market. The New Preference Shares will have a standard listing. It is expected that Admission will become effective and that dealings in the New Preference Shares will commence no later than 8.00 a.m. on 20 June 2012.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will notify the UK Listing Authority and make an appropriate announcement through the Regulatory Information Service of the London Stock Exchange giving details of the revised dates.

4. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of their certificated Open Offer Entitlements or a Qualifying Shareholder has Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

Qualifying Non-CREST Shareholders will be allotted their New Preference Shares in certificated form. Qualifying CREST Shareholders will be allotted their New Preference Shares in CREST. It will be possible for Qualifying Non-CREST Shareholders to deposit Open Offer Entitlements into CREST and for Qualifying CREST Shareholders to withdraw Open Offer Entitlements from CREST but only to satisfy a *bona fide* market claim. Further information on deposit and withdrawal from CREST is set out in paragraph 7 of this Part 2.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the New Preference Shares under the Open Offer should take no action and should not complete or return the Application Form or take any action in CREST.

If you are a Qualifying Shareholder and have any queries about the Open Offer or on the procedure for acceptance, please contact the Receiving Agent by telephone on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

4.1 ***If you have an Application Form showing your Open Offer Entitlements in respect of your entitlement under the Open Offer***

(a) *General*

Subject to what is provided in paragraph 6 of this Part 2 in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form for the New Preference Shares. The Application Form shows the number of Existing Preference Shares registered in their name on the Open Offer Record Date in Box 4 of the Application Form. It also shows the number of New Preference Shares for which they are entitled to apply under the Open Offer, as shown by the total number of New Preference Shares comprising their Open Offer Entitlement set out in Box 5 of the Application Form. Entitlements to New Preference Shares are rounded down to the nearest whole number and fractional Open Offer Entitlements have therefore also been rounded down. Fractional Open Offer Entitlements will be aggregated and the resulting New Preference Shares will not be allotted to Qualifying Shareholders, but will be subscribed for under the Placing for the benefit of the Company. Qualifying Non-CREST Shareholders may apply for less than their maximum entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(b) below).

Each Qualifying Non-CREST Shareholder who wishes to take up Open Offer Entitlements will be required, prior to receiving any New Preference Shares, to make the representations, warranties, agreements and acknowledgements set out in paragraph 6 of this Part 2 and as included in the Application Form. Certificates representing New Preference Shares will not be delivered to any person unless and until the Company and the Receiving Agent have received a duly signed Application Form including such representations, warranties, agreements and acknowledgements.

The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire New Preference Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Preference Shares through the market prior to 8.00 a.m. on 1 May 2012, the date upon which the Existing Preference Shares are expected to be marked “ex” for the purpose of the entitlement to participate in the Open Offer by the London Stock Exchange. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 15 May 2012. The Application Form is not a negotiable document and cannot be traded. A Preference Shareholder who has sold or otherwise transferred all or part of his holding of Existing Preference Shares prior to the date upon which the Existing Preference Shares were marked “ex” for the purpose of the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire New Preference Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Preference Shareholders who hold their Preference Shares in certificated form and who have sold all of their registered holdings prior to 5.00 p.m. on 27 April 2012 should complete Box 8 on the Application Form and immediately send the form to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into any Prohibited Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Preference Shares shown on Box 4 of their Application Form prior to 3.00 p.m. on 15 May 2012 should complete Box 8 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required, the total number of Existing Preference Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 4 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 5 of the corresponding Application Form), to the stockbroker, bank or other agent through whom the sale or transfer was effected or return it by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.00 a.m. on 17 May 2012. Capita Registrars will then create new Application Forms, mark the Application Forms “Declaration of sale or transfer duly made” and send them by post to the person submitting the original Application Form.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire New Preference Shares (whether in respect of all or part of their Open Offer Entitlement) should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by no later than 11.00 a.m. on 17 May 2012, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Application Forms, delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this Prospectus, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

Completed Application Forms should be returned with a cheque or banker’s draft drawn in Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques and banker’s drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker’s drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques should be drawn on a personal account in respect of which the Qualifying Non-CREST Shareholder has sole or joint title to the funds and should be made payable to “Capita Registrars Limited re: Raven Russia Limited Open Offer” and crossed “A/C Payee Only”. Third-party cheques (other than building society cheques or banker’s drafts where the building society or bank has confirmed that the relevant Qualifying Non-CREST Shareholder has title to the underlying funds by inserting the applicant name on the back of the banker’s draft or the building society cheque and adding their stamp) will not be accepted. Payments via CHAPS, BACS or electronic transfer will also not be accepted. All documents and cheques sent through the post to and from the Qualifying Non-CREST Shareholder will be sent at their own risk and any cheques not received by Capita Registrars will need to be re-issued and re-sent by the Qualifying Non-CREST Shareholder.

Cheques and banker’s drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker’s drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. Should such cheques

or banker's drafts not be so honoured, the Company may undertake any action to recover the value of the application and any costs associated with such recovery (including the forfeiture and sale of any New Preference Shares allotted pursuant to such an application). If cheques or banker's drafts are presented for payment before the conditions of the Placing and Open Offer are fulfilled, the application monies will be kept in a separate bank account until all the conditions are met. No interest will be paid on such payments. If the Placing and Open Offer does not become unconditional, no New Preference Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Placing and Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 17 May 2012; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 17 May 2012 from authorised persons (as defined in FSMA) specifying the New Preference Shares applied for and undertaking to lodge an Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If New Preference Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such New Preference Shares on behalf of such Qualifying Non-CREST Shareholder and to hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid (including VAT) including any stamp duty or SDRT payable on the transfer of such New Preference Shares) and of all amounts payable by such Qualifying Non-CREST Shareholders pursuant to the provisions herein in respect of the subscription of such New Preference Shares, on behalf of such Qualifying Non-CREST Shareholders. None of Capita Registrars, or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(d) *Effect of application*

By completing and delivering an Application Form, amongst other things, the applicant:

- (i) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Preference Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England;

- (iii) confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this Prospectus, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he will be deemed to have had notice of all the information in relation to the Company contained in this Prospectus (including information incorporated by reference);
- (iv) confirms to the Company that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Preference Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
- (v) represents and warrants to the Company that he is the Qualifying Non-CREST Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) requests that the New Preference Shares, to which he will become entitled, be issued to him on the terms set out in this Prospectus and the Application Form, subject to the terms of the Articles;
- (viii) represents and warrants to the Company that he is not, nor is he applying on behalf of any person, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Prohibited Territory or any jurisdiction in which the application for New Preference Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Preference Shares which are the subject of his application in any Prohibited Territory or to, or for the benefit of, a person who is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Prohibited Territory or any jurisdiction in which the application for New Preference Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor is he a person otherwise prevented by legal or regulatory restrictions from applying for New Preference Shares under the Open Offer nor acting on behalf of any such person on a non-discretionary basis (except where proof satisfactory to the Company, in its sole and absolute discretion, has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company, in its sole and absolute discretion, regards as unduly burdensome);
- (ix) represents and warrants to the Company that: (1) he is not a US Person, is not located within the United States and is not acquiring the Open Offer Entitlements or the New Preference Shares for the account or benefit of a US Person; (2) he is acquiring the Open Offer Entitlements or the New Preference Shares in an offshore transaction meeting the requirements of Regulation S; (3) he is acquiring the Open Offer Entitlements or the New Preference Shares for his own account or for one or more investment accounts for which he is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Preference Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws; (4) he understands and acknowledges that the Open Offer Entitlements and the New Preference Shares have not been and will not be registered under the US Securities Act or with any securities

regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, taken up, exercised, renounced, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons; and (5) he understands and acknowledges that the Company has not registered and will not register as an investment company under the US Investment Company Act;

- (x) represents and warrants to the Company that no portion of the assets used to purchase, and no portion of the assets used to hold, the New Preference Shares or any beneficial interest therein constitutes or will constitute the assets of: (1) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (2) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (3) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, his purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (xi) understands and acknowledges that the Company reserves the right to make inquiries of any holder of the New Preference Shares or interests therein at any time as to such person’s status under the federal US securities laws and to require any such person that has not satisfied the Company that the holding by such person will not violate or require registration under the US securities laws to transfer such New Preference Shares or interests in accordance with the Articles;
- (xii) represents and warrants to the Company that: (1) he has received (outside the United States), carefully read and understands the Prospectus, and (2) he has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus (or any part thereof) or any other presentation or offering materials concerning the Shares to or within the United States or to any US Person, nor will he do any of the foregoing;
- (xiii) represents and warrants to the Company that: (1) at the time the New Preference Shares are acquired, he is not an affiliate of the Company or a person acting on behalf of such an affiliate, and (2) he is not acquiring the New Preference Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- (xiv) understands and acknowledges that if any New Preference Shares are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

RAVEN RUSSIA LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO OR WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT);

- (xv) represents and warrants to the Company that if in the future he decides to offer, sell, transfer, assign or otherwise dispose of the New Preference Shares, he will do so only: (1) in an offshore transaction complying with the provisions of Regulation S under the US Securities Act to a person outside the United States and not known by the transferor to be a US Person, by pre-arrangement or otherwise, or (2) to the Company or a subsidiary thereof;
- (xvi) represents and warrants to the Company that, if he is acquiring any Preference Shares as a fiduciary or agent for one or more accounts, he has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- (xvii) understands and acknowledges that the Company, Singer, their directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by him are no longer accurate or have not been complied with, he will immediately notify the Company.

All enquiries in connection with the procedure for application and completion of the Application Forms should be addressed to the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who do not want to apply for the New Preference Shares under the Open Offer should take no action and should not complete or return the Application Form.

4.2 *If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(a) *General*

Subject to what is provided in paragraph 6 of this Part 2 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of New Preference Shares for which he is entitled to apply to acquire under the Open Offer. Entitlements to New Preference Shares will be rounded down to the nearest whole number. Fractional Open Offer Entitlements will be aggregated and the resulting New Preference Shares will be sold to the Placees for the benefit of the Company. Qualifying CREST Shareholders may apply for less than their maximum entitlement should they wish to do so.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Preference Shares held on the Open Offer Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 4.30 p.m. on 13 May 2012, or such later time and/or date as the Company may decide, a form of application will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate.

A Qualifying CREST Shareholder who wishes to apply to acquire some or all of their entitlements to New Preference Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should a Qualifying CREST Shareholder need advice with regard to these procedures, please contact Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Preference Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Bona fide market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying CREST Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE instructions*

A Qualifying CREST Shareholder who is a CREST member and who wants to apply for New Preference Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita Registrars under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Preference Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Capita Registrars in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Preference Shares referred to in (i) above.

(d) *Content of USE Instruction in respect of Open Offer Entitlements for New Preference Shares*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Preference Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Capita Registrars);
- (ii) the ISIN of the Open Offer Entitlement for New Preference Shares. This is GG00B7T9KD98;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;

- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 27626RAV;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Preference Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 17 May 2012; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 17 May 2012.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated for 20 June 2012) (or such later time and date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012), the Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and Capita Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(e) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements in his Application Form may be converted into Open Offer Entitlements that are deposited into CREST (either into the account of the Qualifying Non-CREST Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

If you are the registered holder(s) of the Existing Preference Shares set out in Box 4 of the Application Form, Box 11 which is entitled "CREST Deposit Form" should be completed and then the Application Form deposited with the CREST Courier and Sorting Service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that: (1) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST Courier and Sorting Service; and (2) only the total number of Open Offer Entitlements shown in Box 5 of the Application Form may be deposited into CREST.

If you are entitled to the Open Offer Entitlements shown in Box 5 of the Application by virtue of a *bona fide* market claim, the declaration in Box 8 of the Application Form must have been

completed or (in the case of an Application Form which may have been split) marked “Declaration of sale duly made”, and then the CREST Deposit Form in Box 11 must be completed and deposited with the CREST Courier and Sorting Service in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit the Open Offer Entitlements shown on those Application Forms into CREST must complete Box 11 of each Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 17 May 2012.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to convert the entitlement under the Open Offer set out in such Application Form into Open Offer Entitlements in CREST, is 3.00 p.m. on 14 May 2012 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 13 May 2012 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the conversion or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 17 May 2012.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Non-CREST Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty (in addition to and not limiting any other representation or warranty) to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of any of the representations, warranties, acknowledgements and confirmations on page 2 of the Application Form or the provisions of the notes under the paragraph headed “Instructions for depositing entitlements under the Open Offer into CREST” on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that, subject to certain exceptions, in the Company’s sole and absolute discretion, it/they is/are not in or citizen(s) or resident(s) of any Prohibited Territory or any jurisdiction in which the application for New Preference Shares is prevented by law, and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 17 May 2012 will constitute a valid application under the Open Offer.

(g) *CREST procedures and timings*

Qualifying CREST Shareholders and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 17 May 2012. In this connection CREST members and (where applicable) their CREST sponsors are referred in

particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(h) *Incorrect or incomplete applications*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Preference Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Preference Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(i) *Effect of valid application*

A Qualifying CREST Shareholder who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Preference Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this Prospectus, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he will be deemed to have had notice of all the information in relation to the Company contained in this Prospectus (including information incorporated by reference);
- (v) confirms to the Company that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Preference Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;

- (vi) represents and warrants to the Company that he is the Qualifying CREST Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) requests that the New Preference Shares to which he will become entitled be issued to him on the terms set out in this Prospectus, subject to the terms of the Articles;
- (ix) represents and warrants to the Company that he is not, nor is he applying on behalf of any person, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Prohibited Territory or any jurisdiction in which the application for New Preference Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Preference Shares which are the subject of his application in any Prohibited Territory or to, or for the benefit of, a person who is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Prohibited Territory or any jurisdiction in which the application for New Preference Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor is he a person otherwise prevented by legal or regulatory restrictions from applying for New Preference Shares under the Open Offer nor acting on behalf of any such person on a non-discretionary basis (except where proof satisfactory to the Company, in its sole and absolute discretion, has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company, in its sole and absolute discretion, regards as unduly burdensome);
- (x) represents and warrants to the Company that: (1) he is not a US Person, is not located within the United States and is not acquiring the Open Offer Entitlements or the New Preference Shares for the account or benefit of a US Person; (2) he is acquiring the Open Offer Entitlements or the New Preference Shares in an offshore transaction meeting the requirements of Regulation S; (3) he is acquiring the Open Offer Entitlements or the New Preference Shares for his own account or for one or more investment accounts for which he is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws; (4) he understands and acknowledges that the Open Offer Entitlements and the New Preference Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, taken up, exercised, renounced, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons; and (5) he understands and acknowledges that the Company has not registered and will not register as an investment company under the US Investment Company Act;
- (xi) represents and warrants to the Company that no portion of the assets used to purchase, and no portion of the assets used to hold, the New Preference Shares or any beneficial interest therein constitutes or will constitute the assets of: (1) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (2) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (3) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code. In addition, if an investor is a governmental, church, non-US or other employee benefit

plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, his purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- (xii) understands and acknowledges that the Company reserves the right to make inquiries of any holder of the New Preference Shares or interests therein at any time as to such person's status under the federal US securities laws and to require any such person that has not satisfied the Company that the holding by such person will not violate or require registration under the US securities laws to transfer such Placing Shares or interests in accordance with the Articles;
 - (xiii) represents and warrants to the Company that: (1) he has received (outside the United States), carefully read and understands the Prospectus, and (2) he has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus (or any part thereof) or any other presentation or offering materials concerning the Shares to or within the United States or to any US Person, nor will he do any of the foregoing;
 - (xiv) represents and warrants to the Company that: (1) at the time the New Preference Shares are acquired, it is not an affiliate of the Company or a person acting on behalf of such an affiliate, and (2) it is not acquiring the New Preference Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
 - (xv) represents and warrants to the Company that if in the future he decides to offer, sell, transfer, assign or otherwise dispose of the New Preference Shares, he will do so only: (1) in an offshore transaction complying with the provisions of Regulation S under the US Securities Act to a person outside the United States and not known by the transferor to be a US Person, by pre-arrangement or otherwise, or (2) to the Company or a subsidiary thereof;
 - (xvi) represents and warrants to the Company that, if he is acquiring any Preference Shares as a fiduciary or agent for one or more accounts, he has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
 - (xvii) understands and acknowledges that the Company, Singer, their directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by him are no longer accurate or have not been complied with, he will immediately notify the Company.
- (j) *Company's discretion as to the rejection and validity of applications*
The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2;
 - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
 - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the

first instruction or thereafter, either the Company, the Receiving Agent or the Registrar has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Preference Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

(k) *Lapse of the Open Offer*

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated for 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012), the Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and Capita Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. UK Money Laundering Regulations

- 5.1 Pursuant to the UK Money Laundering Regulations 2007 and the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended) and regulations made thereunder, Capita Registrars may be required to check the identity of persons who subscribe for New Preference Shares. Capita Registrars may therefore undertake electronic searches for the purposes of verifying the identity of the person by whom or on whose behalf an Application Form is lodged with payment. To do so Capita Registrars may verify the details against the applicant's identity, but also may request further proof of identity. Capita Registrars reserves the right to withhold any entitlement (including any refund cheque) until verification of the applicant's identity is completed to its satisfaction. If an Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the UK Money Laundering Regulations 2007, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.
- 5.2 The person (the "acceptor") who, by lodging the Application Form with payment and in accordance with the other terms as described above, accepts the Open Offer in respect of such number of New Preference Shares as is referred to in it (the "relevant New Preference Shares") will be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.
- 5.3 If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If following a request for verification of identity the Receiving Agent has not received evidence satisfactory to it, the Company may treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

- 5.4 The verification of identity requirements will not usually apply if:
- 5.4.1 the acceptor is an organisation required to comply with the Third Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist activity – no. 2005/60/EC);
 - 5.4.2 the acceptor (not being an acceptor who delivers his acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
 - 5.4.3 the aggregate subscription price for the relevant New Preference Shares is less than €15,000.
- 5.5 In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:
- 5.5.1 if payment is made by bank or building society cheque (not being a cheque drawn on an account of the acceptor) or banker's draft, by the building society or bank endorsing on the cheque or draft the acceptor's full name and the number of an account held in the acceptor's name at such bank or building society, such endorsement being validated by a stamp and an authorised signature; and
 - 5.5.2 if an Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.5.1 above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, the Gulf-Cooperation Council, Hong Kong, Iceland, Japan, Korea, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agents and/or any relevant regulatory or investigatory authority.
- 5.6 In order to confirm the acceptability of any written assurance referred to in paragraph 5.5 above, or in any other case, the acceptor should contact the Receiving Agent.
- 5.7 If the Application Form is in respect of New Preference Shares with an aggregate subscription price of €15,000 or more and is/are lodged by hand by the acceptor in person, or if the Application Form in respect of New Preference Shares is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his original passport) and separate evidence of his address (such as an original utility bill).

Open Offer Entitlements in CREST

- 5.8 If you hold your Open Offer Entitlements in CREST and apply for New Preference Shares in respect of all or some of your Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution) then, irrespective of the value of the application, Capita Registrars is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita Registrars before sending any USE or other instruction so that appropriate measures may be taken.
- 5.9 Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Capita Registrars such information as may be specified by Capita Registrars as being required for the purposes of the UK money laundering regulations. Pending the provision of evidence satisfactory to Capita Registrars as to identity, Capita Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Preference Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application

for the New Preference Shares represented by the USE Instruction will not be valid, without prejudice to the right of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this Prospectus and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for residents in or citizens of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consent or need to observe any applicable legal requirement or other formalities to enable them to apply for New Preference Shares under the Open Offer.

No action has been or will be taken by the Company to permit a public offering or distribution of this Prospectus (or any other offering or publicity materials or Application Form relating to the New Preference Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom and in Guernsey.

Receipt of this Prospectus and/or Application Form and/or credits of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form and/or credits of Open Offer Entitlements to a stock amount in CREST must be treated as sent for information only and should not be copied or redistributed.

The Application Form will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in any Prohibited Territory or their agent or intermediary, except where the Company is satisfied, in its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom or Guernsey may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form(s) and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Prospectus and/or the Application Form and/or credits of Open Offer Entitlements to a stock account in CREST must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom or Guernsey wishing to apply for New Preference Shares under the Open Offer to satisfy himself or herself as to the full observance of the applicable laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that

may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company nor any of their respective representatives makes any representation to any offeree or purchaser of the New Preference Shares regarding the legality of such an investment in the New Preference Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send any of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Prospectus and/or the Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for New Preference Shares unless the Company, in its sole and absolute discretion, is satisfied that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Prospectus and/or the Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 2 and specifically the contents of this paragraph 6.

Any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom or Guernsey wishing to apply for New Preference Shares must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for New Preference Shares that appears to the Company or its agents to have been executed, effected or dispatched from a Prohibited Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the certificates of New Preference Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be in a Prohibited Territory, or any other jurisdiction outside the United Kingdom or Guernsey in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this Prospectus or the Application Form, the Company reserves the right to permit any person to apply for New Preference Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for New Preference Shares should note that payment must be made in Sterling denominated cheques or bankers' drafts.

6.2 *Prohibited Territories*

Due to restrictions under the securities laws of the Prohibited Territories, and subject to certain limited exceptions, Restricted Shareholders will not qualify to participate in the Open Offer and will not be sent the Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Preference Shares have not been and will not be registered under the relevant laws of any Prohibited Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Prohibited Territory or to, or for the

account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Prohibited Territory except pursuant to an applicable exemption.

No offer of New Preference Shares is being made by virtue of this Prospectus or the Application Form into any Prohibited Territory or to any Restricted Shareholders.

6.3 *Restrictions relating to US Persons and persons within the United States or any other Prohibited Territory*

The Open Offer Entitlements and the New Preference Shares have not been and will not be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States. The Open Offer Entitlements and the New Preference Shares may not be offered, sold, resold, taken up, exercised, renounced, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons. The Open Offer Entitlements and the New Preference Shares are being offered and sold only outside the United States to non-US Persons in “offshore transactions” in accordance with and in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. There will be no public offer of the Open Offer Entitlements or the New Preference Shares in the United States.

The Company has not been and will not be registered under the US Investment Company Act and, as such, investors will not be entitled to the benefits of the US Investment Company Act.

This Prospectus does not constitute or form part of an offer to sell or issue, or a solicitation of an offer to purchase or subscribe for, Open Offer Entitlements or New Preference Shares to any person to whom or in any jurisdiction in which such an offer, invitation or solicitation is unlawful, including the Prohibited Territories. US Persons and persons within the United States or any other Prohibited Territory may not take up Open Offer Entitlements or subscribe for or purchase New Preference Shares. US Persons and persons within the United States or any other Prohibited Territory who obtain a copy of this Prospectus and/or an Application Form and/or credits of Open Offer Entitlements to a stock account in CREST are required to disregard it.

6.4 *Other overseas territories*

Application Forms will be sent to Qualifying Non-CREST Shareholders, and Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders in jurisdictions other than the Prohibited Territories. Qualifying Non-CREST Shareholders and Qualifying CREST Shareholders in jurisdictions other than the Prohibited Territories may, subject to the laws of their relevant jurisdiction, take up New Preference Shares under the Open Offer in accordance with the instructions set out in this Prospectus and the Application Form.

Qualifying Non-CREST Shareholders or Qualifying CREST Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom or Guernsey should consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to participate in the Open Offer.

6.5 *Representations and warranties relating to Overseas Shareholders*

(a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the New Preference Shares comprised therein: (i) makes all the representations and warranties set out in paragraph 4.1 of this Part 2 and (ii) represents and warrants to the Company and/or Capita Registrars that, except where proof has been provided to the Company and the Company, in his sole and absolute discretion, he is satisfied that such person’s use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (A) such person is not requesting registration of the relevant New Preference Shares from within any Prohibited Territory; (B) such person is not in any territory in which it

is unlawful to make or accept an offer to acquire New Preference Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (C) such person is not acting on a non-discretionary basis for a person located within any Prohibited Territory or any territory referred to in (B) above at the time the instruction to accept was given; and (D) such person is not acquiring New Preference Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Preference Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of New Preference Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Prohibited Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Prohibited Territory for delivery of the share certificates of New Preference Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part: 2 (i) makes all the representations and warranties set out in paragraph 4.2 of Part 2 of this Prospectus and (ii) represents and warrants to the Company that, except where proof has been provided to the Company and the Company, in his sole and absolute discretion, he is satisfied that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (A) he or she is not within any Prohibited Territory; (B) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire New Preference Shares; (C) he or she is not, subject to certain exceptions, acting on a non-discretionary basis for a person located within any Prohibited Territory or any territory referred to in (B) above at the time the instruction to accept was given; and (D) he or she is not acquiring any New Preference Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Preference Shares into any of the above territories.

6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Preference Shareholders or on a general basis by the Company in their absolute discretion (but subject to the terms of the Placing and Open Offer Agreement). Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Preference Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. Withdrawal rights

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a Supplementary Prospectus must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the Supplementary Prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by post or by hand (during normal business hours only) with Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (please call the Receiving Agent on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK) or emailed to Capita Registrars at the following address: withdraw@capitaregistrars.com (Subject: Raven Russia). Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs

may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the New Preference Shares in full and the allotment of such New Preference Shares to such person becoming unconditional save to the extent required by statute. In such event, such persons are advised to seek independent legal advice.

8. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 18 May 2012 through a Regulatory Information Service of the London Stock Exchange and on the Company's website. Application has been made to the Financial Services Authority and to the London Stock Exchange respectively for admission of the New Preference Shares to the Official List and to trading on the Main Market. The New Preference Shares will have a standard listing. It is expected that Admission will become effective and that dealings in the New Preference Shares will commence no later than 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated for 20 June 2012).

The Existing Preference Shares are already admitted to CREST. Application has been made for admission to CREST for the New Preference Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 17 May 2012 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, New Preference Shares will be issued to those persons who submitted a valid application for New Preference Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 20 June 2012, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to New Preference Shares with effect from Admission (expected to be 20 June 2012). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders a form of application instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any New Preference Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using the Application Form, certificates in respect of the New Preference Shares validly applied for are expected to be dispatched by post by 27 June 2012. No temporary documents of title will be issued in respect of shares held in certificated form and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their Application Form.

9. Times and dates

The Company shall, after consultation with its financial and legal advisers, be entitled to amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus (subject to Admission taking place no later than 8.00 a.m. 16 July 2012, as set out in the Placing and Open Offer Agreement) and in such circumstances shall notify the UK Listing Authority, and make an announcement through a Regulatory Information Service of the London Stock Exchange but Qualifying Shareholders may not receive any further written communication in addition to such announcement.

If a Supplementary Prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the Supplementary Prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. Governing law and jurisdiction

The terms and conditions of the Open Offer and any non-contractual obligations arising out of or in relation to the Open Offer as set out in this Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus and the Application Form (including any dispute relating to any non-contractual obligations arising out of or in connection with them). By taking up their Open Offer Entitlement in accordance with the instructions set out in this Prospectus and, where applicable, the Application Form, Qualifying Non-CREST Shareholders and Qualifying CREST Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

11. Taxation

Certain statements regarding Guernsey and United Kingdom taxation in respect of the New Preference Shares and Preference Shares are set out in Part 11 of this Prospectus. Preference Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer or who are subject to tax in any jurisdiction other than Guernsey or the United Kingdom should immediately consult a suitable professional tax adviser.

12. Further information

Your attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying Non-CREST Shareholders and other Preference Shareholders to whom the Company has sent an Application Form, to the terms, conditions and other information printed on the accompanying Application Form.

PART 3

INFORMATION ON THE GROUP

1. COMPANY OVERVIEW

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.

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 Warrantholders 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.

In July 2011, following satisfaction of the requirement in the Listing Rules that not less than 25 per cent. of the Preference Shares were held in “public hands” (as such term is defined in Listing Rule 14.2.2R), the Company successfully moved its Preference Shares from trading on AIM to a standard 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.

As at 31 December 2011, the Group had completed investment properties with a market value of US\$1,154.5 million, additional phases of existing properties with a carrying value of US\$54.0 million and a land bank of US\$47.5 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 1.03 million sq m. as at 31 December 2011. The investment portfolio also includes a Grade B office block in St. Petersburg.

The geographical split of value of the investment portfolio at 31 December 2011 was: Moscow US\$758.0 million; St. Petersburg US\$205.7 million; and other regional cities US\$190.8 million. Assets under construction and additional phases of existing properties include sites in Moscow and Rostov on Don. 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 2011, the Group continued the orderly disposal of its Raven Mount inventory and this should continue to provide the Company with additional cash resources over the medium term.

3. PROPOSED ACQUISITION OF PUSHKINO LOGISTICS PARK

The Company announced on 30 April 2012 that it had through its wholly owned subsidiary, Padastro, entered into a conditional agreement with PLP, a subsidiary of Aareal, to acquire CJSC “Toros”, the owner of Pushkino, a Class A logistics complex of approximately 213,000 sq m located to the north east of Moscow, for a cash consideration of approximately US\$215 million.

Once completed, the Directors anticipate that the Proposed Acquisition will be earnings enhancing for Raven Russia.

Description of Pushkino

Pushkino is a modern Class A logistics complex which was completed in 2007. It consists of three warehouses and two infrastructure buildings on a single site, with lettable space of approximately 213,000 sq m. It is located to the north east of Moscow city centre, approximately 15 km from the MKAD (the Moscow Ring Road) and has good transportation connections to the main roads from Moscow.

Pushkino has been valued at US\$228,910,000 as described in the Valuation Report prepared by Cushman & Wakefield which is set out in Part 9 of this document. The key characteristics of Pushkino are as follows:

- Approximately 213,000 sq m of total lettable space on a land plot with a total area of 35 hectares;
- Stabilised net annual rent receivable of US\$24,750,000;
- A stabilised yield of 11.5 per cent.;
- The Valuation Report reflects an ERV of US\$29.9 million giving a reversionary yield of 13.9 per cent.; and
- The property is 99 per cent. let to high quality international companies, including Auchan, DHL, Leroy Merlin and NLC.

Pushkino is owned directly by CJSC “Toros”, a Russian special purpose vehicle specifically and solely established to hold the lease interest in Pushkino and develop the warehouse asset on the land plot. As a result, the Proposed Acquisition will be structured as an acquisition by the Company’s wholly owned subsidiary, Padastro, of the entire issued share capital of CJSC “Toros” from PLP.

Background to and benefits of the Proposed Acquisition

In September 2010, PLP took full ownership of Pushkino via the transfer of the shares in CJSC “Toros” following its repossession from the previous owner, to which Aareal was the sole lender. This repossession followed a debt restructuring during late 2009 and early 2010, where Aareal bought out the interests of its co-lenders to become the sole lender. Raven Russia had looked at acquiring Pushkino prior to this reorganisation and consequently the Directors are familiar with its operating history.

The Directors believe that Pushkino is complementary to Raven Russia’s existing portfolio. It is a high quality completed asset with a stabilised yield of 11.5 per cent. which, when funded conservatively with debt, gives a high income return on equity.

Terms of the Proposed Acquisition

Padastro has entered into a conditional agreement with PLP to acquire the entire issued share capital of CJSC “Toros”.

The Acquisition Agreement, and therefore the Proposed Acquisition, is subject to the satisfaction of certain conditions including:

- the Resolution to approve the Proposed Acquisition being passed at the General Meeting by 5 June 2012;
- the New Facility being available for draw-down in full on Completion; and
- Admission of the New Preference Shares.

Completion of the Acquisition Agreement is expected to occur shortly following Admission once the funds flow relating to the repayment of the existing facility secured on Pushkino and implementation of the New Facility has completed.

Further details of the Proposed Acquisition, including details of the terms of the Acquisition Agreement, are set out in Part 11 of this document and within the Circular sent to Ordinary Shareholders and published today.

Raven Russia will finance the costs of the Proposed Acquisition by using US\$86 million of the net proceeds of the Placing and Open Offer. Approximately US\$49 million will be paid to PLP as consideration for the shares in CJSC “Toros” and approximately US\$37 million will be part of a combined new debt facility of US\$166 million to be used to repay the Existing Toros Bank Debt, resulting in an acquisition cost of approximately US\$215 million.

Financial effects of the Proposed Acquisition

As set out in the Pushkino Valuation Report in Part 9 of this document, the stabilised net annual rent attributable to Pushkino is US\$24,750,000. Based on the estimated difference between anticipated finance costs and the relatively high yield of Pushkino, the Directors anticipate that the Proposed Acquisition will be earnings enhancing for Raven Russia.

Upon Completion, the value of the Raven Russia Group’s investment properties will increase by approximately US\$215 million, cash balances will increase by approximately US\$14 million and the Group’s long-term liabilities will increase by approximately US\$129 million. The carrying value of the Preference Shares will increase by US\$100 million.

4. DIRECTORS AND EMPLOYEES

Directors

Richard Jewson, *Non-Executive Chairman (aged 67)*

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 47)*

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.

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

Glyn Hirsch, a Guernsey resident, 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 46)*

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 42)*

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 46)

Stephen Coe BSc, FCA, a Guernsey resident, 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 Limited, Kolar Gold Limited 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 51)

David Moore is a Guernsey resident. He is an advocate of the Royal Court of Guernsey and is a partner with Maurant Ozannes in Guernsey. He has been with Ozannes since 1993 and with Maurant 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 46)

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 and Baker Steel Resources Trust Ltd. He is the Company's Senior Independent Director.

Employees

At the 31 December 2011, the Group had 433 employees.

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

| Division | Total Number of Employees | Development | | Structured Finance | Property Management | Leasing | Finance | |
|---------------------|---------------------------------|----------------------------------|------------|-----------------------|------------------------|---------|----------------|-----------|
| | | Monitoring and Acquisition | Management | | | | Administration | Logistics |
| Property Investment | 96 | 10 | 8 | 2 | 12 | 5 | 59 | – |
| Roslogistics | 329 | 8 | – | – | – | – | 38 | 283 |
| Raven Mount | 8 | 2 | 1 | – | – | – | 5 | – |
| Group total | 433 | 20 | 9 | 2 | 12 | 5 | 102 | 283 |

5. CORPORATE GOVERNANCE

UK Corporate Governance Code (the “Code”)

Whilst Guernsey, the Company's place of incorporation, has a formal corporate governance regime, it does not apply to the Company. 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 2011, which confirmed the Company's compliance with the 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.

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 Code. Christopher Sherwell is the Company's Senior Independent Director.

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 2011, 31 December 2010 and 31 December 2009, each of which are incorporated by reference into this document (as referred to on page 168 below).

| | <i>Year ended 31 December 2011 (Audited) US\$m</i> | <i>Year ended 31 December 2010 (Audited) US\$m</i> | <i>Year ended 31 December 2009 (Audited) US\$m</i> |
|-------------------------------|--|--|--|
| Net rental and related income | 92 | 61 | 50 |
| Profit from operations | 58 | 25 | 13 |
| Revaluation gains/(losses) | 144 | 79 | (108) |
| Ordinary dividends paid | 16 | 4 | 4 |
| Net assets at year end | 669 | 580 | 546 |

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 of the Group's properties as at 31 December 2011 appearing in Part 8 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, 7th 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.

The Company has appointed Cushman & Wakefield as property valuers to prepare a valuation on Pushkino as at 31 March 2012, a copy of which appears in Part 9 of this document. The valuation has been undertaken in accordance with the appropriate sections of the current practice statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 7th Edition (the “Red Book”).

8. DIVIDEND ON AND TENDER OFFERS IN RESPECT OF ORDINARY SHARES

In lieu of a final dividend in respect of the financial year ending 31 December 2011, the Company has today proposed a tender offer buyback on the basis of 1 for every 40 Ordinary Shares at 70p per Ordinary Share. The Company declared an interim dividend for 2011 of 1.25p per Ordinary Share with a tender offer buyback retained as an alternative, on the basis of 1 for every 46 Ordinary Shares at 58p per Ordinary Share. 4,406,122 Ordinary Shares were repurchased under this tender offer buyback and were held in treasury.

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, or amount paid per Ordinary Share in respect of the Company’s tender offers in lieu, or as an alternative to, a dividend, in respect of each of the three financial years ending 31 December 2011, 31 December 2010 and 31 December 2009, was as follows:

| | <i>Financial year ended</i> | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <i>31 December 2011</i> | <i>31 December 2010</i> | <i>31 December 2009</i> |
| Dividend paid or tender offer made, in each case per Ordinary Share | 3p ⁽¹⁾ | 2p ⁽²⁾ | 1p |

(1) This comprised a dividend of 1½p per Ordinary Share and an amount equivalent to 1½p per Ordinary Share under the tender offer.

(2) This comprised a dividend of 1p per Ordinary Share and an amount equivalent to 1p per Ordinary Share under the tender offer.

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 2011 and 31 December 2010, was as follows:

| | <i>Financial year ended</i> | |
|---------------------|-----------------------------|-----------------------------|
| | <i>31 December 2011</i> | <i>31 December 2010</i> |
| Preference Dividend | 12p | 12p |

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 11 of this document.

The majority of term facilities mature on dates ranging from 2012 to 2021, with three near term maturities totalling US\$134 million in the next 12 months. The first maturity following that is 2016. It is the intention of the Group to deal with these near term maturities with a mixture of repayment, refinancing and rolling over of the facilities. The non-recourse, or limited recourse nature of all the banking facilities protects, or limits, the exposure of the remainder of the Group from default on any one facility.

In the financial statements of the Group for the financial year ended 31 December 2011 the Group confirmed that the bank facilities totalling US\$44 million secured on Constanta, the Grade B office block in St. Petersburg, had a potential loan to value breach of US\$5.3 million. The bank has waived the potential breach and continues to sweep all excess cash generated by the asset to accelerate principal repayment. Actual additional principal repayments totalled US\$2.4 million in 2011 and are expected to be

US\$2.7 million in 2012. The Directors expect this situation to continue post maturity in October 2012. Recourse to the Company in respect of such facilities is limited to, *inter alia*, share pledges and other security instruments.

A facility of US\$79.7 million made available by Deutsche Pfandbriefbank AG (“Deutsche”) is due for repayment in January 2013. The Deutsche Facility is secured on the Krekshino asset, a Class A warehouse scheme located in the Naro-Fominsky area of the Moscow Region, and is ring fenced from the rest of the Group with limited recourse to share pledges and other security instruments. The Directors are confident that the asset will be refinanced prior to maturity and are in discussions on refinancing with a number of lenders.

The Group has continued to progress and sign new facilities. All new facilities will be discretionary and secured on the larger of the currently unencumbered assets.

11. 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 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 4

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 4 has been extracted without material adjustment from the financial information of the Group as at, and for the financial years ended, 31 December 2009, 31 December 2010 and 31 December 2011 which have been prepared in accordance with IFRS.

The Operating and Financial Review of the Raven Mount Group in respect of the three financial years ended 31 December 2009 is 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 168 below).

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 2011, the Group had completed investment properties with a market value of US\$1,154.5 million, additional phases of existing properties with a carrying value of US\$54.0 million and a land bank of US\$47.5 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 1.03 million sqm. as at 31 December 2011. The investment portfolio also includes a Grade B office block in St. Petersburg.

The geographical split of value of the investment portfolio at 31 December 2011 was: Moscow US\$758.0 million; St. Petersburg US\$205.7 million; and other regional cities US\$190.8 million. Assets under construction and additional phases of existing properties include sites in Moscow and Rostov on Don. 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 2011, the Group continued the orderly disposal of its Raven Mount inventory 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 US\$5.8 million in 2010 and US\$10.7 million in 2011, reflecting the 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".

External, independent valuers also assess the market value of the Group's assets under construction and additional phases of existing properties at each balance sheet date and these are reflected in the Group's consolidated balance sheet. Movements in value are 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 2009 but improving conditions have resulted in these valuation losses being recovered in 2010 and 2011.

The following table shows the amounts the Group recorded for its completed investment properties under "Unrealised profit/(loss) on revaluation of investment property" for the three years to 31 December 2011:

| | <i>For the financial year ended</i> | | |
|--|-------------------------------------|-------------------|-------------------|
| | <i>31 December</i> | | |
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Unrealised (loss)/profit on revaluation of investment property | (57,933) | 62,798 | 133,062 |

The following table shows the amounts the Group recorded for its investment properties under construction as "Unrealised profit/(loss) on revaluation of investment property under construction" for the three years to 31 December 2011:

| | <i>For the financial year ended</i> | | |
|---|-------------------------------------|-------------------|-------------------|
| | <i>31 December</i> | | |
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Unrealised (loss)/profit on revaluation of investment property under construction | (50,544) | 16,453 | 10,611 |

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 2011 as follows:

| | <i>For the financial year ended 31 December</i> | | |
|---|---|-------------------|-------------------|
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Gains/(losses) on foreign currency cash held | 464 | 2,099 | (591) |
| Losses on assets under construction | (4,117) | – | – |
| Other gains/losses | 556 | (114) | 29 |
| Foreign currency (losses)/gains | (3,097) | 1,985 | (562) |
| (Losses)/profits on net investment in foreign entities ⁽¹⁾ | (41,586) | 3,322 | 10,397 |

(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. As well as holding sufficient cash balances in the relevant currencies, the Group uses interest and currency derivatives to achieve this. In addition several of the Group's leases incorporate collars and caps on US dollar and Russian rouble exchange rates. These have been assessed as embedded derivatives and fair values calculated. Movements in the mark to market of these embedded derivatives gave rise to the mark to market loss on open forward currency derivatives in 2011 show in the table below.

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 2011 as follows:

| | <i>For the financial year ended 31 December</i> | | |
|---|---|-------------------|-------------------|
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Net (loss)/profit on maturing forward currency derivatives | (892) | 409 | (401) |
| Net change in fair value of open forward currency derivatives | 866 | 961 | (2,200) |
| Net change in fair value of open interest rate derivatives | 1,529 | (1,333) | (2,784) |
| Loss on closure of interest rate derivatives | – | (31) | (5) |

2.3 *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.

2.4 *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 168 below).

2.5 *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 168 below).

2.6 ***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 168 below).

2.7 ***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 168 below).

2.8 ***Tender Offer alternative***

In November 2011, the Company completed the purchase of 4,406,122 Ordinary Shares under the terms of a tender offer alternative to an interim ordinary dividend. Details of the tender offer alternative are set out in the audited financial statements of the Group for the year ended 31 December 2011, which are incorporated by reference into this document (as referred to on page 168 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 employment costs, corporate overheads, administrator fees for the companies within the Group, costs associated with the listing of the Ordinary Shares and Preference 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 2011, which are incorporated by reference into this document (as referred to on page 168 below) and (ii) paragraph 7 of Part 11 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) Loss on disposal of investment property under construction
Loss on disposal of investment property under construction is the loss realised in the year ended 31 December 2011 from the sale of the Kiev warehouse and land.
- (h) Unrealised profit/(loss) on revaluation of investment property
This line item is described above in paragraph 2.1 above.
- (i) Unrealised profit/(loss) on revaluation of investment property under construction
This line is described above in paragraph 2.1 above.
- (j) Finance income and finance expense
Finance income and expense includes interest receivable on deposits, 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.
- (k) Tax
Tax 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 2009, 2010 and 2011

The tables that follow summarise the Group's consolidated income statements, extracted from the audited financial statements for the financial years ended 31 December 2009, 2010 and 2011. The tables also disclose the supplementary information presented in the income statements. In 2011 the Group revised this information to disclose a measure of underlying earnings. The 2009 and 2010 supplementary information has been represented to reflect this measure. This has no impact on the IFRS results presented in the income statements and repeated below.

| | <i>For the financial year ended 31 December 2009</i> | | |
|---|--|---|-----------------------------|
| | <i>Underlying earnings (US\$'000)</i> | <i>Capital and other (US\$'000)</i> | <i>Total (US\$'000)</i> |
| Gross revenue | 112,204 | — | 112,204 |
| Net rental and related income | 50,324 | — | 50,324 |
| Administrative expenses | (32,318) | (1,344) | (33,662) |
| Share-based payments | — | (190) | (190) |
| Foreign currency losses | (3,097) | — | (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 | 2,423 | 2,395 | 4,818 |
| Finance expense | (51,346) | (6,666) | (58,012) |
| Loss before tax | (34,014) | (114,282) | (148,296) |
| Tax | 6,914 | 2,103 | 9,017 |
| Loss for the year | (27,100) | (112,179) | (139,279) |

| <i>For the financial year ended 31 December 2010</i> | | | |
|---|---|---|-----------------------------|
| | <i>Underlying earnings (US\$'000)</i> | <i>Capital and other (US\$'000)</i> | <i>Total (US\$'000)</i> |
| Gross revenue | 130,628 | – | 130,628 |
| Net rental and related income | 61,075 | – | 61,075 |
| Administrative expenses | (25,802) | (5,562) | (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 | (59,563) | (5,276) | (64,839) |
| (Loss)/profit before tax | (19,822) | 75,534 | 55,712 |
| Tax | (1,385) | (12,842) | (14,227) |
| (Loss)/profit for the year | (21,207) | 62,692 | 41,485 |

| <i>For the financial year ended 31 December 2011</i> | | | |
|---|---|---|-----------------------------|
| | <i>Underlying earnings (US\$'000)</i> | <i>Capital and other (US\$'000)</i> | <i>Total (US\$'000)</i> |
| Gross revenue | 162,770 | – | 162,770 |
| Net rental and related income | 94,108 | (2,454) | 91,654 |
| Administrative expenses | (24,601) | (2,639) | (27,240) |
| Share-based payments | – | (6,099) | (6,099) |
| Foreign currency losses | (562) | – | (562) |
| Loss on disposal of investment property under construction | – | (1,158) | (1,158) |
| Unrealised profit on revaluation of investment property | – | 133,062 | 133,062 |
| Unrealised profit on revaluation of investment property under construction | – | 10,611 | 10,611 |
| Finance income | 2,197 | – | 2,197 |
| Finance expense | (63,086) | (10,463) | (73,549) |
| Profit before tax | 8,056 | 120,860 | 128,916 |
| Tax | (7,109) | (33,444) | (40,553) |
| Profit for the year | 947 | 87,416 | 88,363 |

(a) Gross revenue

The Group's gross revenue was US\$112 million, US\$131 million and US\$163 million for the years ended 31 December 2009, 2010 and 2011 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 turnover of Roslogistics was US\$16 million (2009), US\$22 million (2010) and US\$25 million in 2011. Raven Mount contributed US\$15 million in 2009, US\$18 million in 2010 and US\$14 million in 2011.

(b) Net rental and related income

The Group's net rental and related income was US\$50 million, US\$61 million and US\$92 million for the years ended 31 December 2009, 2010 and 2011 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 US\$2 million, US\$6 million and US\$11 million in 2009, 2010 and 2011 respectively. Raven Mount contributed US\$2 million to net rental and related income in 2009, US\$5 million in 2010 and US\$0 million in 2011.

(c) Administrative expenses

The Group had administrative expenses of US\$34 million, US\$31 million and US\$27 million for the years ended 31 December 2009, 2010 and 2011 respectively.

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

| | <i>For the financial year ended 31 December</i> | | |
|---|---|-------------------|-------------------|
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Employment costs | 14,716 | 12,363 | 12,475 |
| Office running costs and insurance | 4,105 | 4,315 | 3,577 |
| Directors' remuneration | 3,116 | 3,275 | 3,415 |
| Auditors' remuneration (includes non audit services) | 1,723 | 769 | 972 |
| External administrator fees | 1,172 | 385 | 82 |
| Legal and professional | 2,656 | 2,195 | 2,115 |
| Abortive project costs | 313 | – | – |
| Depreciation | 1,344 | 2,188 | 1,754 |
| Loss on disposal of plant and equipment | – | – | 337 |
| Listing costs | – | 2,017 | 548 |
| Closure costs | – | 1,357 | – |
| Share of operating expenditure of joint ventures | 904 | 189 | 272 |
| Travel costs | 1,334 | 1,557 | 1,562 |
| Registrar costs and other administrative expenses | 2,279 | 754 | 131 |
| | <u>33,662⁽¹⁾</u> | <u>31,364</u> | <u>27,240</u> |

(1) Share-based payments were included in administrative expenses in the audited financial statements of the Group for the year ended 31 December 2009 but disclosed as a separate item in the years ended 31 December 2010 and 2011 and so, for consistency, have been removed from administrative expenses in the tables above and below in this section.

Administrative expenses for each business segment in the three years under review were as follows:

| | <i>For the financial year ended</i> | | |
|---------------------|-------------------------------------|-------------------|-------------------|
| | <i>31 December</i> | | |
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Property investment | 15,260 | 13,789 | 13,498 |
| Roslogistics | 5,536 | 6,333 | 4,068 |
| Raven Mount | 5,429 | 3,076 | 3,004 |
| Central overhead | 7,437 | 8,166 | 6,670 |
| | <u>33,662</u> | <u>31,364</u> | <u>27,240</u> |

(d) Share-based payments

| | <i>For the financial year ended</i> | | |
|-------------------------------------|-------------------------------------|-------------------|-------------------|
| | <i>31 December</i> | | |
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Equity settled share-based payments | 190 | 6,427 | 6,099 |

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 and 2011.

(e) Profit on disposal of investment property

The Group generated profit of US\$12 million on disposal of its Baltia warehouse from proceeds of US\$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 US\$3.1 million in the year ended 31 December 2009 and foreign currency profits of US\$2.0 million in the year ended 31 December 2010 and losses again in the year ended 31 December 2011 of US\$0.6 million. 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 US\$58 million in the year ended 31 December 2009 and profits of US\$63 million and US\$133 million in the years ended 31 December 2010 and 2011, respectively.

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

(h) Unrealised profit/(loss) on revaluation of investment property under construction

The Group's revaluation of investment property under construction was a loss of US\$51 million in the year ended 31 December 2009 and profits of US\$16 million and US\$11 million in the years ended 31 December 2010 and 2011, respectively.

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

(i) Finance income and finance expense

The Group generated finance income of US\$5 million, US\$4 million and US\$2 million in the years ended 31 December 2009, 2010 and 2011 respectively, reflecting reducing cash balances as construction progressed and the reduction in global interest rates.

The Group had a finance expense of US\$58 million, US\$65 million and US\$74 million in the years ended 31 December 2009, 2010 and 2011 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>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Current taxation | 2,690 | 1,752 | 3,809 |
| Deferred tax (credits)/debits on tax losses in Russian asset owning subsidiaries | (16,090) | (501) | 1,394 |
| Deferred tax movements on revaluation of investment property | (2,103) | 12,095 | 23,370 |
| Other deferred tax movements | 6,486 | 881 | 11,980 |
| Taxation (credited)/charged | <u>(9,017)</u> | <u>14,227</u> | <u>40,553</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 US\$139 million for the year ended 31 December 2009 and profits of US\$41 million and US\$88 million for the years ended 31 December 2010 and 2011.

3. CAPITAL RESOURCES AND LIQUIDITY MANAGEMENT

As at 31 March 2012, the Group had US\$543 million of drawn bank debt and US\$165 million of cash and cash equivalents. The Group also had US\$38 million of committed undrawn debt as at 31 March 2012, provided by Raiffeisenbank and secured on the Shushary project.

The majority of term facilities mature on dates ranging from 2012 to 2021, with three near term maturities totalling US\$134 million in the next 12 months. The first maturity following that is 2016. It is the intention of the Group to deal with these near term maturities with a mixture of repayment, refinancing and rolling over of the facilities. The non-recourse, or limited recourse nature of all the banking facilities protects, or limits, the exposure of the remainder of the Group from default on any one facility.

A facility of US\$79.7 million made available by Deutsche Pfandbriefbank AG ("Deutsche") is due for repayment in January 2013. The Deutsche Facility is secured on the Krekshino asset, a Class A warehouse scheme located in the Naro-Fominsky area of the Moscow Region, and is ring fenced from the rest of the Group, with limited recourse to, *inter alia*, share pledges and other security instruments. The Directors are confident that the asset will be refinanced prior to maturity and are in discussions on refinancing with a number of lenders.

The Group has continued to progress and sign new facilities. Any new facilities will be discretionary and secured on currently unencumbered assets.

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 2009, 2010 and 2011.

| | <i>For the financial year ended</i> | | |
|--|-------------------------------------|-------------------|-------------------|
| | <i>31 December</i> | | |
| | <i>2009</i> | <i>2010</i> | <i>2011</i> |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Net cash generated from operating activities | 14,909 | 33,138 | 81,587 |
| Net cash (used in)/generated from investing activities | (64,179) | 34,508 | (67,871) |
| Net cash generated from/(used in) financing activities | 55,950 | (82,095) | 70,254 |
| Net increase/(decrease) in cash and cash equivalents | 6,680 | (14,449) | 83,970 |
| Effect of foreign exchange rate changes | 8,667 | (1,692) | (9,785) |
| | 15,347 | (16,141) | 74,185 |
| Closing cash and cash equivalents | 123,782 | 107,641 | 181,826 |

(a) *Net cash generated from operating activities*

The Group had net cash inflows from operating activities of US\$15 million for the year ended 31 December 2009, an increase by US\$18 million to US\$33 million in the financial year ended 31 December 2010 and then a significant increase to US\$82 million for the year ended 31 December 2011.

This shows the impact of, firstly the completion of construction of the majority of the Group's investment portfolio in 2009 and thus being available for let, and secondly the progress made in the letting programme during 2011.

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

The Group had a net cash outflow from investing activities of US\$64 million in the year ended 31 December 2009, an inflow of US\$35 million in the year ended 31 December 2010 and then an outflow of US\$68 million in the year ended 31 December 2011.

The outflow in 2009 reflects the end of the Group's major construction programme, 2010 was positively impacted by the sale of the Baltia warehouse giving rise to the cash inflow in that year. In 2011 the Group constructed the warehouse at Klimovsk Phase 2 and expended monies on the fit out for various new tenants, including converting space at Noginsk to cold storage.

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

The Group had a net cash inflow from financing activities of US\$56 million for the year ended 31 December 2009, a net cash outflow of US\$82 million in 2010 and then an inflow of US\$70 million in 2011.

The inflows resulted from the draw down of debt facilities and the issue of Preference Shares and Warrants. The outflow in 2010 was 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 2011 and at 31 March 2012, not including the Preference Shares:

| | <i>As at 31 December 2011 (US\$'000)</i> | <i>As at 31 March 2012 (US\$'000)</i> |
|---------------------------|--|---|
| Repayable within 1 year | 95,607 | 159,625 |
| Repayable between: | | |
| 1 and 2 years | 100,226 | 153,895 |
| 3 and 5 years | 252,609 | 119,171 |
| 5 and 10 years | 112,803 | 110,662 |
| | 465,638 | 383,778 |
| Gross indebtedness | 561,245 | 543,353 |
| Interest rate derivatives | 5,552 | 4,470 |
| Cash and cash equivalents | (181,826) | (165,157) |
| Net indebtedness | 384,971 | 382,666 |

3.2.1 Facility Details

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

As at 31 March 2012, US\$543 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 5 years at 31 March 2012.

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 4.3 per cent. over US LIBOR at 31 March 2012.

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 11 of this document.

- (b) Debt secured against inventory

As at 31 March 2012, the Group had US\$0.7 million of debt secured against inventory with a 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 11 of this document.

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 as described in the Group's audited financial statements as at and for the year ended 31 December 2011, which are incorporated by reference in this document (as referred to on page 168 below).

5. CAPITALISATION AND INDEBTEDNESS

5.1 Capitalisation

The table below sets out the Group's total equity attributable to shareholders at 31 December 2011. 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 2011, which are incorporated by reference in this document (as referred to on page 168 below).

| | <i>As at 31 December 2011 (US\$'000)</i> |
|---|--|
| Equity | |
| Share capital – authorised | 27,469 |
| Share capital – issued, called up and fully paid | 11,208 |
| Share premium | 83,454 |
| Warrants | 1,985 |
| Own shares held | (16,222) |
| Special reserve | 852,802 |
| Capital reserve | 52,239 |
| Translation reserve | (120,647) |
| Retained earnings | (196,059) |
| Total equity attributable to ordinary shareholders | 668,760 |
| Preference Shares at historic exchange rates | 210,311 |
| Total equity attributable to shareholders of the Company | 879,071 |

There has been no material change in the capitalisation of the Group since the year ended 31 December 2011.

5.2 Indebtedness

The table below sets out the Group's net indebtedness at 31 March 2012, 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 March 2012 (US\$'000)</i> |
|---|---|
| Indebtedness | |
| Bank loans and overdrafts | 543,353 |
| Other loans | – |
| Gross indebtedness | 543,353 |
| Interest rate and currency derivative liabilities | 4,470 |
| Cash and cash equivalents | (165,157) |
| Net indebtedness | 382,666 |

| | |
|--------------------------------|---|
| | <i>As at 31 March</i> <i>2012</i> <i>(US\$'000)</i> |
| Maturity of gross indebtedness | |
| Repayable | |
| Within 1 year | 159,625 |
| 1 and 2 years | 153,895 |
| 3 and 5 years | 119,171 |
| 5 and 10 years | 110,662 |
| | <hr/> 543,353 <hr/> |

Since 31 March 2012 the Group has drawn a further US\$20 million of debt on a nine year term facility with Raffeisenbank secured on the Shushary project. Had this facility been drawn at 31 March 2012 it would have been repayable as follows:

| | |
|----------------|---|
| | <i>As at 31 March</i> <i>2012</i> <i>(US\$'000)</i> |
| Within 1 year | 632 |
| 1 and 2 years | 1,387 |
| 3 and 5 years | 3,986 |
| 5 and 10 years | 14,000 |
| | <hr/> 20,000 <hr/> |

Other than the additional US\$20 million referred to above, there has been no material change in the indebtedness of the Group since 31 March 2012.

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 2011, which are incorporated by reference to this document (as referred to on page 168 below).

PART 5

FINANCIAL INFORMATION ON THE GROUP

The audited financial statements of the Group for the year ended 31 December 2011 which were published on 17 April 2012, are incorporated by reference into this document (as referred to on page 168 below).

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 168 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 168 below).

The audited financial statements for the years ended 31 December 2009, 2010 and 2011 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

PART 6

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 168 below).

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

PART 7

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 US\$m</i> |
|--------------------------|---|-------------------------|------------------------------|--------------------------|--|
| Grade A Warehouse | | | | | |
| Southern | Leasehold (49 years with effect from 23.4.2001) | 1.7 | 14 | 89 | 2.1 |
| Krekshino | Freehold | 22.2 | 118 | 96 | 14.0 |
| Istra | Leasehold (49 years with effect from 16.5.2005) | 33.3 | 202 | 100 | 26.4 |
| Klimovsk I | Phase 1 Freehold | 9.0 | 53 | 100 | 7.5 |
| Klimovsk II | Phase 2 Leasehold | 9.0 | 55 | 54 | 5.6 |
| Noginsk I | Freehold | 21.8 | 123 | 98 | 17.8 |
| Lobnya | Freehold | 10.0 | 51 | 100 | 6.8 |
| Shushary | Freehold | 26.0 | 145 | 72 | 11.5 |
| Pulkovo I | Freehold | 5.1 | 35 | 86 | 3.9 |
| Rostov on Don I | Freehold | 18.6 | 100 | 94 | 12.1 |
| Novosibirsk | Freehold | 17.8 | 120 | 72 | 9.6 |
| Subtotal | | <u>174.5</u> | <u>1,016</u> | | <u>117.3</u> |
| Office | | | | | |
| Constanta | Freehold | <u>0.5</u> | <u>16</u> | 100 | <u>8.6</u> |
| Total | | <u>175</u> | <u>1,032</u> | | <u>125.9</u> |

1. All properties are wholly owned by 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 on a further 28,900 sqm of space which on conversion, would increase annual net operating income by US\$4 million.

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 \$2,141,048 and is let to fourteen tenants including L'Occitane and WeMaTek on a number of leases expiring between December 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 \$14,048,918 and the main tenant is National Logistics Company. Leases expire between March 2012 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 \$26,427,051 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 and 2

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.).

The gross lettable area of Phase I is 53,005 sq.m. comprising warehouse (42,399 sq.m.), mezzanine (4,751 sq.m.) and office (5,855 sq.m.). The gross lettable area of Phase II is 54,849 sq.m. comprising warehouse (49,602 sq.m.), mezzanine (880 sq.m.) and office (4,367 sq.m.).

Net operating income Phase I is \$7,474,133, Phase II \$5,639,615 from multiple tenants including Gradient, Gates, Alliance Healthcare, Fisher Clinical, Danone, Burda on leases expiring between August 2015 and March 2020.

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

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 3 km 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 \$17,753,736 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 \$6,779,746 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 LenEnerg on a lease expiring in April 2017 and provides \$8,633,025 of 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 \$11,508,421 from multiple tenants including Roslogistics, Dixi, Johnson Controls, NYK, Samson on leases expiring between March 2012 and July 2018.

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 \$3,871,245 from multiple tenants on leases expiring between May 2012 and April 2017.

Property Name***Location, Description, Tenure & Tenancy*****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 \$12,123,071 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 \$9,676,244, from multiple tenants including Avalon Logistic, FM Logistics, Pepsi and Oriflame on leases expiring between August 2012 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 2011 incorporated by reference into this document.

(a) **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 |
| Klimovsk (Phase 3) | { 5 ha | Freehold |
| | { 3 ha | Land Lease (49 yrs with effect from 10.12.2010) |

(b) **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 6.12.2007)* |
| 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 |

* An application has been made to extend the Land Lease of the Khabarovsk project and an application to extend the Chelyabinsk Land Lease will be made in due course.

PART 8

PROPERTY VALUATION REPORT ON THE GROUP



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

1 May 2012

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 4746, dated 17th November 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 proposed Placing and Open Offer of its preference shares.

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 Valuation Standards contained within the RICS Valuation Standards – Global and UK, 7th 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 – Global and UK 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 31 December 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 | 18 November 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 |

Two 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 and Istra 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 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 held entirely by the Company as at valuation date.

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: Klimovsk I and II, Constanta, Krekshino, Southern, Istra, Shushary, Rostov on Don I, Novosibirsk, Lobnya, Noginsk I and Pulkovo I.

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 31 December 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:

\$931,450,000

(Nine Hundred and Thirty One Million Four Hundred and Fifty Thousand US Dollars)

Part Freehold and Part Leasehold Properties:

\$257,500,000

(Two Hundred and Fifty Seven Million Five 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 \$1,188,950,000 represents our opinion of the Market Values of the individual properties forming the portfolio as at 31 December 2011, which was provided to the Company for the purposes of reporting in accordance with the International Financial Reporting Standards for inclusion in the Company's Financial accounts (the "2011 Accounts"). We understand from the Company that the value of the portfolio disclosed at 31 December 2011, subject to exchange movements, is \$1,208,489,852.

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.

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 31 December 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 31 December 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 proposed Placing and Open Offer of its preference shares, 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 – Global and UK (7th edition) |

APPENDIX 1
SCHEDULE OF PORTFOLIO ASSETS AND VALUATIONS

RAVEN RUSSIA LIMITED

SCHEDULE

Portfolio of Investment Assets

Valuation as at 31 December 2011

| | Property Name | Location, Description, Tenure & Tenancy |
|---|--------------------------|---|
| 1 | Southern | <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 \$1,795,537 and is let to fourteen tenants including L'Occitane and WeMaTek on a number of leases expiring between December 2011 and June 2016.</p> |
| 2 | Krekshino | <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 \$14,518,541 and the main tenant is National Logistics Company. Leases expire between March 2012 and January 2016.</p> |
| 3 | Istra | <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 \$26,084,242 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 | Klimovsk I and II | <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> <p>The gross lettable area of Phase I is 53,005 sq.m. comprising warehouse (42,399 sq.m.), mezzanine (4,751 sq.m.) and office (5,855 sq.m.). The gross lettable area of Phase II is 54,849 sq.m. comprising warehouse (49,602 sq.m.), mezzanine (880 sq.m.) and office (4,367 sq.m.).</p> |

Net operating income Phase I is \$7,235,559, Phase II \$3,633,536 from multiple tenants including Gradient, Gates, Alliance Healthcare, Fisher Clinical, Danone, Burda 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 55km from the city centre, 45km 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 \$16,331,020 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 \$6,727,703 of 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 (129,005 sq.m), mezzanine (6,901 sq.m), office (7,916 sq.m) and canteen (664 sq.m).
Net operating income is \$6,758,854 from multiple tenants including Roslogistics, Dixi, Johnson Controls, NYK, Samson on leases expiring between March 2012 and July 2018.
- 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 \$2,765,133 from multiple tenants on leases expiring between May 2012 and April 2017.

- | | | |
|----|------------------------|---|
| 10 | Rostov on Don I | <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.).</p> <p>Net operating income is \$10,896,384 from multiple tenants including Roslogistics, Auchan and X5 on leases expiring between April 2016 and October 2019.</p> |
| 11 | Novosibirsk | <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 \$5,871,049, from multiple tenants including Avalon Logistic, FM Logistics, Pepsi and Oriflame on leases expiring between August 2012 and October 2019.</p> |

RAVEN RUSSIA LIMITED

SCHEDULE

Potential Additional Phases Adjacent to Completed Phases Valuation as at 31 December 2011

Property Name Location, Description, Tenure & Tenancy

- | | | |
|---|---------------------------|---|
| 1 | Klimovsk III | <p>This scheme comprises a further 8.038 ha immediately adjacent to Klimovsk I and II. It is planned to deliver a further 46,885 sq.m. of Class A warehouse scheme with ancillary office space. As at the date of valuation construction has not started.</p> |
| 2 | Noginsk II and III | <p>The property comprises part of a 61.8 ha freehold development site located in the Noginsk district of the Moscow region approximately 55km east of the city centre, 45 km from MKAD and 3km 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 m². The site is fully serviced with external utilities.</p> |
| 3 | Rostov on Don II | <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 m².</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> |

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 – Global and UK:

Valuations and Reports are prepared in accordance with the Valuation Standards contained in the RICS Valuation Standards – Global and UK (7th 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 – GLOBAL AND UK (7th edition))

Market Value

Definition and Interpretive Commentary. Reproduced from the RICS Valuation Standards – Global and UK 7th Edition, VS

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 5 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.

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 9

PROPERTY VALUATION REPORT ON PUSHKINO



Cushman & Wakefield

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125047

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www.cushmanwakefield.com

Raven Russia Limited,
1 Le Truchot,
St Peter Port,
Guernsey, GY1 6EH

1 May 2012

Dear Sirs,

Raven Russia Limited ("the Company")
Warehouse Complex Pushkino Logistics Park ("the Property")

We have pleasure in reporting to you as follows:

1. SCOPE OF INSTRUCTIONS

In accordance with your instructions, as confirmed by our Agreement and attached Principal Terms and Conditions of Appointment as Valuers we, Cushman & Wakefield (herein together referred as "C&W"), have considered the Property as set out in the Appendix and made all necessary enquiries to provide you with our opinion of Market Value of the freehold interest in the buildings and the long leasehold interest in the land plot beneath the buildings.

The effective date of valuation is 31st of March 2012.

We understand that this valuation report (the "Valuation Report") is required for accounting purposes and, in addition, we understand the valuation will be used for the purposes of inclusion in the prospectus (the "Prospectus") to be published by the Company in respect of the proposed Placing and Open Offer of its Preference Shares, 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 is included in the Prospectus in compliance with item 1.2 of Annex I of the PD Regulations.



The valuation has been prepared in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards (“the Red Book”) published by The Royal Institution of Chartered Surveyors and amended in May 2011 (7th edition) and prepared by an appropriate valuer who conforms to the requirements as set out in the Red Book, acting in the capacity of an External Independent Valuer.

2. BASIS OF VALUATION

The property has been held for investment, and in accordance with the requirements of the Red Book, has been valued on the basis of Market Value.

VS 3.2 of the Red Book defines Market Value 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.”*

3. TENURE AND TENANCIES

We have had access to the public title deeds or lease documentation in respect of the Property but these do not always reveal all aspects relating to title. The valuation has been based entirely on the information which the Company has supplied to us as to tenure, tenancies and statutory notices. We understand that the property, which is the subject of an acquisition by the Company, will shortly be held by the Company or its subsidiaries.

We have valued a 100% share of the tenure stated in the Property, unless otherwise specifically stated, as the Property is not held by the Company as at the valuation date, but is the subject of an ongoing acquisition by the Company and will soon be in its ownership. Unless disclosed to us to the contrary, and recorded in the Property description, the valuation is on the basis that:

- a) the Property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;
- b) where the interest held in the property 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;
- c) leases to which the Property may be subject are on standard market terms, and contain no unusual or onerous provisions or covenants which would affect value;
- d) all notices have been served validly and within appropriate time limits;
- e) the Property excludes any mineral rights; and
- f) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or by its employees on service occupancies.



AGGREGATE FREEHOLD AND LEASEHOLD MARKET VALUES

Freehold

None

Leasehold

Properties held as investments

| Project | Tenure & Buildings | Tenure & Land Plot | Total Area, sqm | Market Value of 100% Ownership | Value Interest | Market Value |
|-------------------------|--------------------|--------------------|-----------------|--------------------------------|----------------|---------------|
| Pushkino Logistics Park | Freehold | Leasehold | 212,234,000 | \$228,910,000 | 100% | \$228,910,000 |

Total Market Value of the Properties held

Leasehold

\$228,910,000

Share in Aggregate Market Value of

Properties held

100%

Grand Total

\$228,910,000

4. NET ANNUAL RENT

We were provided by the Company with net annual rent as at the date of valuation for each existing lease at the property.

Net annual rent is defined as:

“the current income or income estimated by the valuer:

(i) ignoring special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortization), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.

5. TOWN PLANNING

We have not made formal searches, but have generally relied on verbal enquiries and any informal information received from the Local Planning Authority, or from the Company. The valuation is on the basis that the Property has been erected either prior to planning control or in accordance with a



valid planning permission and is being occupied and used without any breach of planning or building regulations. The valuation is on the basis that the Property is not affected by proposals for road widening, Compulsory Purchase, planning inquiry, or archaeological investigation.

6. STRUCTURE

We have neither carried out a structural survey of the Property, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure or services at the Property. The valuation takes into account any information supplied to us and any defects noted during our inspection, but otherwise is on the basis that there are no latent defects, wants of repair or other matters which would materially affect the valuation.

We have not inspected those parts of the Property which are covered, unexposed or inaccessible and the valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of high alumina cement, calcium chloride, asbestos and other deleterious materials. In the absence of information to the contrary, each valuation is on the basis that no hazardous or suspect materials or techniques have been used in the construction of the Property.

7. SITE AND CONTAMINATION

We have not investigated ground conditions/stability and the valuation is on the basis that any buildings have been constructed having appropriate regard to existing ground conditions. Where the Company supplied us with a building cost estimate, we have relied on it being based on full information regarding existing ground conditions. We have considered the Company's construction estimates in the light of typical market norms.

We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of contamination (including any ground water). Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation.

8. PLANT AND MACHINERY

Where the interest held in the Property is freehold, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. Where the interest held in the property is long leasehold, these items have been treated as belonging to the landlord upon reversion of the lease.

Process-related plant/machinery and tenants' fixtures/trade fittings have been excluded from the valuation.

9. INSPECTIONS, AREAS AND DIMENSIONS

The premises of the Property were inspected internally and externally from ground level on February 13, 2012, by Joshua Askew MRICS and Oleg Takoev.



The property was not measured and we have assumed that the measurements that the Company provided to us are accurate and have been calculated by appropriate services in accordance with all the necessary requirements and the local standards of measurements. We have also relied upon detailed information that the Company provided to us as regards to the internal measurements and the area breakdown and assume these are also accurate. Any variation in the information provided to us would affect the opinion as to value herein reported.

We have relied entirely on the site and floor areas and dimensions provided to us by the Company. We have assumed that these are correct and calculated on the appropriate basis, as normally adopted by the local property market.

We have been advised by the Company that there have been no material changes since our inspections.

10. GENERAL PRINCIPLES

The valuation is based on the information which has been supplied to us by the Company or which we have obtained in response to our enquiries. We have relied on this information as being correct and complete and on there being no undisclosed matters which would affect the valuation.

In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. We have not been supplied with any information to indicate that there are material arrears or that the tenants are unable to meet their commitments under the leases. The valuation is on the basis that this is correct. You may wish to obtain further information to verify this.

We have made subjective judgements during our valuation approach in arriving at our opinion and whilst we consider these to be both logical and appropriate they are not necessarily the same as would be made by a purchaser. The purpose of the valuation does not alter the approach to the valuation.

Property value can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first. Should you contemplate a sale, we strongly recommend that the Property is given proper exposure to the market.

The valuation assumes that there is an active letting and funding market. This Valuation Report should be read in conjunction with the contracts referred to above and Appendix 3 to this Report "Principle Terms and Conditions of Appointment of Cushman & Wakefield as Valuers".

11. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

We can confirm that our Valuation is not made on the basis of any Special Assumptions or any departures from the Practice Statements contained in the Red Book. Subject to the general limitations of our inspections and sources of information set out above, our Valuation is not subject to any specific reservations in relation to restricted information or property inspection.

12. DISCLOSURE

The members of The Royal Institution of Chartered Surveyors who are named below in Section 15 have not previously been the signatories to any Valuations provided to the Company for the same



purposes as this Valuation Report. Cushman & Wakefield has not previously carried out this Valuation for the same purpose as this Report on behalf of the Company.

Cushman & Wakefield, from time to time, provides other professional or agency services to the Company and has done so for a period of over a year. In relation to the preceding financial year of Cushman & Wakefield, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5 per cent.

This Valuation Report has been prepared for inclusion in the Prospectus. We hereby consent to inclusion of this Valuation Report in the Prospectus.

13. MATERIAL CHANGE

We hereby confirm that as at the date of this Valuation Report:

We have not become aware of any material change since March 31st, 2012, in any matter relating to the Property covered by our Valuation Report which, in our opinion, would have a material effect on the Market Value as at the issue date of the report, and

We do not consider that any changes or alterations have taken place in relation to market conditions or movements in local or national property markets in which the Property is located which would constitute a material change since March 31st, 2012 and the date of issue of this report.

14. VALUATION

Subject to the foregoing, and based on values current as at 31st of March 2012, we are of opinion that the Market Value of the freehold interest in the warehouse complex of buildings named Pushkino Logistics Park, consisting of three blocks with a total area of 212,234 sq m and the leasehold interest in the land plot of 350,000 sq m is the sum of: (excluding VAT):

228,910,000 US Dollars

**(Two Hundred and Twenty Eight Million, Nine Hundred and Ten Thousand)
US Dollars**

15. CONFIDENTIALITY, DISCLOSURE AND PUBLICATION

No reliance may be placed upon the contents of the Valuation Report by any party for any purpose other than in connection with the Prospectus.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this Valuation Report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying Cushman and Wakefield LLC against all consequences of the contravention. Cushman & Wakefield LLC accepts no liability for any use of the Report that is in contravention of this section.

The Valuation Report is provided to the Addressees as set out on the first page of the Valuation Report for the specific purpose to which they refer. The Valuation Report forms part of the Prospectus



and may be referred to in supplementary offer documents. The Addressees of the Valuation Report may rely on it. No reliance may be placed upon the contents on the Valuation Report by any party for any purpose other than in connection with the Prospectus and financial reporting.

Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

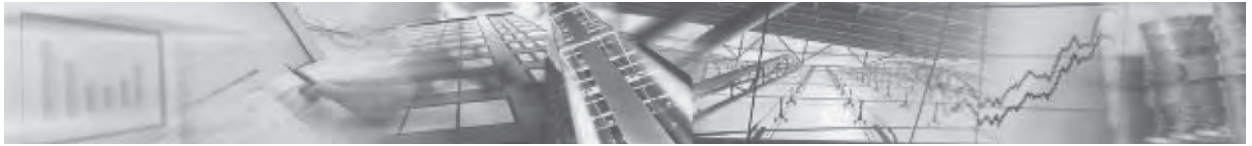
For the avoidance of doubt, such approval is required whether or not Cushman and Wakefield LLC are referred to by name and whether or not the contents of the Valuation Report are combined with other reports.

Nothing in this paragraph shall prevent the Addressees of this Valuation Report from quoting from, referring to or disclosing this Valuation Report (without any reliance) in communications with its professional advisers duly bound by obligations of confidentiality or as may be required by law, regulation, or upon designation by the relevant listing authority or any other competent authority or judicial authority. Disclosure of this Valuation Report by the Addressees of this Valuation Report is not prohibited if required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings (for the avoidance of doubt, this shall include disclosure by any Addressee in connection with any form of due diligence defence) or for the purpose of resolving any actual or threatened dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the Addressees' due diligence enquiries of the contents of the Prospectus.

Yours faithfully
For and on behalf of Cushman & Wakefield

TJ MILLARD MA(Cantab) MRICS
Managing Partner, Russia & CIS
Cushman & Wakefield

Joshua Askew MA MRICS
Director
Valuation & Advisory



APPENDIX ONE: SCHEDULE OF ASSETS AND VALUATIONS









SCHEDULE OF VALUES

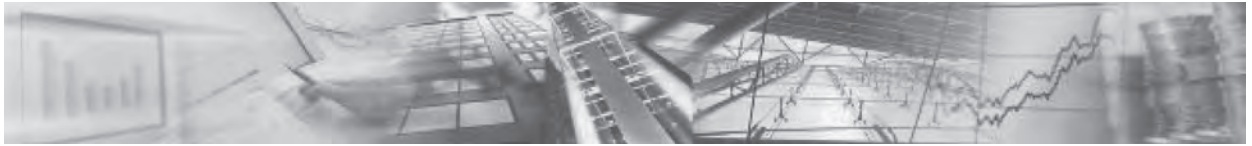
| Project | Tenure of Buildings | Tenure of Land Plot | Total Area, sqm | Leasable Area, sqm | Vacancy Rate | Market Value | Gross Operating Income | Net Operating Income* | Current Weighted Average Rental Rate for Warehouse Premises, \$/sqm/ann | Estimated Rental Value for Warehouse Premises, \$/sqm/ann | Projected OPEX Leakage for 2012, \$/sqm/ann | Equivalent yield |
|-------------------------|---------------------|---------------------|-----------------|--------------------|--------------|---------------|------------------------|-----------------------|---|---|---|------------------|
| Pushkino Logistics Park | Freehold | Leasehold | 212,234.00 | 213,620.17 | 1.13% | \$227,710,000 | \$24,852,000 | \$22,496,000 | \$109.6 | \$130.0 | \$11.2 | 11.5% |

*This is the current NOI as at the date of valuation, we confirm that stabilised NOI in August 2012 is \$24,750,000



PROPERTY DESCRIPTION

| | | | |
|--|---|--|---|
|  RAVEN RUSSIA LIMITED | 10, Pushkinskoe Pole Street Pushkino, Moscow Region, Russia | |  CUSHMAN & WAKEFIELD® |
|  |  |  |  |
| Location | | | |
| <p>Pushkino Logistics Park is located in Pushkino, Moscow Region (15 km from the MKAD – Moscow Ring Road). The Property benefits from an excellent location with good access to Yaroslavskoye Highway (200 m), which is part of the Moscow-Severodvinsk trunk road connecting Moscow with the north-east of Russia and the White Sea. The Property is also located close to the A-107 ("Betonka") circular road, which allows good transport accessibility to other Moscow Region districts.</p> | | Date Inspected | 13/02/2012 |
| | | Land category and use | industrial, warehouse complex |
| | | Distance to Moscow | 15 km |
| | | Transport access | Yaroslavskoye Highway |
| | | Plot area | 350,000 |
| | | Tenure of land plot | Leasehold |
| | | Lease expiry | 08/03/2058 |
| | | Tenure of buildings | Freehold |
| Description | | | |
| <p>The property comprises a warehouse constructed in 2006-2007 along the Yaroslavskoye Highway on a site of 35 ha. The premises consist of ground floor warehousing with mezzanine areas and ancillary staff and office accommodation built over ground and second floor according to tenant requirements.</p> | | Building Type | warehouse complex |
| | | Age | 2006-2007 |
| | | Condition | good |
| | | Total area, sqm | 212,234 |
| | | Gross Lettable Area, sqm | 213,620 |
| | | Parking spaces, trucks | 300 |
| Planning | | | |
| <p>We have made no specific enquiries to the municipality but are unaware of any contradictory land use and assume the property complies with all planning stipulations.</p> | | | |
| Tenure | | | |
| Freehold | | | |
| Tenancies | | | |
| <p>As at the date of valuation, the Subject Property is 99% leased to a 17 national and international logistics / warehouse operators and production companies. Average lease term – 10 years. Tenants are typically obliged to provide 3 months security in terms of Parent Company guarantees, bank guarantees or cash deposits.</p> | | Number of Tenants | 17 |
| | | Vacant space, sqm | 2,413 |
| | | Annual Lease Income | \$24,852,107 |
| | | Other Income | none |
| | | Projected Annual Non-recoverable Operating Expenses | \$1,612,798 |
| | | CAPEX | \$12,175,000 |
| | | Estimated Rental Value | \$29,869,553 |
| | | Vacancy rate | 1.13% |
| | | Leases inspected? | no |
| | | Standard Lease Type | fixed rent |
| | | Currency | USD |
| | | Indexation | 2% or US CPI |
| | | Standard Lease Length | 10 years |



Competition

No competition on Yaroslavskoe Highway. Competing properties are located on Leningradskoe and Dmitrovskoe Highways



Investment considerations

This is a first generation A-class warehouse complex. Outstanding issues are heating and electricity

Valuation

| | |
|-----------------------|----------------------------------|
| Valuation Methodology | Income Approach, Hardcore method |
|-----------------------|----------------------------------|

In the 'hardcore' or 'layer' method, the tranche of income which is at or below the market level is usually valued at a lower yield (representing the 'safer' or more secure income) whilst income above the market level, the 'froth' income, is valued at a higher, risk adjusted yield

Rental Value

ERV is based on market evidence

| | | | |
|-----------------------|-------|---------------------------|---------|
| Warehouse, \$/sqm/ann | \$130 | Mezzanine, \$/sqm/ann | \$110 |
| Offices, \$/sqm/ann | \$280 | Truck parking, \$/sqm/ann | \$1,800 |

Capitalisation Rate

The market remains largely inactive and there are few transactions to base yields upon. Nonetheless, we have considered activity and market "talk" in assessing yields. As a first generation centre facing stiff competition, yields are less aggressive than elsewhere

| | |
|------------------|--------|
| Equivalent yield | 11.50% |
|------------------|--------|

Other variables

None

| | | | |
|--------------|---------------|--------------------------|---------|
| Market Value | \$228,910,000 | Market Value per sqm GLA | \$1,072 |
|--------------|---------------|--------------------------|---------|



APPENDIX TWO: PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

1. Preliminary

1.1. These general terms and conditions (the “Terms and Conditions”) shall apply to all forms of professional services, other than agency services (to which separate terms will apply), provided by Cushman & Wakefield (“C&W”, “we”, “us” or “the Firm”) to the client to whom the instruction confirmation letter is sent (“you”). They shall apply separately to each service provided to you.

1.2. The Terms and Conditions are to be read in conjunction with the instruction confirmation letter (the “Letter”) sent by us to you. In the event of any ambiguity or conflict between the Letter and these Terms and Conditions, the provisions in the Letter shall prevail. These Terms and Conditions and the Letter may only be varied in writing by agreement between the parties.

2. Performance of the Services

2.1. We undertake to use all reasonable skill and care in providing the services and advice described in the instruction given by you (the “Services”). We will inform you if it becomes apparent that the Services need to be varied or external third party advice is required. Any variation is to be confirmed in writing.

2.2. We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance which shall not increase the Consultant’s fee.

2.3. Where matters beyond the control of ourselves cause delay to the performance of the services we will notify the client as soon as we become aware of the situation attaching relevant confirming document issued by the relevant authority. The client agrees that we will not be held responsible for such delay.

3. Information Received from the Client

3.1. We will take all reasonable steps to ensure property information is accurate where we are responsible for its preparation. Where you provide us with any information on a property that is necessary or convenient to enable us to provide the Services properly, you are aware that we will rely on the accuracy, completeness and consistency of any information supplied by you or on your behalf and, unless specifically instructed otherwise in writing, we will not carry out any investigation to verify such information. We accept no liability for any inaccuracy or omission contained in information disclosed by you or on your behalf, whether prepared directly by you or by a third party, and whether or not supplied directly to us by that third party and you shall indemnify us should any such liability arise. If our valuation is required for the purpose of purchase or loan security, you accept that full investigation of the legal title and any leases is the responsibility of your lawyers.

4. Conflicts of Interest

4.1. We have conflict management procedures designed to prevent us acting for one client in a matter where there is or could be a conflict with the interest of another client for whom we are acting. If you are aware or become aware of a possible conflict of this type, please raise it immediately with us. If a conflict of this nature arises, then we will decide, taking account of legal constraints, relevant regulatory body rules and your and the other client’s interests and wishes, whether we can continue to act for both parties (e.g. through the use of separate teams with appropriate Chinese Walls), for one only or for neither. Where we do not believe that any potential or actual conflict of interest can be managed appropriately, we will inform you and consult with you as soon as reasonably practicable. Should you have any queries on this, you should contact your client partner.

5. Management of the Property

5.1. We shall not be responsible for the management of the property nor have any other responsibility (such as maintenance or repair) in relation to the property. We shall not be liable for any damage that may occur while the property is unoccupied. The property shall be your sole responsibility. You are aware that while a property is unoccupied, the property is likely to suffer from adverse weather conditions and frost damage may occur to water and heating systems and sanitary appliances. You are strongly recommended to take all necessary actions to protect the property from such risks and to ensure that adequate insurance cover is in force.

6. Valuation Bases and Assumptions

Date of Valuation

6.1. The date of Valuation is 31st March 2011.

Basis of Valuation

6.2. Unless we have said otherwise within the Letter, the valuation will be prepared in accordance with the RICS Valuation Standards 7th Edition as amended (“The Red Book”) by valuers conforming to its requirements, acting as external valuer.



6.3. The property will be valued on a basis appropriate to the purpose of the valuation, in accordance with the Red Book. The basis of valuation that we will adopt for the property is specified in the Letter. The definitions are as follows:

Market Value

PS 3.2 defines Market Value 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.”

Market Rent

PS 3.3 defines Market Rent as “the estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.”

Existing Use Value

UK PS 1.3 defines Existing Use Value 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 arms length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.”

6.4. When assessing either Existing Use Value or Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where you have asked us to reflect costs (as required under FRS15), they will be stated separately.

Specialised Property

6.5. In the case of Specialised Properties (where valuation methods such as market comparison or an income (profits) test cannot be reliably applied), we may use Depreciated Replacement Cost (“DRC”) as a method of estimating Market Value. The valuation using this method of a property in the private sector will include a statement that it is subject to the adequate profitability of the business, paying due regard to the value of the total assets employed. If the property is in the public sector, the valuation will include a statement that it is subject to the prospect and viability of the continued occupation and use. Any writing down of a valuation derived solely from the DRC method to reflect the profitability/viability of the entity in occupation is a matter for the occupier.

Specialised Trading Property

6.6. Where appropriate, specialised trading properties (such as self storage properties, hotels and marinas) will be valued on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

6.7. Where we are instructed to value an operational property with regard to its trading potential, we will take account of any trading information that either the operator has supplied to us or that we have obtained from our own enquiries. We will rely on this being correct and complete and on there being no undisclosed matters that could affect our valuation. The valuation will be based on our opinion as to future trading potential and the level of turnover and net operating income likely to be achieved by a reasonably efficient operator.

6.8. Unless we have said otherwise within the Letter:

- (i) the valuation will be made on the basis that the property will be sold as a whole including all fixtures, fittings, stock and goodwill;
- (ii) we will assume that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;
- (iii) we will assume that all assets and equipment are fully owned by the operator and are not subject to separate finance leases or charges;
- (iv) we will exclude any consumable items and stock in trade; and
- (v) we will assume that all goodwill for the property is tied to the land and buildings and does not represent personal goodwill to the operator.

Valuation Assumptions

6.9. Unless otherwise advised by you in writing, we will provide the Services in relation to any property on the assumption that:

- (i) the property and any existing buildings are free from any defect whatsoever;
- (ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;
- (iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;



- (iv) roads and sewers serving the property have been adopted and that the property has all necessary rights of access over common estate roads, paths, corridors and stairways and to use common parking areas, loading areas and other facilities;
- (v) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;
- (vi) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);
- (vii) the property and any existing building comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);
- (viii) appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;
- (ix) items of plant and machinery that usually comprise part of the property on an assumed sale are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property; and
- (x) in reflecting the development potential of any property, that all structures will be completed using good quality materials and first class workmanship;
- (xi) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value;
- (xii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits;
- (xiii) vacant possession can be given of all accommodation which is unlet or occupied by the borrower or its employees on service tenancies;
- (xiv) any mineral rights are excluded from the property.

Structure

6.10. We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis that the property is free from defect. However, the value will reflect the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.

6.11. If we give the age of a building in our report, this will be an estimate and for guidance only.

Measurements

6.12. Where we are required to measure a property we will generally do so in accordance with the Royal Institution of Chartered Surveyors ("the RICS") Code of Measuring Practice. However, you should specifically note that the floor areas contained in any report we may publish are approximate and if measured by us will be within a 3% tolerance either way. In cases where the configuration of the floor plate is unusually irregular or is obstructed, this tolerance may be exceeded.

6.13. We will not be able to measure areas that we are unable to access. In these cases we may estimate floor areas from plans or by extrapolation. Where we are required to measure land or site areas, the areas will be approximate and will be measured from plans supplied or from Ordnance Survey plans. They will not be physically checked on site.

6.14. The areas we report will be appropriate for the valuation purpose, but should not be relied upon for any other purpose.

Planning and Statutory Regulations

6.15. Unless specifically instructed in writing to make formal searches with local planning authorities, we shall rely in the provision of our Services on the information provided informally by the local planning authority or its officers. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

6.16. We may consider the possibility of alternative uses being permitted. Unless otherwise notified by you in writing, we shall assume that the property and any existing buildings comply with all planning and building regulations existing uses have the benefit of appropriate planning consent or other statutory authorisation, and that no adverse planning conditions or restrictions apply.



Tenure and Tenancies

6.17. We will not inspect title deeds and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it. Unless agreed we will not obtain information from The Land Registry.

6.18. You should confirm to us in writing if you require us to read leases and if so, provide all the relevant documentation within a reasonable time for consideration bearing in mind the date for receipt of our report. You should not rely upon our interpretation of the leases without first obtaining the advice of your lawyers.

6.19. We will take into account any information that you provide concerning any tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, we will assume that the property was let with all alterations and improvements evident during our inspection (or, in the case of valuation without inspection, as described within the information that you provide).

Covenant

6.20. Our valuation will take into account potential purchasers' likely opinion of the financial strength of tenants. However, we will not undertake any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you, we will assume that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.

Other

6.21. Any plans we provide to you indicating the site of a property are for identification only. We will rely on our inspection and information that you provide in outlining the extent of the property, but you should not rely upon our plans to define boundaries.

6.22. Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.

6.23. For a recently completed development property, we will not take account of any retentions or outstanding development costs. For a property in the course of development, we will reflect your advice on the stage of construction, the costs already incurred and those still to be spent at the date of valuation, and will have regard to any contractual liabilities.

6.24. We will not make any allowance in our Services for the existence of any mortgage or other financial encumbrance on or over the property nor take account of any leases between subsidiaries.

6.25. Any valuation figures provided will be exclusive of VAT whether or not the building has been elected.

6.26. We will not make any allowance in any valuation advice provided for the expenses of realisation or any taxation liability arising from the sale or development of the property.

6.27. Unless we have said otherwise in the Letter, the property has been valued individually; in the case of a portfolio, we will assume that the properties would be marketed in an orderly way and not placed on the market at the same time.

6.28. We will value in the local currency. If we are to report to you in another currency, unless we have agreed otherwise we will adopt a conversion rate equivalent to the closing rate ("spot rate") on the date of valuation.

6.29. Our valuation does not make allowance either for the cost of transferring sale proceeds to another state, or for any restrictions on doing so.

6.30. In instances where we are instructed to provide an indication of current reinstatement costs for fire insurance purposes, this will be given solely as a guide without warranty. Formal estimates for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs.

7. Regulated purpose valuations

7.1. In circumstances where a valuation, although provided for a client, may also be of use to third parties, for instance the shareholders in a company (otherwise defined as a "Regulated Purpose Valuation" by the RICS), the RICS requires us to state our policy on the rotation of the surveyor who prepares the valuation and the quality control procedures that are in place.

7.2. Irrespective of the purpose of the valuation, we will select the most appropriate surveyor for the valuation having regard to his/her expertise and the possible perception that independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the surveyor responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.

7.3. For all Regulated Purpose Valuations we are required by the RICS to state all of the following in our report:

7.4. the length of time the valuer continuously has been the signatory to valuations provided to you for the same purpose as the report, together with the length of time we have continuously been carrying out that valuation instruction for you;

7.5. the extent and duration of the relationship between you and us;



- 7.6. in relation to our preceding financial year the proportion of the total fees, if any, payable by you to our total fee income expressed as one of the following:
- 7.7. less than 5%; or
- 7.8. if more than 5%, an indication of the proportion within a range of 5 percentage points;
- 7.9. where, since the end of the last financial year, it is anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, we shall include a further statement to that effect in addition to (iii) above.

8. Termination by notice

- 8.1. Unless a fixed period has been agreed, either party may terminate the instruction by giving 14 days' notice in writing to the other party.

In the event of termination by notice, you shall be obliged to pay forthwith all the fees accrued in relation to the Services and work performed up to the date of termination (and any agreed abort fee) (the "Termination Fees") plus any expenses or disbursements incurred by us or to which we are committed at the date of termination.

9. Professional liability

- 9.1. In case you violate terms and conditions of using of the Report set forth by clause 4.1. of the Agreement, we shall not be responsible for any losses incurred in connection with the Services, including:

- (i) any direct loss of profit;
- (ii) any indirect, special or consequential loss whatsoever howsoever caused including without limitation:
 - indirect loss of business;
 - loss of goodwill;
 - loss of use of money; and
 - loss of opportunity,
 - loss of profit;

and the parties agree that the sub-clauses of this clause shall be severable.

- 9.2. You acknowledge and agree that the exclusions contained in Clause 12.1 are reasonable in all the circumstances and that you have had the opportunity to take independent legal advice.

- 9.3. Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

- 9.4. Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our Services to you.

- 9.5. Subject to the provisions in these Terms and Conditions and the Letter, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding (50,000,000 GBP) fifty million British Pounds.

- 9.6. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

- 9.7. To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of up to \$1 million on an each and every claim basis in Russia. Cushman & Wakefield additionally maintains insurance on the same basis of not less than £10 million on an each and every claim basis.

- 9.8. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the Services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.

- 9.9. Our valuation is be provided in the Company's prospectus. However, responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so.

Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of instruction between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.



9.10.

9.11. Save where we have consented to another party or other parties relying on the valuation report in accordance with clause 12.9, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to at clause 12.5) which arises from their use and/or reliance on the valuation report.

10. Quality of service

10.1. Our valuation procedures are certified as ISO9001:2000 compliant.

10.2. All our valuation reports are signed by an Equity Partner of the Firm whose responsibility it is to ensure that all relevant quality control procedures have been complied with. In particular, for valuations of properties with an individual value of \$20m or over, the valuer is required to present and explain his methodology to another member of the Valuation Advisory Team unconnected with the instruction and who is a Partner of the Firm.

10.3. While we seek to provide high quality Services, if a client has cause for complaint we have a standard complaints procedure, a copy of which is available on request. This is in accordance with requirements of the Royal Institution of Chartered Surveyors

11. Data protection

11.1. We (including any of our international partnerships, group companies and affiliated organisations) are a data controller of all personal data collected during the provision of the agency services. We shall use such personal data and information we obtain from other sources for providing the agency services, for administration and customer services, for marketing and to analyse your preferences. We may keep such personal data for a reasonable period for these purposes. We may need to share personal data with our service providers and agents for these purposes. We may disclose personal data in order to comply with a legal or regulatory obligation and you may request, in writing and upon payment of a fee, a copy of the details held about you by us.

11.2. To help us to make credit decisions about you, to prevent fraud, to check identity and to prevent money laundering, we may search the files of credit reference agencies and we may also disclose details of how you conduct your account to such agencies.

11.3. We may share personal data within our international partnerships, group companies and affiliated organisations and with our business partners for marketing purposes, which may be to countries or jurisdictions which do not provide the same level of data protection as the country in which you are based, or we may send you and your employees information about other organisations' goods and services. We or any business partners may contact you and your employees, directly or via our agents, by mail, telephone, fax, email, SMS or other electronic messaging service with offers of goods and services or information that may be of interest. By providing us with your or your employees' personal data (whether that data is deemed sensitive or not) including fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

12. Money laundering regulations

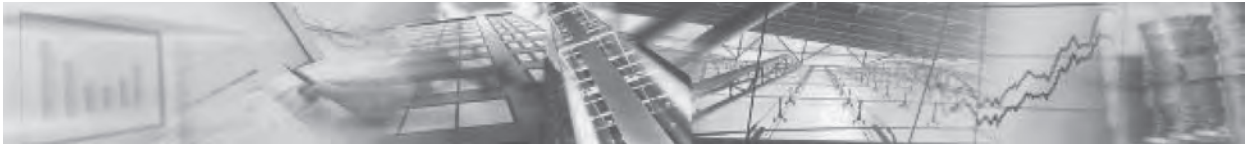
12.1. You are aware that legislation of the Russian Federation and related guidance as updated from time to time, has imposed on us obligations for mandatory reporting, record keeping and identification procedures. We may be required to verify certain particulars of our clients and may need to ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with such requirements.

13. Freedom of information

13.1. Where you are a public authority for the purposes of the Freedom of Information Act 2000 (the "Act"), you shall notify us within five business days of receiving a request pursuant to the Act requesting information which relates to the business arrangements between us and you and/or any information we have provided to you at any time. In recognition of the fact that we may be providing you with genuinely confidential or commercially sensitive information, you agree to consult us and seek our views on all such requests prior to making a decision on whether any information should be publicly disclosed.

14. Electronic communications

14.1. We may communicate with each other by electronic mail, sometimes attaching electronic data. By consenting to this method of communication, we and you accept the inherent risks (including the security risks of interception of, or unauthorised access to, such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). In the event of a dispute, neither of us will challenge the legal evidential standing of an electronic document and our system shall be deemed to be the definitive record of electronic communications and documentation.



15. Confidentiality and intellectual property

15.1. We owe our clients a duty of confidentiality. You agree, however, that we may, when required by our insurers or other advisers, provide details to them of any engagement on which we have acted for you, and that we may also disclose confidential information relating to your affairs if required to do so for legal, regulatory or insurance purposes only.

15.2. Both parties agree never to disclose sensitive details of transactions or our advice without the other's consent. Unless we are expressly bound by a duty of confidentiality which otherwise overrides this, both parties shall be entitled to mention to third parties (e.g. in the course of presentations, speeches or pitches) and/or publish (e.g. in brochures, marketing or other written material) that we provide our services to you.

15.3.

15.4. We will not approve any mention of our Services unless it contains sufficient reference to all the special assumptions and/or limitations (if any) to which our Services are subject. For the avoidance of doubt our approval is required whether or not we are referred to by name and whether or not our advice is combined with others.

15.5. We may make the approval of any mention of our Services, or re-address to third parties our Services, subject to the payment of an additional fee to cover additional work and professional liability.

15.6. All intellectual property rights (including copyrights) in the documents, materials, records, data and information in any form developed or provided to you by us or otherwise generated in the provision of our Services shall belong to us solely.

16. Third parties rights and assignment

16.1. No term of the Letter or these Terms and Conditions is intended to confer a benefit on or to be enforceable by any person who is not a party to the same. The application of the Contracts (Rights of Third Parties) Act 1999 is expressly excluded.

16.2. We shall be entitled to assign or transfer this contract and any rights and obligations arising from it to any party which comprises of substantially the whole of our business, including any limited liability partnership, by giving appropriate notice.

16.3. Subject to clause 19.2 above, neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld.

17. General

17.1. If any provision of the Terms and Conditions is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of the Terms and Conditions and the remainder of such provision shall continue in full force and effect.

17.2. Failure or delay by us in enforcing or partially enforcing any provision of these Terms and Conditions shall not be construed as a waiver of any of our rights under these Terms and Conditions.

17.3. The Letter and these Terms and Conditions shall be governed by and be construed in accordance with the laws of England and Wales. Any dispute arising out or in connection with the Services shall be submitted to the exclusive jurisdiction of the London Court of International Arbitration.

PART 10

PRINCIPAL TERMS OF THE PREFERENCE SHARES

| | |
|----------------------------------|--|
| Fixed Amount | £1 per Preference Share. |
| Preference Dividends | <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> |
| Scrip Preference Dividend | <p>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. The basis of allotment shall be decided by the Board so that, as nearly as may be considered convenient, the value of further Preference Shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid. The Articles provide for a basis on which the value of the further Preference Shares may be calculated although the Directors have ultimate discretion to decide the manner in which such value is calculated.</p> |
| Redemption | <p>The Preference Shares only have the right to be redeemed in the following circumstances:</p> <ul style="list-style-type: none">• 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

- 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 or the administration order.

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 where permitted by the CREST Guernsey Requirements 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). 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 summarized above:

- 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

The Company has proposed that a resolution granting the Company the power to buy back Preference Shares be passed at the Company’s 2012 AGM, convened for 30 May 2012, further details of which is set out in paragraph 4.8.4 of Part 11 of this document.

PART 11

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors whose names, functions and addresses appear on page 19 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 GY1 6EH 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 RRP A 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 May 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 Warrantholders 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 Warrantholders 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 Warrantholders 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 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.

- 3.26 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.
- 3.27 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.
- 3.28 On 30 September 2011, the Company issued 147,355 Preference Shares at a price of 136p per share in respect of a scrip dividend. Such shares were admitted to the Official List and to trading on the Main Market shortly after issue.
- 3.29 Further to a tender offer to Ordinary Shareholders, 4,406,122 Ordinary Shares were bought back by the Company at a price of 58p per Ordinary Share and held in treasury on 18 November 2011.
- 3.30 As at the 31 December 2011, the total Ordinary Shares, Preference Shares and Warrants in issue were 594,093,554, 144,863,302 and 37,830,720 respectively. During the financial year ended 31 December 2011:
- 63,820,350 Ordinary Shares were issued, of which 4,406,122 were subsequently bought back and held in treasury pursuant to a tender offer described in paragraph 3.29;
 - 506,146 Preference Shares were also issued; and
 - 63,820,350 Warrants were exercised.
- 3.31 On 2 January 2012, the Company issued 173,640 Preference Shares at a price of 134p per share in respect of a scrip dividend. Such shares were admitted to the Official List and to trading on the Main Market shortly after issue.
- 3.32 On 2 April 2012, the Company issued 205,809 Preference Shares at a price of 134p per share in respect of a scrip dividend. Such shares were admitted to the Official List and to trading on the Main Market shortly after issue.
- 3.33 On 30 April 2012, the Company transferred 4,406,122 Ordinary Shares to the EBT at a price of 62.25p per Ordinary Share.
- 3.34 During the period between 1 January 2012 and 30 April 2012 (being the latest practicable date before the publication of this document), the Company issued 3,645,420 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 issue.
- 3.35 At 30 April 2012 (being the latest practicable date before the publication of this document) the issued fully paid share capital of the Company is:

| <i>Class of shares</i> | <i>£</i> | <i>Number</i> |
|------------------------|-----------|---------------|
| Ordinary Shares | 5,977,390 | 597,738,974 |
| Preference Shares | 1,452,427 | 145,242,751 |
| Warrants | – | 34,185,300 |

- 3.36 On Admission (assuming that (i) no further issue of Ordinary Shares (including the issue of Ordinary Shares upon the exercise of Warrants) takes place between 30 April 2012 (being the latest practicable date before the publication of this document) and Admission) (ii) and no Ordinary Shares are tendered pursuant to the Tender Offer, the issued fully paid share capital of the Company will be:

| <i>Class of shares</i> | <i>£</i> | <i>Number</i> |
|------------------------|-----------|---------------|
| Ordinary Shares | 5,977,390 | 597,738,974 |
| Preference Shares | 1,936,570 | 193,657,001 |
| Warrants | – | 34,185,300 |

- 3.37 On Admission (assuming that (i) no further issue of Ordinary Shares (including the issue of Ordinary Shares upon the exercise of Warrants) takes place between 30 April 2012 (being the latest practicable date before the publication of this document) and Admission (ii) and no Ordinary Shares are tendered pursuant to the Tender Offer):
- (a) the unissued ordinary share capital of the Company will be £9.0 million representing approximately 60.2 per cent. of the ordinary share capital; and
 - (b) approximately 3.8 per cent. of the unissued ordinary share capital will be reserved for the issue of 34,185,300 Ordinary Shares on the exercise of the issued Warrants.
- 3.38 Other than: (i) the issue of the New Preference Shares; (ii) the issue of Ordinary Shares on the exercise of Warrants; or (iii) 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.
- 3.39 Other than in respect of the Preference Shares and the Warrants, the Company does not have in issue any securities not representing share capital.
- 3.40 There are no provisions of Guernsey law equivalent to section 561 of the 2006 Act which confer preemption 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.
- 3.41 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.
- 3.42 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.
- 3.43 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.
- 3.44 The Preference Shares were created under the Law and the Articles.
- 3.45 The ISIN Code for the Preference Shares is GG00B55K7B92.
- 3.46 The ISIN Code for the New Preference Shares is GB00B5Q2YY60.

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 10 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 The Company has today proposed that a resolution granting the Company the power to buy back up to 15,798,106 Ordinary Shares pursuant to the Tender Offer be passed at a General Meeting, convened for 30 May 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 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(1) of the Buyback and Stabilisation Regulations 2003.

The authority shall expire on 16 November 2012. The Company is proposing to refresh this authority at its 2012 Annual General Meeting on 30 May 2012, notice of which was served on 17 April 2012. It is proposed that such authority (as renewed) shall grant the Company the power to buy back up to 59,762,016 Ordinary Shares, and shall expire on the earlier of the conclusion of the 2013 AGM and 30 November 2013.

4.8.4 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. The Company is proposing to refresh this authority at its 2012 Annual General Meeting on 30 May 2012, notice of which was served on 17 April 2012. It is proposed that such authority (as renewed) shall grant the Company the

power to buy back up to 21,771,888 Preference Shares and shall expire on the earlier of the conclusion of the 2013 AGM and 30 November 2013.

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) shall notify the Company without delay of this interest. 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 30 April 2012 (being the latest practicable date before the publication of this document) 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 (in addition to those interests disclosed in paragraph 7 of this Part 11):

| <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 before offer (%)</i> |
|--|--|--|-------------------------------|--|---|
| Richard Jewson | 138,810 | 0.02 | – | 130,949 | 0.09 |
| Anton Bilton ⁽¹⁾ | 12,997,166 | 2.17 | 12,571,215 | 23,690,755 | 16.31 |
| Glyn Hirsch ⁽¹⁾ | 2,827,946 | 0.47 | 2,292,817 | 3,562,578 | 2.45 |
| Mark Sinclair ⁽¹⁾ | 1,375,934 | 0.23 | 7,332 | 158,612 | 0.11 |
| Colin Smith ⁽²⁾ | 231,242 | 0.04 | 7,385 | 90,772 | 0.06 |
| Christopher Sherwell | 29,000 | 0.01 | – | 100,712 | 0.07 |
| Stephen Coe | 82,727 | 0.01 | 31,997 | 55,791 | 0.04 |
| David Moore | 142,336 | 0.02 | – | 57,052 | 0.04 |
| The Organon SIPP re: Anton Bilton ⁽³⁾ | 1,578,859 | 0.26 | 721,826 | 984,375 | 0.68 |
| Godfrey Bilton Life Interest Settlement Trust ⁽⁴⁾ | 978,921 | 0.16 | 557,987 | 760,942 | 0.52 |
| Bilton Family Discretionary Settlement Trust ⁽⁵⁾ | 1,756,018 | 0.29 | 1,000,932 | 1,722,343 | 1.19 |
| The Bilton Charitable Foundation ⁽⁶⁾ | 680,235 | 0.11 | 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 The persons set out above will be Qualifying Shareholders in respect of the above holdings of Preference Shares.

5.3 As at 30 April 2012 (being the latest practicable date before the publication of this document) save for the interests of the Directors disclosed in paragraph 5.1 above, the Company is aware of the following persons who hold directly or indirectly, voting rights representing 3 per cent. or more of the issued Ordinary Share capital and Preference Share capital:

Ordinary Shares

| <i>Holder</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of issued Ordinary Share capital (%)</i> |
|---------------------------------------|--|--|
| Invesco Perpetual | 170,896,092 | 28.59 |
| Schroder Investment Management | 87,469,863 | 14.63 |
| Mackenzie Financial Corp | 56,739,131 | 9.49 |
| F&C Asset Management | 29,245,893 | 4.89 |
| Legal & General Investment Management | 20,817,633 | 3.48 |
| JO Hambro Capital | 24,784,889 | 4.15 |

Preference Shares

| <i>Holder</i> | <i>Number of Preference Shares</i> | <i>Percentage of issued Preference Share capital (%)</i> |
|--------------------------------|--|--|
| Invesco Perpetual | 75,000,000 | 51.64 |
| Schroder Investment Management | 5,331,213 | 3.67 |

5.4 Save as disclosed in paragraphs 5.1 and 5.3 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.

5.5 The persons referred to in paragraph 5.3 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.

5.6 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.

- 5.7 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> |
|-----------------------|---|--|
| Richard Jewson | 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 Watts Blake Bearne And Company plc PFI Infrastructure plc 111 Alderney Street, (1981) Limited |
| Anton Bilton | | 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 Tal CPT Land Development Partnership LLP Santon Putney Limited Eclipse Film Partners No. 16 LLP Tal Se Land Development Partnership |
| Glyn Hirsch | 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 Orogen Gold plc Swan Hill Staff Pension Trust Limited |
| Mark Sinclair | Belasko Administration Limited Belasko Shareholdings Limited Jonathan Alexander Limited | Capital City Developments Limited Heid Limited |

| | <i>Current</i> | <i>Past</i> |
|--------------------|---|--|
| Colin Smith | AB Holdings Limited GVH Holdings Limited Belasko Administration Limited Belasko Shareholdings Limited Jonathan Alexander 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. |
| Stephen Coe | ACP Capital Limited ACP Capital (Cyprus) Limited Building Bloc Insurance PCC Limited Callidus Holdings pte 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 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 Limited Matrix Austria Holdings One Sarl Matrix EPH Sarl | ACP Mezzanine Limited ACP Mezzanine Holdings UK Limited Leasecom SA Global Investment Basket Limited Investec Recovery Partners I Limited Enhanced Global Growth Basket Limited Optimal Investment Growth Basket Limited Leopard Astley Limited Matrix Property Fund Management (Guernsey) Limited MP Trustees Limited Accelerated Global Growth Basket 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 Investec Administration Services Limited Euro Asian Basket Limited Syndicate Asset Management (CI) Limited Syndicate Nominees (CI) Limited Synergy Perth Trustees Limited Viola Leasing Limited Trinity Capital Mauritius Limited |

| | <i>Current</i> | <i>Past</i> |
|-----------------------------------|--------------------------------------|-------------|
| Stephen Coe (Continued) | 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 | |
| | 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 | |
| | Trinity Capital Plc | |
| | Victoria Capital Limited | |
| | Leopard Holding MS Limited | |
| | Leopard Guernsey Carterton Limited | |
| | Leopard Guernsey Doncaster Limited | |
| | Leopard Guernsey DC Limited | |
| | Leopard Guernsey Old Street Limited | |
| | Leopard Guernsey Old Street Holding | |
| | Limited | |
| | Old St GP (Guernsey) Limited | |
| | Leopard Guernsey Mile End Limited | |
| | Leopard Guernsey Halesowen Limited | |
| | Leopard Guernsey Germany 1 Limited | |
| | Leopard Guernsey Garstang Limited | |
| | Leopard Guernsey Germany 2 Limited | |
| | Leopard Holding Company Sarl | |
| | Leopard Germany Master Holding | |
| | Company Sarl | |
| | LG Master Holding Company Sarl | |
| | South African Properties Opportunity | |
| | plc | |
| | Black Sea Property Fund Limited | |
| | Belasko Administration Limited | |

| | <i>Current</i> | <i>Past</i> |
|--------------------|---|---|
| David Moore | ACI Global Insurance Limited | AQH Dundee GP Limited |
| | Assay Insurance Services Limited | AQH Edward Street GP Limited |
| | Barbican Group Holdings Limited | AQH Edward Street Properties Limited |
| | Barbican Reinsurance Company Limited | Asante Holdings Limited |
| | Bracken Partners Investments | Central General Limited |
| | Channel Islands Limited | Central Life Limited |
| | BSI Generali Bank (CI) Limited (in voluntary liquidation) | Cheshire Guernsey Limited |
| | Clarke Wilmott Indemnity Limited | BSkyB Guernsey Limited |
| | Drummonds Insurance PCC Limited | Central Capital Limited |
| | Financial Insurance Guernsey PCC Limited | Ciel Bleu Limited |
| | Generali International Limited | Ciel Gris Limited |
| | Generali Worldwide Insurance Company Limited | Ciel Clair Limited |
| | Generali Portfolio Management Limited | Ciel Orageux Limited |
| | Generali Portfolio Management (UK) Limited | Ciel Nuageux Limited |
| | Hauteville Limited | Ciel Voilé Limited |
| | HRS Asset Management Limited | Directorco One Limited |
| | HRS Diversified Fund PCC Limited | Directorco Two Limited |
| | HRS Holdings Limited | Greenpark Capital Investment Management Limited |
| | Jupiter Insurance Limited | Greenpark International General Partner I Limited |
| | Land Securities Insurance Limited | Greenpark International General Partner II Limited |
| | Lothbury Insurance Company Limited | Greenpark International General Partner III Limited |
| | Maturin UK 2008-01 (M/F 80-100) IC Limited | Generali Portfolio Management Limited |
| | Memberco One Limited | Lapco Limited |
| | Memberco Two Limited | Legis Group Limited |
| | Morar ICC Limited | Legis Corporate Services Limited |
| | Mourant Ozannes Corporate Services Limited | Legis Fund Services (Isle of Man) Limited |
| | Mourant Ozannes (GP) Limited | M&J Properties Limited |
| | Mourant Ozannes Securities Limited | Ovaco Limited |
| | Mssrs Mourant Ozannes LP | Schroder Executor & Trustee Company (CI) Limited |
| | Messrs Mourant Ozannes | Secretaryco Limited |
| | Nest Egg Investments Limited | State Street Trustees (Guernsey) Limited |
| | New Hill Group Limited | GLASS CP Funding Limited |
| | Newman Insurance Company Limited | Guernsey Loan Asset Securitisation Scheme Limited |
| | NT General Partner Limited | White Rock Insurance Company PCC Limited |
| | Orion Finance Corporation Limited | White Rock Insurance Company ICC 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 | |

**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 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
Renshaw Bay 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
Consulta Capital Fund PCC Limited
Consulta Capital Fund Holdings Limited
Alternative Asset Opportunities PCC Limited
Ugbrooke Properties Limited
Hermes Absolute Return Fund (Guernsey) Limited
Corazon Capital Group Limited
Prodesse Investment Limited
EMP Europe (CI) Limited
Mid Europa III Management Limited
GAM Portable Alpha Inc
GAM Fermat Cat Bond Inc
GAM Starboard Inc
GAM EuroSystematic Value Hedge Inc
GAM Global Emerging Markets Hedge Inc
Hermes Alternative Investment Funds plc
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
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

- 5.8 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.
- 5.9 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).
- 5.10 Within the period of five years preceding the date of this document, none of the Directors 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.
- 5.11 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.
- 5.12 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, Consulta Capital Fund PCC Limited, Consulta Capital Fund Holdings Limited, 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.
- 5.13 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.
- 5.14 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.
- 5.15 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.
- 5.16 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.
- 5.17 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.
- 5.18 No asset of any Director has at any time been the subject of a receivership.
- 5.19 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.
- 5.20 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.
- 5.21 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 £509,000 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 a contract with Raven Russia Limited, which includes a notice period of 12 months and contains restrictive covenants. The annual salary under Mr. Hirsch's service agreement is £509,000 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 £318,000 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 £239,000 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 £'000</i> | <i>Appointment Date</i> |
|----------------------|-------------------------|-----------------------------|
| Richard Jewson | 100 | 29 June 2007 |
| Christopher Sherwell | 42 | 1 April 2008 |
| Stephen Coe | 42 | 4 July 2005 |
| David Moore | 42 | 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 2011 was as follows:

| <i>Director</i> | <i>Salary/fee</i> <i>£'000</i> | <i>Cash bonus</i> <i>£'000</i> | <i>Benefits</i> <i>£'000</i> | <i>Total</i> <i>£'000</i> | <i>Pension contributions</i> <i>£'000</i> |
|----------------------|-----------------------------------|-----------------------------------|---------------------------------|------------------------------|--|
| Anton Bilton | 494 | – | 7 | 501 | 46 |
| Glyn Hirsch | 494 | – | 14 | 508 | 46 |
| Mark Sinclair | 309 | 100 | 6 | 415 | 31 |
| Colin Smith | 232 | 100 | 6 | 338 | 23 |
| Richard Jewson | 90 | – | – | 90 | – |
| Christopher Sherwell | 42 | – | – | 42 | – |
| Stephen Coe | 42 | – | – | 42 | – |
| David Moore | 42 | – | – | 42 | – |
| | <u>1,745</u> | <u>200</u> | <u>33</u> | <u>1,978</u> | <u>146</u> |

7. INCENTIVE ARRANGEMENTS

The Company has in place a number of schemes designed to incentivise Directors and employees of the Group.

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, 14,255,000 Ordinary Shares have been allocated as set out below and 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:

- 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
- 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>Year ended 31 December 2009</i> | |
|-----------------|---|--|
| | <i>Number of Bonus Shares allocated</i> | <i>Number of Preference Shares allocated</i> |
| <i>Director</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>Year ended 31 December 2010</i> | |
|-----------------|---|--|
| | <i>Number of Bonus Shares allocated</i> | <i>Number of Preference Shares allocated</i> |
| <i>Director</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 a period of 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 had discretion to issue up to a maximum of 4,430,000 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 for the previous 3 year period. The Remuneration Committee had discretion to issue Bonus Shares on a sliding scale based on reaching annualised Net Operating Income targets up to US\$115 million per annum and dividend cover targets and/or a share price or diluted NAV per share target of 75p since the inception of the scheme in 2009.

Awards based on these targets assumed that the Executive Directors and senior employees remained in the employment of the Group at 31 December 2011 and were made following the publication of the audited financial statements of the Company for the year ending 31 December 2011.

In addition, cash bonuses were available for the Executive Directors and senior management for performance in the year, with a total bonus allocation not exceeding £1.2 million and no employee receiving more than 100 per cent. of their basic salary as a cash bonus.

The Remuneration Committee met on 26 April 2012 and recommended the following allocations for the share and cash bonuses to the Executive Directors:

| | <i>Bonus Shares Number</i> | <i>Cash Bonus £</i> |
|---------------|--------------------------------|-------------------------|
| Anton Bilton | 775,000 | 225,000 |
| Glyn Hirsch | 775,000 | 250,000 |
| Mark Sinclair | 775,000 | 170,000 |
| Colin Smith | 160,000 | 170,000 |

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 |
| Total | 5,000,000 | 2,450,000 | 2,550,000 |

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>Awards Granted</i> | <i>Lapsed</i> | <i>Options outstanding</i> | <i>Options exercisable</i> |
|----------------|---------------------------|----------------|--------------------------------|--------------------------------|
| Anton Bilton | 810,811 | – | 810,811 | 270,270 |
| Glyn Hirsch | 1,000,000 | – | 1,000,000 | 333,333 |
| Mark Sinclair | 1,000,000 | – | 1,000,000 | 333,333 |
| Colin Smith | 500,000 | – | 500,000 | 166,667 |
| Other persons* | 5,935,135 | 200,000 | 5,735,135 | 1,911,711 |
| Total | <u>9,245,946</u> | <u>200,000</u> | <u>9,045,946</u> | <u>3,015,314</u> |

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.

* 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.

7.4 2012 Combined Bonus and Long Term Incentive Scheme

As the existing bonus scheme ceased in 2011, and the LTIP (referred to in paragraph 7.3 above) vesting periods have now commenced, the Remuneration Committee has developed a new scheme for the years 2012 to 2014, with reference to the recent guidelines issued by the ABI.

This is a simple long term scheme which meets the criteria of:

- shareholder alignment;
- deferral of benefits;
- clawback provisions;
- cost efficiency and shareholder value enhancement;
- stretching corporate targets; and
- reasonable reward levels for target achievement.

This new joint scheme is based on performance criteria which will reflect cash generation and the progressive dividend policy and total shareholder return determined by the Board. No cash bonuses will be paid to the executive members of the Board and all awards will be made in Ordinary Shares to align their interests with shareholders. Over the 3 years to 31 December 2014, a total of 22.5 million Ordinary Shares (or any of the Company's other capital instruments to the same value) will be made available for the scheme through a mixture of Ordinary Shares already held by the EBT or in treasury, buy backs and new issues and shall be allocated equally between each year. These will be used for performance remuneration of both the executives and senior management of the Group, combined, currently a team of 16. In addition it is proposed that:

- Awards for any Executive Director cannot exceed 300 per cent. of basic salary in any year based on the share price at the date of grant of an award; and
- No Executive Director can receive more than 1.5 million Ordinary Shares in any one year.

The targets associated with awards are:

- **Year ended 31 December 2012**
 - 50 per cent. on operating cash income of US\$18 million;
 - 75 per cent. on operating cash income of US\$27 million; and
 - 100 per cent. on operating cash income of US\$36 million.
- **Year ended 31 December 2013**
 - 50 per cent. on operating cash income of US\$27 million;
 - 75 per cent. on operating cash income of US\$36 million; and
 - 100 per cent. on operating cash income of US\$45 million.
- **Year ended 31 December 2014**
 - 50 per cent. on operating cash income of US\$36 million;
 - 75 per cent. on operating cash income of US\$45 million; and
 - 100 per cent. on operating cash income of US\$54 million.
- Operating cash income is defined as “ Net cash generated from operating activities **plus** interest received **less** borrowing costs paid **less** dividends paid on Preference Shares”, all as presented in the audited Group cash flow statement, where borrowing costs paid are adjusted for any element that is capitalised as part of construction programmes. Awards will be made on a straight line basis.
- The Remuneration Committee will also take into account total shareholder return targets. If the above cash income targets are not met but shareholder return targets are achieved, then awards can be made at the discretion of the Remuneration Committee. The shareholder return target is 7.5 per cent. per annum. Shareholder return is defined as either the annual increase in the Ordinary Share price or fully diluted NAV per Ordinary Share, whichever is higher, adjusted for distributions to Ordinary Shareholders.
- All targets will be adjusted appropriately to account for the effect of any change in share capital; and
- All executives must retain any shares awarded under the scheme, except for disposals required to fund tax liabilities arising on such awards, until the date the annual financial statements for 31 December 2015 are published. This means a retention period until April 2016.

Participants have also been set personal targets for the performance period, beyond their contribution to the achievement of the Company's cash generation targets. The Remuneration Committee will review achievement of these and may as a result flex individual awards. The Remuneration Committee will also take account of shareholder experience, if unforeseen events cause it to be out of line with the cash generation formula described above.

The intended maximum allocation of awards over the period proposed by the Remuneration Committee for the Executive Board is as follows (with a grant price of 59.5p, being the market value of shares on the date the Remuneration Committee approved the scheme):

| | <i>Number of Shares</i> | | |
|---------------|-------------------------|-------------|-------------|
| | <i>2012</i> | <i>2013</i> | <i>2014</i> |
| Anton Bilton | 1,341,000 | 1,341,000 | 1,341,000 |
| Glyn Hirsch | 1,341,000 | 1,341,000 | 1,341,100 |
| Mark Sinclair | 1,141,000 | 1,141,000 | 1,141,100 |
| Colin Smith | 756,000 | 756,000 | 756,000 |

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 |
| 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, Moscow Region, Klimovsk town, Kommunalnaya St. 23a, 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> |
|-----------------------|---|--|---------------------------|---|
| Reserv-Invest LLC | Russian Federation | 142180, Moscow Region, Klimovsk town, Kommunalnaya St. 23a, Russian Federation | Property Holding | 100 |
| Real-Invest LLC | Russian Federation | 142180, Moscow Region, Klimovsk town, Kommunalnaya St. 23a, 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 Vostok | Noginsk Russian Federation | 142438, Moscow Region, Noginsk district, the 58th km of Moscow – N.Novgorod Highway, industrial plot No 1. Russian Federation | Property Holding | 100 |
| Resource Economia 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 |

| <i>Name</i> | <i>Country of registration or incorporation</i> | <i>Registered Office</i> | <i>Principal activity</i> | <i>Proportion of ownership interest %</i> |
|--|---|---|---------------------------|---|
| Kulon Spb LLC | Russian Federation | 191028, Saint-Peterburg, Liteyniy prospect, bld. 24 Russian Federation | Property Holding | 100 |
| Raven Russia Property Advisors Limited | Russian Federation | 21 Knightsbridge, London, SW1X 7LY United Kingdom | Property Holding | 100 |
| Avalon Logistics Company LLC | Russian Federation | Dorozhnaya ul., str. 60, p. sovkhoza “Ostankino”, s/p Gabovskoye, Dmitrov District, Moscow Region, 141895, Russian Federation | Property Holding | 100 |
| Delta LLC | Russian Federation | 142180, Moscow Region, Klimovsk City, Lenina Street, 1, Office 136/1, Russian Federation | Property Holding | 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 UK Limited | UK | 21 Knightsbridge, London SW1X 7LY United Kingdom | Property Trading Company | 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 does not 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, at zero per cent. It is anticipated that no income other than bank interest will arise in Guernsey.

In keeping with its ongoing commitment to meet international standards, Guernsey is currently undertaking a review of its corporate tax regime with the intention of implementing any required revisions to the regime in the period between 2013 and 2014. 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. If the Finance Bill 2012 is enacted as anticipated the rate of tax on dividends for individuals with income in excess of £150,000 will reduce to 37.5 per cent. (down from 42.5 per cent) from the start of 2013/2014 tax year (giving effective rate of 30.5 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 £34,370 (for the 2012/2013 tax year) (and, therefore, liable to income tax at the higher or additional rate) subject to the availability of relevant reliefs and exemptions or whose income, together with the amount of gains and exemptions, exceeds £34,370. Individual shareholders are not subject to tax on chargeable gains up to the annual exempt amount. For the 2012/2013 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 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 On 30 April 2012, the Company entered into the Placing and Open Offer Agreement pursuant to which Singer, as joint financial adviser and broker has agreed to use its reasonable endeavours to place 48,414,250 New Preference Shares with institutional and other investors, including certain existing Preference Shareholders. The Placing is conditional, *inter alia*, on:

- (a) the passing of the Resolution to be proposed at the General Meeting to approve the Proposed Acquisition;
- (b) the Placing and Open Offer Agreement becoming unconditional and not having been terminated in accordance with its terms; and
- (c) Admission becoming effective on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012).

If any conditions under the Placing and Open Offer Agreement are not fulfilled or (where capable of waiver) waived on or before 8.00 a.m. on the scheduled date for completion of the Acquisition Agreement (currently estimated to be 20 June 2012) (or such later time and/or date as the Company and Singer may agree, being no later than 8.00 a.m. on 16 July 2012), any monies held by Singer will be returned to Placees, without interest, as soon as practicable thereafter.

The Placing and Open Offer Agreement contains customary warranties given by the Company to Singer as to matters relating to the Group and its business and a customary indemnity given by the Company to Singer in respect of liabilities arising out of or in connection with the Placing and Open Offer.

Under the Placing Agreement, Singer will receive a commission of £941,243. In addition, the Company has agreed to pay Singer a corporate finance fee of £200,000.

Singer has the right to terminate the Placing Agreement in certain specified circumstances, including where any of the warranties contained therein are or have become untrue, inaccurate or misleading or a *force majeure* event or material adverse change in respect of the Group (taken as a whole) occurs prior to Admission and where, in such cases, in the reasonable opinion of Singer, the effect is such that it would materially prejudice the success of the Placing or the distribution of the New Preference Shares.

10.2 *Acquisition Agreement*

On 30 April 2012 the Company's wholly owned subsidiary, Padastro entered into a conditional share acquisition agreement with PLP, a subsidiary of Aareal. Pursuant to the terms of the Acquisition Agreement, Padastro has agreed to buy the entire issued share capital of CJSC "Toros".

Conditions to Completion and Completion

Completion of the Proposed Acquisition is conditional on the satisfaction (or waiver) of certain conditions, including (i) the Resolution being passed; (ii) the New Facility being available for draw-down in full on Completion; and (iii) Admission.

If the conditions precedent have not been satisfied or waived on or before 30 June 2012, then either party may terminate the Acquisition Agreement.

Where shareholder approval of the Resolution is not obtained by 5 June 2012 (and PLP has not elected to extend the deadline for shareholder approval to a date no later than 30 June 2012), or Completion has not taken place by 30 June 2012 (save for certain limited and specific exceptions), the Acquisition Agreement shall automatically terminate.

Completion of the funds flow relating to the repayment of the existing facility secured on Pushkino and implementation of the New Facility is anticipated will take place shortly following Admission.

Consideration

The total amount payable at completion of the purchase of the entire issued share capital of CJSC "Toros" will be approximately US\$49 million, comprising:

- a US\$5 million deposit payable by Padastro within 5 business days of the Resolution being passed; and
- approximately US\$44 million in cash payable by Padastro on Completion,

and subject to a net asset adjustment under the terms of the Acquisition Agreement, which may result in additional monies being payable by Padastro after Completion.

In addition, Padastro will procure that CJSC "Toros" will repay the Existing Toros Bank Debt at Completion (approximately US\$166 million).

Break fee

Where the Acquisition Agreement is terminated prior to Completion as a result of Padastro being in material breach of certain limited and specific obligations under the Acquisition Agreement, the US\$5 million deposit will be (subject to the Resolution having been passed) payable to PLP as liquidated damages regardless.

Warranties, indemnities and covenants

PLP has given various warranties in relation to CJSC "Toros" as of the date of the Acquisition Agreement, which will be repeated on Completion. The warranties given are of a type usual for an acquisition of this nature in the Moscow market. No responsibility is taken by PLP for matters that took place prior to 10 September 2010 (which is when PLP acquired shares in CJSC "Toros").

If there is a material breach of the warranties or covenants by PLP prior to Completion (which Padastro was not aware of prior to the date of the Acquisition Agreement), Padastro will be entitled (but not obliged) to terminate the Acquisition Agreement. If Padastro chooses to terminate the Acquisition Agreement in such circumstances, it shall have no further remedy against PLP in respect of such breach of warranty, save for payment of its costs in certain circumstances.

Save for certain specified exemptions, PLP's liability for breach of the Acquisition Agreement is subject to a number of limitations, including: (i) generally, Padastro must submit written notification

of a claim within 12 months of the date of Completion; (ii) a de minimis exception of US\$200,000; (iii) no claims may be made until the aggregate losses suffered exceed US\$1,000,000 (in which case PLP shall be liable for the full amount and not just the excess); and (iv) the aggregate liability of PLP is limited to US\$10,000,000. PLP will provide US\$10 million cash retention at Completion (in addition to the retention for the litigation detailed below) in respect of claims under the Acquisition Agreement.

Litigation and related indemnity

A supplier of electricity equipment to CJSC “Toros” filed a claim in December 2010 against CJSC “Toros” in the Moscow region Arbitration court concerning alleged non payment of rent in respect of the supply of electricity generation equipment. The amount claimed was 827.4 million Roubles plus interest at the prevailing Russian central bank financing rate from time to time. The Arbitration Court ruled in favour of the supplier on 31 May 2011 and ordered CJSC “Toros” to pay the claim. CJSC “Toros” filed an appeal of the judgment in July 2011. It is anticipated that the appeal hearings will take several months to conclude.

Under the terms of the Acquisition Agreement, PLP has agreed to indemnify Padastro in respect of, inter alia, all amounts payable by CJSC “Toros” upon determination (or settlement) of such litigation up to a maximum amount of 1 billion Roubles (approximately US\$34 million as at the date of this document) plus any additional interest and legal costs incurred by CJSC “Toros” in relation to such litigation. The indemnity limit is not applicable in certain circumstances where the claimant, in accordance with Russian law, will be entitled to increase the amount claimed (currently 827.4 million Roubles). The amount claimed with accrued interest currently amounts to approximately 994 million Roubles (approximately US\$34 million as at the date of this document). The indemnity will be secured by a cash retention from the purchase price equal to the US dollar equivalent of 1 billion Roubles (approximately US\$34 million as at the date of this document). Padastro may, in certain circumstances, request PLP to further top up the retention. Aareal will, at Completion, enter into a Deed of Suretyship with Padastro pursuant to which Aareal secures PLP’s obligation under the Acquisition Agreement to top this retention up in certain circumstances.

Material Adverse Change prior to Completion

Either party may terminate the Acquisition Agreement prior to Admission if (i) any part of Pushkino is destroyed or damaged resulting in the termination or suspension of at least 10 per cent. of the base rent payments due to CJSC “Toros” under the leases, the estimated cost of repair or restoration exceeding US\$10 million or the estimated time to complete the restoration exceeding 12 months; or (ii) if there is a material adverse change affecting CJSC “Toros” or the Consideration changes, in either case, by an amount exceeding US\$10,750,000.

10.3 New Debt Agreements

Pursuant to a loan agreement dated 30 April 2012 between Frontgoal Limited (as lender) and CJSC Toros (as borrower), the parties agree the terms of a loan (the “New Debt Agreements”) as follows:

- (a) Frontgoal Limited will make available to CJSC “Toros” on completion of the Proposed Acquisition a facility of up to the Russian Rouble equivalent of approximately US\$166 million for the purpose of financing the repayment of the Existing Toros Bank Debt;
- (b) the facility will be a five year term loan expiring in November 2017; and
- (c) interest is payable on the amount of the facility outstanding from time to time at the rate of 11 per cent. per annum

Frontgoal Limited is a subsidiary of a company, external to the Group, that has entered into facility agreements with Aareal and the Group for the purposes of financing the New Debt Agreement. Various companies in the specific group of entities (within the Group, but excluding the Company)

that were set up to hold Pushkino have provided mortgages, charges, pledges and other customary security interests to Aareal in relation to the New Debt Agreement.

10.4 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.

10.5 A facility agreement dated 17 September 2009 (as amended by facility amendment and restatement agreements dated 23 December 2009, 25 June 2010, 23 December 2010 and 7 October 2011) 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 facility was repaid in January 2012.

10.6 The Warrant Instrument, details of which are set incorporated by reference into this document (as referred to on page 168 below).

10.7 ***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 US\$48 million credit line agreement dated 21 November 2007 between Nomos Bank and AKM Logistics.

10.8 ***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 US\$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 US\$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.

10.9 ***Istra***

A loan agreement dated 3 September 2008 (as amended by an amendment agreement dated 17 September 2009 and 26 July 2011) 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 US\$153.8 million which shall be repayable in full on 30 April 2016 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.

10.10 *Constanta*

10.10.1 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 Constanta 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 US\$23 million (the “Amended Constanta Loan”) under terms substantially similar to the terms of the term facility agreement dated 14 August 2007 and described in paragraph 10.10.2 below.

10.10.2 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 Constanta Loan) was US\$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 Constanta 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 US\$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 US\$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 US\$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 US\$250,000. Raven Russia guaranteed these additional repayments until such time as the breach amount of US\$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.

On 15 March 2012 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, its obligations are limited and secured by, *inter alia*, the shares it holds in the borrower and the ultimate Cypriot holding company of such property holding group.

10.11 *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 US\$20 million; (ii) the B Loan being US\$10 million; and (iii) the C Loan being US\$10 million. The balance drawn and outstanding under these loans as at 31 December 2010 was US\$40 million with US\$30 million drawn immediately after completion (Facility A and C) and a further US\$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.

10.12 *Novosibirsk*

10.12.1 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 US\$35 million (subsequently reduced to US\$20 million); (ii) the B Loan being US\$40 million (subsequently cancelled, and replaced by the US\$25 million EBRD loan referred to in paragraph 10.12.2 below); and (iii) the C Loan being US\$5 million. The balance drawn and outstanding under these loans as at December 2011 was US\$48 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 US\$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.

10.12.2 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 US\$25 million. The interest rate payable on the A Loan principal amount of US\$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 US\$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 US\$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 10.12.1 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.

10.12.3 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 US\$15 million prior to project completion and up to a maximum of US\$22 million thereafter. The Sponsor Support and Share Retention Agreement obligations remain in force until the outstanding loans are repaid.

10.13 *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 Novosibirsk and Shushary facilities (see paragraphs 10.11, 10.12 and 10.19 respectively). The Rostov and Novosibirsk caps are for an initial aggregate notional sum of US\$92.6 million, a cap rate of

3 per cent. and mature during August and September 2013. The Shushary cap is for a notional amount of US\$78 million, a cap rate of 1.25 per cent. and matures in December 2016.

10.14 *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, as amended and restated pursuant to a further amendment and restatement agreement dated 5 February 2010, as amended and restated pursuant to a further amendment and restatement agreement dated 16 May 2011 and as amended and restated pursuant to a further amendment and restatement agreement dated 22 November 2011 (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\$83.3 million which shall be repayable on 22 November 2016 and Facility B up to US\$82.6 million which shall be repayable on 22 November 2016; and
- (b) Interest is payable quarterly on the amount of the facility outstanding from time to time at the rate of 12.0 per cent. per annum.

Anfirimo is the subsidiary of a company (external to the Group) that entered into a bank facility agreement with Unicredit Bank Austria AG for the purpose of financing the Noginsk Loan Agreement. The loan to Anfirimo under the bank facility agreement falls due for repayment on 22 November 2016. Various companies of the Group (excluding the Company) have provided mortgages, charges, pledges and other customary security interests to Unicredit Bank Austria AG in relation to the bank facility agreement.

10.15 *Southern*

10.15.1 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 US\$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 10.15.2 below.

10.15.2 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 US\$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 US\$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 US\$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, its obligations are limited and secured by the shares it holds in the borrower and the ultimate Cypriot holding company in such property holding group.

10.16 *Baltia*

10.16.1 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 US\$42 million. The agreement contained customary warranties for a transaction of this nature in favour of the Buyer.

10.16.2 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 US\$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 US\$20.5 million was paid to HSH Nordbank in full settlement of the early termination, loan transfer, break and prepayment fees (of which US\$19.3 million related to debt outstanding at completion). All security has been fully released.

10.17 *Lobnya*

10.17.1 A US\$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 US\$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 US\$2 million) subject to full settlement of break costs, full unwinding of hedging agreement and early prepayment fee.

10.17.2 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 US\$30 million, the cap rate is 3.5 per cent. and the cap matures on 31 December 2013.

10.17.3 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.

10.18 *Klimovsk Phase I*

A US\$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 Raffeißenbank. The full US\$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 US\$0.5 million) subject to full settlement of prepayment fee.

The obligations of the Borrowers under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of Raffeißenbank entered into by the Borrowers 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.

10.19 *Shushary*

A US\$78 million Facility Agreement dated 10 November 2011 between ZAO Resource-Economia (the “Borrower”), an indirect wholly owned subsidiary of the Company and Raffeißenbank. An initial US\$40 million was drawn on 29 December 2011. The main terms of the facility are as follows:

- (a) the facility is a ten year term expiring 10 November 2021;
- (b) the remaining US\$38 million undrawn balance can be drawn upon meeting debt service hurdles as the warehouse complex occupancy increase;
- (c) the interest rate payable in LIBOR plus a margin of 6.75 per cent.;
- (d) the Borrower may prepay the whole or any part of the loan (minimum US\$0.5 million) subject to full settlement of prepayment fee; and
- (e) the obligations of the Borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of Raffeißenbank 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.

10.20 *Raven Mount*

A facility agreement dated 4 September 2009 (as amended by a facility amendment and restatement agreement dated 12 May 2010 and by a letter of variation dated 4 May 2011) between Raven Mount Ltd and Barclays Bank PLC (“Barclays”), pursuant to which Barclays made available to Raven Mount Ltd a short term loan facility of up to £6 million. The amount outstanding under this facility as at 31 December 2011 was £1.2 million.

11. **MANDATORY TAKEOVER BIDS AND SQUEEZE-OUT/SELL OUT 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 33 to the Financial Statements of the Group for the year ended 31 December 2011 which are incorporated by reference into this document; (ii) 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; (i) 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; 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 2009 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, together with the New Facility, the existing cash resources and the net proceeds of the Placing and Open Offer, 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

Save in respect of the litigation referred to in paragraph 10.2 above, 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 There has been no significant change in the financial or trading position of the Group since 31 December 2011, the date to which the last audited financial statements of the Group were prepared.
- 15.2 There has been no material change in the valuation of Pushkino since 31 March 2012, being the effective date of the Pushkino Valuation Report.
- 15.3 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 8 of this document since 31 December 2011, the date to which such report was prepared.
- 15.4 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 £1.9 million, excluding VAT.
- 15.5 Singer Capital Markets Limited is registered in England and Wales under number 5792780 and its registered office is at One Hanover Street, London W1S 1YZ United Kingdom. Singer Capital Markets is regulated by the Financial Services Authority and is acting in its capacity as joint financial adviser and broker to the Company. Singer Capital Markets 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 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 joint financial adviser to the Company.
- 15.7 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.
- 15.8 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 8 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).
- 15.9 Cushman & Wakefield 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 9 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).
- 15.10 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 2009, 31 December 2010 and 31 December 2011.
- 15.11 Save as otherwise disclosed in paragraph 10 of this Part 11, 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.
- 15.12 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 historical financial information incorporated by reference in this document and referred to on page 168 below;
- 16.3 the report prepared by Jones Lang LaSalle set out in Part 8 of this document;
- 16.4 the report prepared by Cushman & Wakefield set out in Part 9 of this document;
- 16.5 the written consent letters referred to in paragraphs 15.5, 15.7, 15.8 and 15.9 above; and
- 16.6 this Prospectus.

Dated 1 May 2012

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that Preference Shareholders and others are aware of all information which, according to the particular nature of Raven Russia and of the New Preference Shares, is necessary to enable Preference Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Raven Russia. Those parts of the documents referred to below which are not incorporated by reference into this document are not necessary to enable Preference Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Raven Russia on the basis of the information contained within 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 2011 | Directors' Remuneration Report | 23-27 |
| | Independent Auditor's Report to the members of the Company | 28 |
| | 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 | 34-69 |
| Audited Financial Statements for the Group for the year ended 31 December 2010 | Independent Auditor's Report to the members of the Company | 20 |
| | Directors' 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 |

| <i>Document</i> | <i>Section</i> | <i>Page numbers in such document</i> |
|-----------------|--|--|
| | Operating and Financial Review of the Raven Mount Group | |
| | Overview of Business | 49 |
| | Results of Operations | 50 |
| | Capitalisation and Indebtedness | 53 |
| | Capital Resources and Liquidity Management | 53 |
| | Cash Flow Analysis | 53 |
| | Debt Facilities | 53 |
| | Principal Terms of the Warrants (summarising the terms of the Warrant Instrument) | 172–180 |

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 documents listed above are available on and can be printed from the Company's website (www.ravenrussia.com) in "read only" format. 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:

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| “2006 Act” | the UK Companies Act 2006 (as amended) |
| “Aareal” | Aareal Bank AG |
| “Acquisition Agreement” | the conditional share acquisition agreement dated 30 April 2012 between PLP and Padastro relating to the Proposed Acquisition and described in Part 11 of this Prospectus |
| “Admission” | admission of the New Preference Shares issued pursuant to the Placing and Open Offer to the Official List and to trading on the London Stock Exchange’s Main Market for listed securities and such admission becoming effective |
| “Affiliate” | an affiliate of, or person affiliated with, a specified person; a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified |
| “AGM” | annual general meeting of the Company |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “Application Forms” and each an “Application Form” | the personalised application forms relating to the Open Offer being sent to Qualifying Non-CREST Shareholders together with this Prospectus, in respect of the New Preference Shares |
| “Articles” or “Articles of Incorporation” | the Articles of Incorporation of the Company in force from time to time |
| “Business Day” | a day (other than a Saturday or Sunday) in which clearing banks in the City of London and Guernsey are generally open for business |
| “Capita Registrars” | a trading name of Capita Registrars Limited |
| “certificated” or “in certificated form” | in certificated form (that is, not in CREST) |
| “Circular” | the circular issued by the Company dated 1 May 2012 in connection with the Proposed Acquisition and the General Meeting |
| “City Code” | 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 |
| “CJSC “Toros”” | Closed Joint Stock Company “Toros”, a special purpose company formed under the laws of the Russian Federation with main state registration number (OGRN) 1045007550785, having a registered office at 10 Pushkinskoye Pole Street, Building 2, Pushkino, Moscow Region, Russia |
| “Company” or “Raven Russia” | Raven Russia Limited |
| “Completion” | completion of the Proposed Acquisition in accordance with the terms of the Acquisition Agreement |
| “CREST” | the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form |

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| “CREST Courier and Sorting Service” | the CREST Courier and Sorting Service established by Euroclear to facilitate, among other things, the deposit and withdrawal of securities |
| “CREST Manual” | the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) |
| “CREST member” | a person who has been admitted to Euroclear as a system member (as defined in the CREST Regulations) |
| “CREST participant” | a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations) |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended |
| “CREST Sponsor” | CREST participant admitted to CREST as a CREST sponsor |
| “CREST sponsored member” | CREST member admitted to CREST as a sponsored member |
| “Cushman & Wakefield” | Cushman & Wakefield of Ducat Place III, Gasheka Street, Moscow 125047 Russia |
| “Directors” or “Board” | the directors of the Company as at the date of this document, whose names are set out on page 19 of this document |
| “DTRs” or “Disclosure and Transparency Rules” | the rules relating to the disclosure of information made in accordance with Section 73A(3) of FSMA |
| “EBT” or “Employee Benefit Trust” | the employee benefit trust of the Group, details of the schemes which it operates are as set out in paragraph 7 of Part 11 of this document |
| “Enlarged Preference Share Capital” | the Preference Shares of the Company which are expected to be in issue following Admission, comprising Existing Preference Shares and New Preference Shares |
| “ERISA” | the US Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder |
| “ERV” | estimated rental value |
| “Existing Toros Bank Debt” | certain loans owing by CJSC “Toros” (as borrower) to GEV GmbH (as lender) |
| “Euro” or “€” | the lawful single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union |
| “Euroclear” | Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST |
| “Executive Directors” | Anton Bilton, Glyn Hirsch, Mark Sinclair and Colin Smith |

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| “Existing Ordinary Shares” | the Ordinary Shares in issue as at the date of this document |
| “Existing Preference Shares” | the Preference Shares in issue as at the date of this Prospectus |
| “Fixed Amount” | £1.00 |
| “FSA” or “Financial Services Authority” | Financial Services Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA |
| “FSMA” | Financial Services and Markets Act 2000, as amended |
| “General Meeting” or “GM” | the extraordinary general meeting of the Company due to be held on 30 May 2012 at which Ordinary Shareholders will vote upon the Resolution |
| “Group” | the Company and its subsidiaries from time to time and shall include, as appropriate, CJSC Toros immediately following completion of the Proposed Acquisition and “member of the Group” shall be construed accordingly |
| “IFRS” | International Financial Reporting Standards (including International Accounting Standards) |
| “Invesco” | Invesco Asset Management Limited |
| “JLL” | Jones Lang LaSalle of Kosmodamianskaya NAB 52/3 Korp 3, Moscow 115054, Russia |
| “Issue Price” | the price at which the New Preference Shares are being offered pursuant to the Placing and Open Offer, being 134 pence per Preference Share |
| “Kinmont” | Kinmont Limited, joint financial adviser to Raven Russia |
| “Law” | the Companies (Guernsey) Law, 2008, as amended |
| “Listing Rules” | the rules of the UKLA relating to the companies admitted to the Official List |
| “London Stock Exchange” | London Stock Exchange plc |
| “Main Market” | London Stock Exchange’s main market for listed securities |
| “New Facility” | the debt facility to be provided by Frontgoal Limited in connection with the Proposed Acquisition as described in paragraph 10.2 of Part 11 of this document |
| “New Preference Shares” | Preference Shares issued pursuant to the Placing and Open Offer |
| “Notice of General Meeting” | the notice contained in the Circular convening the GM dated 1 May 2012 |
| “Official List” | the official list of the UKLA |
| “Open Offer” | the invitation by the Company to certain Qualifying Shareholders to apply for New Preference Shares on the terms and subject to the conditions set out in this Prospectus |
| “Open Offer Entitlements” | the <i>pro rata</i> entitlements to subscribe for New Preference Shares allocated to Qualifying Shareholders pursuant to the Open Offer |

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| “Open Offer Record Date” | the record date for qualification for the Open Offer, being 5.00 p.m. on 27 April 2012 |
| “Ordinary Shareholder” | a holder of Ordinary Shares |
| “Ordinary Shares” | ordinary shares of £0.01 each in the capital of the Company |
| “Overseas Shareholders” | holders of Existing Preference Shares and/or New Preference Shares with a registered address in, or who are citizens, residents or nationals of, or are located or incorporated in jurisdictions outside of the United Kingdom |
| “Padastro” | Padastro Holdings Limited, a company formed under the laws of the Republic of Cyprus, under registration number 166743 whose registered office is at Kaliaco Court No 57, Kolonakiou Str, Office 101, 1st Floor Linopetra, Limassol PC4103, Cyprus |
| “Part VI Rules” | the rules contained in Part VI of FSMA |
| “Placees” | those investors participating in the Placing |
| “Placing” | the placing of the New Preference Shares with the Placees subject to clawback under the Open Offer |
| “Placing and Open Offer Agreement” | the Placing and Open Offer Agreement between the Company and Singer dated 30 April 2012 |
| “PLP” | PLP Holding GmbH, a company formed under the laws of the Federal Republic of Germany under registration number NRB 24955 whose registered office is at 15 Paulinenstrape, D-65189 Wiesbaden, Germany and is a subsidiary of Aareal |
| “Preference Dividend” | the cumulative preferential dividend accruing on each Preference Share as set out in more detail in Part 10 of this document |
| “Preference Shareholder” | a holder of Preference Shares |
| “Preference Shares” | the preference shares of £0.01 each in the capital of the Company |
| “Prohibited Territories” and each an “Prohibited Territory” | the United States, Canada, Australia, Japan, South Africa and any other jurisdiction where the extension or availability of the Placing and Open Offer would breach any applicable law |
| “Property Advisory Agreement” | 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 |
| “Proposed Acquisition” | the proposed acquisition by Padastro of the entire share capital of CJSC “Toros” from PLP in accordance with the terms and subject to the conditions of the Acquisition Agreement |
| “Prospectus” | this document |
| “Prospectus Directive” | the Prospectus Directive of the European Parliament and Council (2003/71/EC) |
| “Prospectus Rules” | 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 |

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| “Pushkino” | the warehouse facility known as “Pushkino Logistics Park” and the leasehold rights to the certain land plot located under and around the facility, being the property to be acquired pursuant to the terms of the Acquisition Agreement, as more particularly described in Part 1 of this Prospectus and in the Pushkino Valuation Report |
| “Pushkino Valuation Report” | the valuation report prepared by Cushman & Wakefield in relation to Pushkino dated 1 May 2012 set out in Part 9 of this Prospectus |
| “Qualifying Non-CREST Shareholders” | Qualifying Shareholders holding Preference Shares in certificated form |
| “Qualifying CREST Shareholders” | Qualifying Shareholders holding Preference Shares in uncertificated form |
| “Qualifying Shareholders” | holders of Preference Shares as set out in the register of members of the Company on the Open Offer Record Date with the exclusion of (1) holders of Preference Shares with a registered address in, or who are citizens, residents or nationals of, or are located or incorporated in any Prohibited Territory and (ii) US Persons |
| “Raven Mount” | Raven Mount Group Limited (formerly Raven Mount Group plc) |
| “Raven Mount Group” | Raven Mount and its subsidiaries and “member of Raven Mount Group” shall be construed accordingly |
| “Raven Mount Offer” | 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 |
| “Receiving Agent” | Capita Registrars |
| “Register” | the register of Preference Shareholders of the Company |
| “Registrar” | Capita Registrars (Guernsey) Limited |
| “Regulation S” | Regulation S under the US Securities Act |
| “Resolution” | the ordinary resolution to be proposed at the General Meeting approving the Proposed Acquisition |
| “Restricted Shareholders” | Preference Shareholders as at the Open Offer Record Date with a registered address in, or who are citizens, residents or nationals of or are located or incorporated in any Prohibited Territory or are US Persons |
| “Roslogistics” | the logistics business operated by the Group’s wholly owned subsidiary, Avalon Logistics Company LLC |
| “Rouble” | the lawful currency of the Russian Federation |
| “RRPA” | Raven Russia Property Advisors Limited |
| “RRPM” | Raven Russia Property Management Limited |
| “SDRT” | UK Stamp Duty Reserve Tax |
| “Singer” | Singer Capital Markets Limited, joint financial adviser and broker to Raven Russia |

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| “Statutes” | 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 |
| “Sterling” | the lawful currency of the United Kingdom |
| “subsidiary” | as defined in section 1159 of the 2006 Act |
| “Supplementary Prospectus” | a supplement to the Prospectus produced in accordance with rule 3.4 of the Prospectus Rules |
| “Tender Offer” | the proposed purchase by the Company of 1 in every 40 ordinary Shares at 70 pence per share, further details of which are set out in a circular issued by the Company on 1 May 2012 |
| “Toros Intercompany Loans” | certain intercompany loans owing by CJSC “Toros” (as borrower) to GEV GmbH (as lender) |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland |
| “UK Listing Authority” or “UKLA” | the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA |
| “uncertificated” | 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 |
| “US”, “USA” or “United States” | 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 |
| “US dollar” or “US\$” | US dollars, the lawful currency of the United States |
| “USE” | Unmatched Stock Event |
| “US Investment Company Act” | the US Investment Company Act of 1940, as amended |
| “US Person” | US person within the meaning given to it in Regulation S under the US Securities Act |
| “VAT” | value added tax |
| “Warehouse(s)” | the entire spectrum of both newly-built and existing warehouse buildings, including, but not limited to, high bay logistics buildings, cold storage, industrial and manufacturing factories, light assembly, storage depots, retail warehouses, leisure boxes, multiplexes, supermarkets, exhibition centres, refineries and multi-storey warehouse buildings, any of which may have an office content |
| “Warrant” | a warrant to subscribe for 1 Ordinary Share at 25 pence per Ordinary Share |
| “Warrantholder” | a holder of a Warrant |
| “Warrant Instrument” | the warrant instrument adopted by the Company constituting the Warrants |
| “£” and “p” or “pence” | respectively pounds and pence Sterling |