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

Application will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for admission of the New Ordinary Shares to the Official List and to trading on the Main Market. The New Ordinary Shares will have a premium listing. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence no later than 8.00 a.m. on 2 January 2014. No application has been made or is currently intended to be made for the New Ordinary 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 15 to 21 of this document. All statements regarding the Group's business, financial position and prospects should be viewed in light of such risk factors.

Raven Russia Limited

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

Preference Share Conversion Offer and application for admission of up to 194,832,538 New Ordinary Shares on the Official List and to trading on the Main Market

Sponsor, Joint Financial Adviser and Broker
Nplus1 Singer Advisory LLP

Joint Financial Adviser
Kinmont Limited

Nplus1 Singer Advisory LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority for the conduct of investment business, is acting for the Company and no one else in connection with the Preference Share Conversion Offer, and, accordingly, will not be responsible to anyone other than the Company for providing the protections afforded to clients of N+1 Singer, or for providing advice in relation to the Preference Share Conversion 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 N+1 Singer as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

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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, New Ordinary Shares to, or for the account or benefit of, US Persons or persons within the United States or any other Prohibited Territory. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the United States Investment Company Act 1940 (as amended) or under the applicable securities laws of 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 New Ordinary 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 New Ordinary Shares have been, or will be, applied for in any jurisdiction other than the UK. 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

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings		
Element		
A.1	Introduction	<p>This summary should be read as an introduction to this prospectus.</p> <p>Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.</p>
A.2	Consent for intermediaries	Not applicable – there will be no resale or final placement of securities by financial intermediaries.

Section B – Issuer		
Element		
B.1	Legal and Commercial Name	Raven Russia Limited.
B.2	Domicile/Legal Form/ Legislation/Country of Incorporation	The Company is incorporated with limited liability by shares in Guernsey and is registered under the Law with registered number 43371. The principal legislature under which the Company operates is Companies (Guernsey) Law, 2008, as amended.
B.3	Current Operations/ Principal Activities and Markets	The Company’s strategy is to invest, for the long term, in Warehouse properties in Russia that 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.

		<p>As at 30 June 2013, the Group had completed investment properties with a market value of US\$1,586.3 million, additional phases of existing properties with a market value of US\$92.6 million and a land bank of US\$63.3 million.</p> <p>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 1.4 million sq m. as at 30 June 2013. The investment portfolio also includes a Grade B office block in St. Petersburg.</p> <p>The geographical split of value of the investment portfolio at 30 June 2013 was: Moscow US\$1,152.1 million; St. Petersburg US\$227.8 million; and other regional cities US\$206.4 million. Assets under construction and additional phases of existing properties comprise sites in Moscow and Rostov on Don. The land bank held for development included land in Moscow and St Petersburg and five other regional Russian cities.</p>
B.4a	Significant Trends	<p>The markets in which the Group operates continue to be undersupplied. In Moscow the vacancy rate for Grade A warehousing is below one per cent. and demand for stock continues to outstrip new supply.</p> <p>Prime yields in Moscow are now around 11 per cent. and vary between 12 and 13 per cent. in the regional cities in which the Group operates.</p> <p>As at the date of this document, the investment property portfolio of the Group is now over 97 per cent. let. Annualised net operating income is now US\$192 million. A pre-let agreement has been signed with a large Russian supermarket chain for a build to suit warehouse on the Noginsk site. The lease term is 15 years, build cost is US\$48 million and expected income is US\$8.5 million per annum commencing in 2015.</p> <p>Fully let, the portfolio, including this new build, has an estimated rental value of US\$207 million.</p>
B.5	Description of Issuer's Group	<p>The Company is the principal holding company of the Group. The principal subsidiaries of the Company are Petroestate LLC, CJSC Kulon Development, EG Logistics LLC, CJSC Kulon Istra, Soyuz Invest LLC, Logopark Don LLC, Logopark Ob LLC, Fenix LLC, CJSC Noginsk Vostok, Resource Economia LLC, Kulon Spb LLC, CJSC Toros, League LLC, Dorfin Limited, Raven Russia Property Advisors Limited, Avalon Logistics Company LLC, Delta LLC, Raven Russia (Service Company) Limited and Raven Mount Group Limited.</p>
B.6	Shareholders	<p>The interests of persons (other than the Directors) whom the Company has been notified hold directly or indirectly 3 per cent. or more of (i) the voting rights of the Company which are notifiable under the Disclosure and Transparency Rules and (ii) the Company's Preference Share capital, in each case as at 26 November 2013 (being the latest practicable date before the publication of this document) and as expected to be the case on Admission (assuming the Preference Share Conversion Offer is accepted in full and each Preference Shareholder elects to convert their Entitlement in full) is as follows:</p>

Ordinary Shares*As at 26 November 2013*

<i>Holder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital (%)</i>	<i>On Admission</i>	
			<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>
Members of the Invesco Concert Party	161,574,495	28.93	261,574,491	34.72
Schroder Investment Management	78,471,656	14.05	78,471,656	10.42
Mackenzie Financial Corp	50,107,435	8.97	50,107,435	6.65
JO Hambro Capital	45,435,550	8.13	45,435,550	6.03

Preference Shares*As at 26 November 2013*

<i>Holder</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share capital (%)</i>	<i>On Admission</i>	
			<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>
Members of the Invesco Concert Party	99,999,997	51.33	49,999,999	51.33
Henderson Global Investors	10,126,744	5.20	5,063,372	5.20
Ruffer	8,237,122	4.23	4,118,561	4.23

Save as disclosed, the Company is not aware of any person who, immediately following Admission, will 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.

The persons referred to 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.

The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families in the share capital of the Company:

- (a) which have or will be required to be notified to the Company pursuant to the Disclosure and Transparency Rules; or
- (b) being interests of a person connected (within the meaning of the Disclosure and Transparency Rules) with a Director which would, if such connected person were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director,

were, as at 26 November 2013 (being the latest practicable date before the publication of this document) and are expected to be on Admission (assuming the Preference Share Conversion Offer is accepted in full and each Preference Shareholder elects to convert their Entitlements in full), as follows:

As at 26 November 2013

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>	<i>Number of Warrants</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share Capital (%)</i>
Richard Jewson	139,333	0.02	–	145,154	0.07
Anton Bilton ⁽¹⁾	15,276,771	2.74	11,125,088	25,285,585	12.98
Glyn Hirsch ⁽¹⁾	3,032,274	0.54	2,292,817	4,173,033	2.14
Mark Sinclair ⁽¹⁾	2,002,774	0.36	–	678,022	0.35
Colin Smith ⁽¹⁾	324,094	0.06	7,385	434,921	0.22
Christopher Sherwell	33,647	0.01	–	184,282	0.09
Stephen Coe	115,010	0.02	–	61,121	0.03
David Moore	134,573	0.02	–	57,052	0.03
The Cassian and Lily Bilton Trust ⁽²⁾	954,173	0.17	485,987	760,942	0.39
Bilton Family Discretionary Settlement Trust ⁽³⁾	2,073,196	0.37	500,932	1,951,947	1.00

Notes:

- (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 Cassian and Lily Bilton Trust's 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).
- (3) The Bilton Family Discretionary Settlement Trust's 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.

On Admission

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>	<i>Number of Warrants</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share Capital (%)</i>
Richard Jewson	284,487	0.04	–	72,577	0.07
Anton Bilton ⁽¹⁾	40,562,355	5.38	11,125,088	12,642,793	12.98
Glyn Hirsch ⁽¹⁾	7,205,306	0.96	2,292,817	2,086,517	2.14
Mark Sinclair ⁽¹⁾	2,680,796	0.36	–	339,011	0.35
Colin Smith ⁽¹⁾	759,014	0.10	7,385	217,461	0.22
Christopher Sherwell	217,929	0.03	–	92,141	0.09
Stephen Coe	176,130	0.02	–	30,561	0.03
David Moore	191,625	0.03	–	28,526	0.03
The Cassian and Lily Bilton Trust ⁽²⁾	1,715,115	0.23	485,987	380,471	0.39
Bilton Family Discretionary Settlement Trust ⁽³⁾	4,025,142	0.53	500,932	975,974	1.00

Notes:

- (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 Cassian and Lily Bilton Trust's 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).
- (3) The Bilton Family Discretionary Settlement Trust's 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.

B.7 Selected key historical financial information

CONSOLIDATED INCOME STATEMENT

	<i>Year ended 31 December</i>			<i>Six months ended 30 June</i>	
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net rental and related income	61,075	91,654	136,482	53,416	88,089
Administrative expenses	(31,364)	(27,240)	(32,978)	(18,160)	(15,140)
Share-based payments and other long term incentives	(6,427)	(6,099)	(16,609)	(8,934)	(4,288)
Foreign currency profits/(losses)	1,985	(562)	(2,467)	1,509	1,915
Operating profit before profits and losses on investment property	25,269	57,753	84,428	27,831	70,576
Unrealised profit on investment property and investment property under construction	79,251	143,673	64,359	40,411	40,452
Profit/(loss) on disposal of investment property	12,178	(1,158)	-	-	-
Operating profit	116,698	200,268	148,787	68,242	111,028
Finance income	3,853	2,197	6,666	2,871	9,383
Finance expense	(64,839)	(73,549)	(92,613)	(41,513)	(52,150)
Profit before tax	55,712	128,916	62,840	29,600	68,261
Tax	(14,227)	(40,553)	(33,426)	(9,519)	(13,857)
Profit for the period	41,485	88,363	29,414	20,081	54,404
Analysis of profit for the period:					
Underlying earnings	(21,207)	947	30,267	14,107	27,799
Capital and other	62,692	87,416	(853)	5,974	26,605
	41,485	88,363	29,414	20,081	54,404
Earnings per share (cents):					
Basic	8.41	16.73	5.15	3.51	9.71
Diluted	7.40	15.11	4.92	3.34	9.31
Underlying earnings per share (cents):					
Basic	(4.30)	0.18	5.30	2.47	4.96
Diluted	(4.30)	0.16	5.06	2.35	4.75

CONSOLIDATED BALANCE SHEET

	<i>31 December</i>			<i>30 June</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-current assets				
Investment property	942,950	1,145,090	1,495,673	1,575,538
Investment property under construction	106,741	101,458	149,450	158,090
Other non-current assets	97,268	92,480	98,102	98,434
	1,146,959	1,339,028	1,743,225	1,832,062
Current assets				
Trade and other receivables	34,737	43,661	87,016	93,465
Other current assets	56,443	51,155	31,133	19,507
Cash	107,641	181,826	191,697	151,750
	198,821	276,642	309,846	264,722
Total assets	1,345,780	1,615,670	2,053,071	2,096,784
Current liabilities				
Interest bearing loans and borrowings	89,845	95,607	121,936	51,202
Other current liabilities	49,620	70,577	93,555	103,777
	139,465	166,184	215,491	154,979
Non-current liabilities				
Interest bearing loans and borrowings	342,205	465,638	645,121	723,004
Preference shares	217,425	218,206	325,875	313,460
Deferred tax liabilities	36,714	69,562	92,014	102,160
Other non-current liabilities	29,607	27,320	85,608	74,099
	625,951	780,726	1,148,618	1,212,723
Total liabilities	765,416	946,910	1,364,109	1,367,702
Net assets	580,364	668,760	688,962	729,082

	31 December			30 June	
	2010	2011	2012	2012	2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity					
Share capital	10,196	11,208	11,131	10,867	10,867
Share premium	55,119	83,454	71,475	51,896	51,896
Warrants	6,033	1,985	1,367	1,329	1,329
Own shares held	(12,241)	(16,222)	(24,145)	(23,324)	(23,324)
Translation reserve	(110,250)	(120,647)	(123,697)	(125,591)	(125,591)
Other reserves	631,507	708,982	752,831	813,905	813,905
Total equity	580,364	668,760	688,962	729,082	729,082
Net asset value per share (dollars):					
Basic	1.16	1.18	1.22	1.33	1.33
Diluted	1.01	1.11	1.14	1.24	1.24
Adjusted net asset value per share (dollars):					
Basic	1.20	1.26	1.34	1.41	1.41
Diluted	1.05	1.19	1.25	1.31	1.31
CONSOLIDATED CASH FLOW STATEMENT					
	Year ended 31 December			Six months ended	
	2010	2011	2012	2012	2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Net cash generated from operating activities	33,138	81,587	120,757	49,561	74,425
Investing activities					
Payments for investment property and investment property under construction	(35,669)	(76,928)	(34,032)	(17,761)	(39,780)
Refunds of VAT on construction	26,646	2,434	6,728	5,779	782
Acquisition of subsidiary undertakings	–	–	(271,245)	(213,127)	(914)
Cash acquired with subsidiary undertakings	–	–	13,930	10,496	–
Proceeds from disposal of investment property	39,917	8,288	–	–	–
Other investing cash flows	3,614	(1,665)	1,440	749	1,254
Net cash generated by/(used in) investing activities	34,508	(67,871)	(283,179)	(213,864)	(38,658)
Financing activities					
Proceeds from long term borrowings	53,594	226,085	239,814	147,814	103,500
Repayment of long term borrowings	(63,622)	(94,224)	(55,703)	(26,504)	(96,552)
Bank borrowing costs paid	(31,611)	(39,965)	(53,169)	(22,681)	(35,793)
Exercise of warrants	1,606	25,299	3,864	2,609	238
Own shares acquired	(8,047)	(8,752)	(30,740)	(16,328)	(19,924)
Own shares disposed	–	4,139	7,949	8,063	–
Issue of preference shares	–	–	94,815	91,491	–
Dividends on preference shares	(24,599)	(25,973)	(31,570)	(13,014)	(16,762)
Ordinary dividends paid	(3,949)	(16,355)	–	–	–
Other financing cash flows	(5,467)	–	(5,101)	–	(1,450)
Net cash (used in)/generated by financing activities	(82,095)	70,254	170,159	171,450	(66,743)
Net (decrease)/increase in cash equivalents	(14,449)	83,970	7,707	7,147	(30,976)
Opening cash and cash equivalents	123,782	107,641	181,826	181,826	191,697
Effect of foreign exchange	(1,692)	(9,785)	2,164	(1,492)	(8,971)
Closing cash and cash equivalents	107,641	181,826	191,697	187,481	151,750

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital US\$'000</i>	<i>Share premium US\$'000</i>	<i>Warrants US\$'000</i>	<i>Own shares held US\$'000</i>	<i>Translation reserve US\$'000</i>	<i>Other reserves US\$'000</i>	<i>Total US\$'000</i>
At 1 January 2010	9,924	46,858	8,584	(13,841)	(112,676)	607,034	545,883
Profit for the year	-	-	-	-	-	41,485	41,485
Other comprehensive income	-	-	-	-	2,426	-	2,426
Total comprehensive income	-	-	-	-	2,426	41,485	43,911
Movements in capital instruments	272	8,261	(2,551)	1,600	-	(19,490)	(11,908)
Ordinary dividends paid	-	-	-	-	-	(3,949)	(3,949)
Share-based payments	-	-	-	-	-	6,427	6,427
At 31 December 2010	<u>10,196</u>	<u>55,119</u>	<u>6,033</u>	<u>(12,241)</u>	<u>(110,250)</u>	<u>631,507</u>	<u>580,364</u>
Profit for the year	-	-	-	-	-	88,363	88,363
Other comprehensive income	-	-	-	-	(10,397)	-	(10,397)
Total comprehensive income	-	-	-	-	(10,397)	88,363	77,966
Movements in capital instruments	1,012	28,335	(4,048)	(3,981)	-	(632)	20,686
Ordinary dividends paid	-	-	-	-	-	(16,355)	(16,355)
Share-based payments	-	-	-	-	-	6,099	6,099
At 31 December 2011	<u>11,208</u>	<u>83,454</u>	<u>1,985</u>	<u>(16,222)</u>	<u>(120,647)</u>	<u>708,982</u>	<u>668,760</u>
Profit for the year	-	-	-	-	-	29,414	29,414
Other comprehensive income	-	-	-	-	(3,050)	-	(3,050)
Total comprehensive income	-	-	-	-	(3,050)	29,414	26,364
Movements in capital instruments	(77)	(11,979)	(618)	(7,923)	-	1,998	(18,599)
Share-based payments	-	-	-	-	-	12,437	12,437
At 31 December 2012	<u>11,131</u>	<u>71,475</u>	<u>1,367</u>	<u>(24,145)</u>	<u>(123,697)</u>	<u>752,831</u>	<u>688,962</u>
Profit for the period	-	-	-	-	-	54,404	54,404
Other comprehensive income	-	-	-	-	4,914	-	4,914
Total comprehensive income	-	-	-	-	4,914	54,404	59,318
Movements in capital instruments	(264)	(19,579)	(38)	821	-	(626)	(19,686)
Share-based payments	-	-	-	-	-	488	488
Other reserve movements	-	-	-	-	(6,808)	6,808	-
At 30 June 2013	<u>10,867</u>	<u>51,896</u>	<u>1,329</u>	<u>(23,324)</u>	<u>(125,591)</u>	<u>813,905</u>	<u>729,082</u>

The results for the period from 1 January 2010 to 30 June 2013 reflect the development and letting of the Group's investment portfolio. At 1 January 2010 the Group had 1 million square metres of investment property which was 50 per cent. let. At 30 June 2013 the investment portfolio had increased to 1.4 million square metres and was 91 per cent. let, increasing to 97 per cent. let with pre let agreements and letters of intent. The growth in completed space comprises the development of additional phases of existing properties and the acquisition of two completed, fully let assets in 2012. This drives the progression of net rental and related income, underlying earnings and the operating cash flows of the business. The steady increase in net assets of the business follows the recovery of property values over the period reviewed. At 1 January 2010 the investment property had a fully let yield of 14.3 per cent. At 30 June 2013, this had improved to 12 per cent.

There has been no significant change in the financial or trading position of the Group since 30 June 2013, the date to which the last unaudited interim financial statements of the Group were prepared up to the date of this document.

B.8	Selected pro forma financial information	Upon Completion, had the Preference Share Conversion Offer been undertaken at 30 June 2013, the Group's adjusted net assets would have increased by US\$157 million and the fully diluted adjusted NAV per Ordinary Share would have decreased by 12 cents (9 per cent.). It is not expected that there will be a material impact on earnings per Ordinary Share as the increase in Ordinary Shares resulting from the Preference Share Conversion Offer will be offset by the reduction in the Preference Share coupon of approximately US\$19 million per annum.
B.9	Profit forecast/estimate	Not applicable – no profit forecasts or estimates have been made.
B.10	Audit report – qualifications	Not applicable – there are no qualifications made in the audit report.
B.11	Insufficient working capital	Not applicable – the Company has sufficient working capital for its present requirements, that is for at least the period of 12 months from the date of this document.

Section C – Securities

Element														
C.1	Description of the Offer	The Company intends to issue up to 194,832,538 New Ordinary Shares, representing approximately 25.9 per cent. of the issued ordinary share capital of the Company immediately following Admission.												
C.2	Currency of Issue	British pounds sterling.												
C.3	Issued Share Capital	<p>As at 26 November 2013 (being the latest practicable date before the publication of this document) the issued fully paid share capital of the Company is:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Class of shares</i></th> <th style="text-align: right;"><i>£</i></th> <th style="text-align: right;"><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> <td style="text-align: right;">5,585,467</td> <td style="text-align: right;">558,546,683</td> </tr> <tr> <td>Preference Shares</td> <td style="text-align: right;">1,948,325</td> <td style="text-align: right;">194,832,539</td> </tr> <tr> <td>Warrants</td> <td style="text-align: right;">–</td> <td style="text-align: right;">26,748,141</td> </tr> </tbody> </table>	<i>Class of shares</i>	<i>£</i>	<i>Number</i>	Ordinary Shares	5,585,467	558,546,683	Preference Shares	1,948,325	194,832,539	Warrants	–	26,748,141
<i>Class of shares</i>	<i>£</i>	<i>Number</i>												
Ordinary Shares	5,585,467	558,546,683												
Preference Shares	1,948,325	194,832,539												
Warrants	–	26,748,141												
C.4	Rights attaching to the Ordinary Shares	<p>The New Ordinary Shares will be credited as fully paid and rank <i>pari passu</i> in all respects with the existing Ordinary Shares in issue on Admission including their right to receive all future dividends or other distributions declared, made or paid after the date of Admission.</p> <p>It is expected that the New Ordinary Shares will be admitted to listing on the Official List and to trading on the Main Market, and dealings in such shares will commence, on 2 January 2014. Up to 194,832,538 New Ordinary Shares are to arise from the conversion of Preference Shares pursuant to the Preference Share Conversion Offer. Fractions of New Ordinary Shares will not be issued. The New Ordinary Shares arising from the conversion of Preference Shares pursuant to the Preference Share Conversion offer will be in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New Ordinary Shares, transfers will be certified against the register.</p>												

C.5	Restrictions on transfer	The Ordinary Shares are freely transferable and there are no restrictions on transfer.
C.6	Admission to trading	Application will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for admission of the New Ordinary Shares to the Official List and to trading on the Main Market. No application has been made or is currently intended to be made for the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.
C.7	Dividend Policy	The Board continues to adopt a progressive distribution policy.

Section D – Risks		
Element		
D.1	Risks that are specific to the Issuer or its industry	<p>Information on the key risks relating to the industry in which the Group operates are:</p> <p><i>General</i></p> <ul style="list-style-type: none"> • The Group’s performance will be subject to the effect of exchange rate fluctuations with respect to the currencies employed by it. • The Group utilises gearing by financing the acquisition and construction of its portfolio through a combination of equity and debt finance. These borrowings are pre-dominantly 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, may have an adverse effect on the Company’s ability to pay dividends to the holders of its Ordinary Shares and Preference Shares. <p><i>Property</i></p> <ul style="list-style-type: none"> • Property investments can be illiquid and more difficult to realise than equities or bonds, especially in an immature property investment market such as Russia. • Falls in rental income as a result of the default of tenants. • The Group’s properties are concentrated in Moscow and St. Petersburg. 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 conditions or results of operations, particularly as the Group has only a limited ability to help offset such a downturn through alternative activities. <p><i>Russia</i></p> <ul style="list-style-type: none"> • The Russian legal system is evolving and judgements can be inconsistent.

		<ul style="list-style-type: none"> • Tax law and practice can change and be subject to differing and unpredictable interpretations by different authorities.
D.3	Risks relating to the Ordinary Shares	<p>Information on the key risks relating to the Ordinary Shares:</p> <ul style="list-style-type: none"> • The value of Ordinary Shares may go down as well as up and investors may not be able to realise their investment. • Sales of a substantial number of Ordinary Shares in the public market could depress the market price of Ordinary Shares • There is no guarantee that the market price of Ordinary Shares will fully reflect the underlying value of the assets held by the Company,

Section E – Offer		
Element		
E.1	Net Proceeds/Expenses	<p>There are no proceeds relating to the Preference Share Conversion Offer.</p> <p>The estimated costs and expenses relating to Admission (including the fees of the FCA, professional fees and expense and the costs of printing and distribution of documents) are expected to amount to approximately £1 million, excluding VAT.</p>
E.2a	Reasons for the offer/Use of Proceeds	<p>The Preference Shares were originally issued in March 2009. At that time, when world markets were unstable, the immediate global outlook was uncertain and the availability of bank credit on sensible commercial terms had disappeared following the banking crisis. At that time also, the Company's Ordinary Shares were trading at a level well below 20 pence per share. In those difficult markets and with the support of the Invesco Funds, the Company was able to raise £76.2 million (gross) through an issue of units (comprising one Preference Share and one Warrant) which secured the Company's position and allowed it to complete its development programme.</p> <p>The Preference Shares have performed well in the low interest rate environment since 2009, offering investors an attractive yield. In June 2011, the listing of the Preference Shares was moved from AIM to the Official List (as a standard listing) and to trading on the Main Market.</p> <p>However, as the Company has continued to complete its developments and to let them successfully, to the point where the entire portfolio is close to being fully let, the Company's net annual income is set to rise significantly and, with it, the ability to increase the distributions to Ordinary Shareholders. At the same time, the Preference Shares represent a large proportion of fixed cost permanent capital, in sterling, in a business with predominantly US dollar earnings. As a result, the Directors believe that it is an appropriate time to offer Preference Shareholders the opportunity to convert some of their Preference Shares into Ordinary Shares.</p>

		<p>The Preference Share Conversion Offer has been structured to provide Preference Shareholders with flexibility to manage their shareholding. Holders of Preference Shares are entitled to convert up to 50 per cent. of their holding into New Ordinary Shares at the ratio of 2 New Ordinary Shares for each Preference Share. They can elect to convert more Preference Shares into New Ordinary Shares to the extent that other Preference Shareholders elect to convert less than their Entitlement. IAML, which is able to control the exercise of all rights attaching to 99,999,997 Preference Shares, representing approximately 51.3 per cent. of the Preference Shares in issue, has irrevocably undertaken to procure the acceptance by the Invesco Funds holding Preference Shares in respect of not less than their respective aggregate Entitlements. Preference Shareholders can simply take no action and retain their existing shareholding. Following completion of the Preference Share Conversion Offer, the Preference Shares will retain their Standard Listing but with a smaller issue size.</p> <p>There are no proceeds relating to the Preference Share Conversion Offer.</p>
<p>E.3</p>	<p>Terms and Conditions of the Offer</p>	<p>Preference Shareholders may accept the Preference Share Conversion Offer in respect of up to half of their existing holding of Preference Shares (rounded down to the nearest whole number of Preference Shares) or none at all. In addition, Preference Shareholders will be able to elect to convert more than their Entitlement to the extent that other Preference Shareholders elect, pursuant to the Share Election, to convert less than their Entitlement. If the number of acceptances under the Preference Share Conversion Offer and elections under the Share Election exceeds 97,416,269 Preference Shares, and if and to the extent that Preference Shareholders elect, pursuant to the Share Election, to convert less than their Entitlement, surplus applications will be accepted in proportion to the number of additional Preference Shares elected so that the total number of Preference Shares accepted under the Preference Share Conversion Offer does not exceed 97,416,269 Preference Shares (equivalent to 194,832,538 New Ordinary Shares).</p> <p>The scaling back will be effected by allocating the 194,832,538 New Ordinary Shares available pursuant to the Preference Share Conversion Offer as follows:</p> <ul style="list-style-type: none"> (a) each Preference Shareholder's acceptance of the Preference Share Conversion Offer up to his Entitlement; and (b) the remaining New Ordinary Shares available pursuant to the Preference Share Conversion Offer, after taking into account the New Ordinary Shares required pursuant to sub-paragraph (a) above, will be allocated between those Preference Shareholders who have accepted the Preference Share Conversion Offer in respect of an amount of New Ordinary Shares in excess of their respective Entitlement in the proportion that the amount of excess New Ordinary Shares elected by the Preference Shareholder (i.e. over his Entitlement) bears to the total amount of excess New Ordinary

		<p>Shares applied for by all such Preference Shareholders (i.e. over the aggregate amount of their Entitlements).</p> <p>Pursuant to the Preference Share Conversion Offer, the Company will convert a maximum of up to 97,416,269 Preference Shares into up to 194,832,538 New Ordinary Shares, representing half the Preference Shares in issue at the Record Date. The Company will be converting a minimum of 63,999,234 Preference Shares into Ordinary Shares under the terms of the Preference Share Conversion Offer.</p> <p>The Preference Share Conversion Offer extends, subject to the terms and conditions set out in the Offer Document, to any Preference Shares unconditionally issued from the date of this document until the closing date of the Preference Share Conversion Offer. Preference Shares that are converted pursuant to the Preference Share Conversion Offer will accrue their Preference Dividend up until 31 December 2013 and such dividend will be paid on 31 December 2013. The New Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer will be credited as fully paid and will rank <i>pari passu</i> in all respects with the existing Ordinary Shares in issue including their right to receive all future dividends or other distributions declared, made or paid after the date of their Admission.</p>
E.4	Material Interests	Not applicable. There are no interests known to the Company, material to the issue of New Ordinary Shares or which are conflicting interests.
E.5	Selling Shareholder/Lock up Arrangement	Not applicable. There are no persons selling securities nor are there any lock-up agreements in respect of the Preference Share Conversion Offer.
E.6	Dilution	Ordinary Shareholders immediately prior to Admission will be diluted by approximately 25.9 per cent. as a result of the Preference Share Conversion Offer assuming the Preference Share Conversion Offer is taken up in full and Ordinary Shareholders who are existing Preference Shareholders do not (or are unable to) participate in the Preference Share Conversion Offer.
E.7	Estimated expenses charged to investor	Not applicable – there are no commissions, fees or expenses to be charged to investors by the Company under the Preference Share Conversion Offer.

RISK FACTORS

An investment in Ordinary Shares involves certain risks. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this document headed “Summary” are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described below and all of the information set forth in this document prior to making any investment decision with respect to the Ordinary 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 Ordinary Shares and it is possible that Ordinary Shareholders could lose all or part of their investment in the Ordinary Shares. The risks below are not the only risks to which the Company may be subject. The Company may be unaware of certain risks or believe certain risks to be immaterial which later prove to be material.

1. GENERAL RISK FACTORS

1.1 *Global economic outlook*

The financial markets deteriorated dramatically following the bankruptcy filing by Lehman Brothers in September 2008 and are still volatile following Europe’s debt crisis. This led to a reducing pool of senior lenders in the Group’s market. Although the situation has stabilised, 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 Ordinary Shares, decreased asset values, write-downs and impairment charges and lower profitability.

1.2 *Currency risk*

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

1.3 *Long-term maintenance of capital*

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

1.4 *Gearing*

The Group utilises gearing by financing the acquisition and construction of its portfolio through a combination of equity and debt finance. These borrowings are pre-dominantly 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, may have an adverse effect on the Company’s ability to pay dividends to the holders of its Ordinary Shares and 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 assets are inherently difficult to value due to the individual nature of each property. 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 *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.

2.5 *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.

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 Putin, but there can be no guarantee that this will be achieved.

3.6 *Legal system*

The volume of new legislation that 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 judgments 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 judgments 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 that 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 ORDINARY SHARES

4.1 *Trading in Ordinary Shares*

Investors should be aware that the value of Ordinary Shares may go down as well as up and that they may not be able to realise their investment. Sales of a substantial number of Ordinary Shares in the public market could depress the market price of the Ordinary Shares.

Although the Company has applied for admission of the New Ordinary 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 Ordinary Shares will be sustained following Admission. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

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

On a return of capital on a winding-up, holders of Ordinary Shares shall be entitled to be paid out of the assets of the Company available for distribution to members only after the claims of creditors of the Company and the holders of Preference Shares have been settled.

4.3 ***Dividends***

The ability of the Company to pay a dividend on the Ordinary Shares 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 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 any dividend payment is to be authorised, or at any time before any 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 Ordinary Shares.

4.4 ***Net asset value***

There is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying value of the assets held by the Company. As well as being affected by the underlying value of the assets held, the market value of the Ordinary Shares will, amongst other factors, be influenced by the market price of the Ordinary Shares and the supply and demand for the Ordinary Shares in the market. As such, the market value of the Ordinary Shares may vary considerably from the underlying value of the Group's assets.

4.5 ***Volatility***

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary 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.

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 15 to 21 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 Ordinary Shares can go down as well as up and Ordinary Shareholders may not realise the value of their initial investment.

General

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

In connection with the Preference Share Conversion Offer, N+1 Singer and any of its affiliates acting as an investor for its or their own account(s) may receive New Ordinary Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the New Ordinary Shares, any other securities of the Company or other related investments in connection with the Preference Share Conversion Offer or otherwise. Accordingly, references in this Prospectus to the New Ordinary Shares being offered, received, acquired or otherwise dealt with should be read as including any offer to sell, or receipt, acquisition or dealing by N+1 Singer and any of its affiliates acting as an investor for its or their own account(s). N+1 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 N+1 Singer to issue any advertisement or to give any information or to make any representations in connection with the Preference Share Conversion Offer, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors or N+1 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 Ordinary Shares and/or Existing Ordinary Shares, (b) any foreign exchange restrictions applicable to the purchase, receipt, holding, transfer, redemption or other disposal of New Ordinary Shares and/or Existing Ordinary 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 Ordinary Shares and/or Existing Ordinary 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 behaviour 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, England and Wales and Russia 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 Ordinary Shares. The business, financial condition and prospects of the Company could have changed since that date. Except as required by the FCA, 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 Ordinary 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 New Ordinary 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 any offering of New Ordinary 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 Ordinary Shares and the distribution of this Prospectus under the laws and regulations of any territory in connection with any applications for New Ordinary 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 New Ordinary 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, New Ordinary 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 accept New Ordinary 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 New Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares or an invitation to accept New Ordinary 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 or the Offer Document do not form part of this Prospectus.

DIRECTORS, SECRETARY AND ADVISERS

Directors	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>) Christopher Wade Sherwell (<i>Non-Executive Director</i>) Stephen Charles Coe (<i>Non-Executive Director</i>) David Christopher Moore (<i>Non-Executive Director</i>) <i>Further information on the Directors is contained in paragraph 3 of Part 2 of this document</i>
Company Secretary	Benn Garnham
Registered Office, Principal Place of Business of the Company and Business Address of the Directors	1 Le Truchot St. Peter Port Guernsey GY1 6EH Channel Islands
Website address	www.ravenrussia.com
Sponsor, Joint Financial Adviser and Broker	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX United Kingdom
Joint Financial Adviser	Kinmont Limited 5 Clifford Street London W1S 2LG United Kingdom
UK Solicitors to the Company	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
Guernsey Advocates to the Company	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom

Registrars	<p>Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH Channel Islands</p>
UK Transfer Agent and Receiving Agent	<p>Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom</p>
Bankers	<p>Royal Bank of Scotland International Royal Bank Place St. Peter Port Guernsey GY1 4BQ Channel Islands</p> <p>Barclays Le Marchant House Le Truchot St Peter Port Guernsey GY1 3BE Channel Islands</p>
Valuer	<p>Jones Lang LaSalle LLC Kosmodamianskaya NAB 52/3 Korp 3 Moscow 115054 Russia</p>

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Preference Share Conversion Offer	27 November 2013
Publication of this document and posting of the Circular to Ordinary Shareholders and the Offer Document to Preference Shareholders	27 November 2013
Latest time and date for receipt of Forms of Acceptance and/or TTE Instructions from Preference Shareholders	1.00 p.m. on 20 December 2013
Closing date of the Preference Share Conversion Offer	1.00 p.m. on 20 December 2013
Preference Share Conversion Offer Record Date	5.00 p.m. on 20 December 2013
Latest time and date for receipt of Forms of Proxy and/or CREST Proxy Instructions	10.00 a.m. on 21 December 2013
General Meeting	10.00 a.m. on 23 December 2013
Announcement of the results of the Preference Share Conversion Offer	by 8.00 a.m. on 24 December 2013
Expected completion date of the Preference Share Conversion Offer, Admission and commencement of dealings on the London Stock Exchange's main market	by 8.00 a.m. on 2 January 2014
CREST accounts credited with the New Ordinary Shares and/or revised holdings of Preference Shares	by 2 January 2014
Despatch of definitive share certificates in respect of the New Ordinary Shares and balance share certificates for unconverted Preference Shares	by 16 January 2014

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

PREFERENCE SHARE CONVERSION OFFER STATISTICS

Number of Ordinary Shares in issue on the date of this document	558,546,683
Number of Preference Shares in issue on the date of this document	194,832,539
Number of Preference Shares to be converted into Ordinary Shares pursuant to the Preference Share Conversion Offer*	97,416,269
Number of New Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer*	194,832,538
Percentage of Enlarged Ordinary Share Capital represented by the number of New Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer*	25.9%
Number of Ordinary Shares in issue following completion of the Preference Share Conversion Offer*	753,379,221
Number of Preference Shares in issue following completion of the Preference Share Conversion Offer*	97,416,270

* Assuming that the Preference Share Conversion Offer is accepted in full.

PART 1

INFORMATION ON THE PREFERENCE SHARE CONVERSION OFFER

1. INTRODUCTION

The Board today announced that it is making an offer to Preference Shareholders in relation to their Preference Shares. Under the offer, the Company is offering Preference Shareholders the opportunity to convert each Preference Share held by them into 2 New Ordinary Shares. Preference Shareholders will, as a minimum, be entitled to convert up to half of their Preference Shares into Ordinary Shares on such basis but may apply to convert more Preference Shares into Ordinary Shares. Such excess applications will be dealt with as described below.

The implementation of the Preference Share Conversion Offer requires the approval of Ordinary Shareholders and also the approval of both the Invesco Independent Shareholders and the Bilton Independent Shareholders because (i) the potentially increased ordinary shareholding of the Invesco Funds as a consequence of the Preference Share Conversion Offer requires a Rule 9 Waiver under the Takeover Code, and (ii) the Invesco Funds who hold Preference Shares and Anton Bilton and certain of his associates will participate in the Preference Share Conversion Offer on the basis set out in paragraph 7 below, and each such participation will constitute a 'related party transaction' pursuant to chapter 11 of the Listing Rules.

The purpose of this document is to provide Preference Shareholders with details of the Company and of the New Ordinary Shares which they will receive if they participate in the Preference Share Conversion Offer. The Company has sent to Preference Shareholders today the Offer Document (and, as necessary, a Form of Acceptance) which sets out the detailed terms of the Preference Share Conversion Offer and the procedure for participating in the Preference Share Conversion Offer. The Company has also sent to Ordinary Shareholders the Circular providing details of the Preference Share Conversion Offer which contains a Notice convening the General Meeting for the purposes of putting to Ordinary Shareholders the resolutions required to implement the Preference Share Conversion Offer. If certain of the Resolutions are not passed with the requisite majorities, the Preference Share Conversion Offer will not proceed.

2. BACKGROUND TO AND REASONS FOR THE PREFERENCE SHARE CONVERSION OFFER

The Preference Shares were originally issued in March 2009. At that time, when world markets were unstable, the immediate global outlook was uncertain and the availability of bank credit on sensible commercial terms had disappeared following the banking crisis. At that time also, the Company's Ordinary Shares were trading at a level well below 20 pence per share. In those difficult markets and with the support of the Invesco Funds, the Company was able to raise £76.2 million (gross) through an issue of units (comprising one Preference Share and one Warrant) which secured the Company's position and allowed it to complete its development programme.

The Preference Shares have performed well in the low interest rate environment since 2009, offering investors an attractive yield. In July 2011, the listing of the Preference Shares was moved from AIM to the Official List (as a standard listing) and to trading on the Main Market.

However, as the Company has continued to complete its developments and to let them successfully, to the point where the entire portfolio is close to being fully let, the Company's net annual income is set to rise significantly and, with it, the ability to increase the distributions to Ordinary Shareholders. At the same time, the Preference Shares represent a large proportion of fixed cost permanent capital, in sterling, in a business with predominantly US dollar earnings. As a result, the Directors believe that it is an appropriate time to offer Preference Shareholders the opportunity to convert some of their Preference Shares into Ordinary Shares.

For Ordinary Shareholders, the Directors believe that the advantages of the Preference Share Conversion Offer are as follows:

- the Company’s capital base will be more appropriately balanced with the replacement of a large proportion of fixed cost sterling capital with variable cost capital, resulting in a significant lowering of the Company’s risk profile;
- greater liquidity in the Ordinary Shares through a larger issue size;
- with the increase in issue size, the Company will potentially become eligible for inclusion in the FTSE 250 Index; and
- as a result of all of the above the Company should be more attractive to existing and new investors.

The Directors believe that the Preference Share Conversion Offer is in the Company’s best interests and are recommending that Ordinary Shareholders vote in favour of the relevant resolutions at the General Meeting convened for that purpose, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares (save for Anton Bilton who has undertaken not to vote, and to take all reasonable steps to ensure that his associates will not vote, on the Bilton Resolution). In particular, the Directors consider that the improvement in capital structure and risk profile of the Company, and the benefit to earnings of up to £11.6 million, more than offsets the dilution to pro forma NAV per Ordinary Share.

The Board has consulted with a number of the Company’s largest institutional Ordinary Shareholders regarding the Preference Share Conversion Offer and has received irrevocable undertakings and letters of intent to vote in favour of Resolutions at the General Meeting from institutional Ordinary Shareholders representing approximately 53.38 per cent. of the Company’s existing issued share capital (save for the resolutions for which IAML has undertaken not to vote where the Company has received letters of intent to vote in favour from 34.41 per cent. of Invesco Independent Shareholders). The Directors and certain Bilton Shareholders have also irrevocably undertaken to vote in favour of the Resolutions in respect of their individual holdings at the date of the General Meeting (save for Anton Bilton who has undertaken to the Company not to vote his Ordinary Shares on the Bilton Resolution and to take all reasonable steps to ensure that his associates will not vote on the Bilton Resolution).

For Preference Shareholders, the Directors believe that the advantages of the Preference Share Conversion Offer are as follows:

- the opportunity to convert a proportion of their Preference Shares into New Ordinary Shares at a small premium to the current Preference Share price;
- the potential for increased income over time as the distribution on the Ordinary Shares increases;
- conversion into a share with more liquidity and with greater participation in the Group’s longer term potential through capital growth; and
- the ability to restructure their holdings of Preference Shares into a mix of Ordinary and Preference Shares to meet individual needs.

The Preference Share Conversion Offer has been structured to provide Preference Shareholders with flexibility to manage their shareholding. Holders of Preference Shares are entitled to convert up to 50 per cent. of their holding into New Ordinary Shares at the ratio of 2 New Ordinary Shares for each Preference Share. In addition, they can elect to convert more Preference Shares into New Ordinary Shares to the extent that other Preference Shareholders elect to convert less than their Entitlement. IAML, which is able to control the exercise of all rights attaching to 99,999,997 Preference Shares, representing approximately 51.3 per cent. of the Preference Shares in issue, has irrevocably undertaken to procure the acceptance by the Invesco Funds holding Preference Shares in respect of not less than their respective aggregate Entitlements. In addition, Preference Shareholders can simply take no action and retain their existing shareholding. Following completion of the Preference Share Conversion Offer, the Preference Shares will retain their Standard Listing but with a smaller issue size. The Directors are making no recommendation to Preference Shareholders as to participation in the Preference Share Conversion Offer itself. Whether or not Preference Shareholders wish to participate will depend on their own individual circumstances, including their tax position.

3. DETAILS OF THE PREFERENCE SHARE CONVERSION OFFER

On the terms and subject to the conditions set out in the Offer Document, the Company is offering Preference Shareholders the right to convert up to half their holding of Preference Shares into New Ordinary Shares on the following basis:

For each Preference Share, 2 New Ordinary Shares

The closing middle market quotations for an Ordinary Share and a Preference Share (as derived from the Daily Official List of the London Stock Exchange) on 26 November 2013 (being the latest practicable date prior to the publication of this document) were:

- 79.25p in respect of an Ordinary Share; and
- 149.25p in respect of a Preference Share.

Preference Shareholders may accept the Preference Share Conversion Offer in respect of up to half of their existing holding of Preference Shares (rounded down to the nearest whole number of Preference Shares) or none at all. In addition, Preference Shareholders will be able to elect to convert more than their Entitlement to the extent that other Preference Shareholders elect, pursuant to the Share Election, to convert less than their Entitlement. If the number of acceptances under the Preference Share Conversion Offer and elections under the Share Election exceeds 97,416,269 Preference Shares, and if and to the extent that Preference Shareholders elect, pursuant to the Share Election, to convert less than their Entitlement, surplus applications will be accepted in proportion to the number of additional Preference Shares elected so that the total number of Preference Shares accepted under the Preference Share Conversion Offer does not exceed 97,416,269 Preference Shares (equivalent to 194,832,538 New Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer).

The scaling back will be effected by allocating the 194,832,538 New Ordinary Shares available pursuant to the Preference Share Conversion Offer as follows:

- (a) each Preference Shareholder's acceptance of the Preference Share Conversion Offer up to his Entitlement; and
- (b) the remaining New Ordinary Shares available pursuant to the Preference Share Conversion Offer, after taking into account the New Ordinary Shares required pursuant to sub-paragraph (a) above, will be allocated between those Preference Shareholders who have accepted the Preference Share Conversion Offer in respect of an amount of New Ordinary Shares in excess of their respective Entitlement in the proportion that the amount of excess New Ordinary Shares elected by the Preference Shareholder (i.e. over his Entitlement) bears to the total amount of excess New Ordinary Shares applied for by all such Preference Shareholders (i.e. over the aggregate amount of their Entitlements).

Pursuant to the Preference Share Conversion Offer, the Company will convert a maximum of up to 97,416,269 Preference Shares into up to 194,832,538 New Ordinary Shares, representing half the Preference Shares in issue at the Record Date.

Ordinary Shareholders immediately prior to Admission will be diluted by approximately 25.9 per cent. as a result of the Preference Share Conversion Offer assuming the Preference Share Conversion Offer is taken up in full and Ordinary Shareholders who are existing Preference Shareholders do not (or are unable to) participate in the Preference Share Conversion Offer.

As noted in paragraph 2 above, IAML which is able to control the exercise of all rights attaching to 99,999,997 Preference Shares, representing approximately 51.3 per cent. of the Preference Shares in issue, has irrevocably undertaken to procure the acceptance by the Invesco Funds holding Preference Shares in respect of not less than their respective aggregate Entitlements. In addition, Anton Bilton, Deputy Chairman of Raven Russia and certain of his associates who are Preference Shareholders, and who together have an aggregate beneficial interest in 27,998,474 Preference Shares, have each irrevocably undertaken to elect to convert their respective aggregate Entitlements pursuant to the Preference Share Conversion Offer. As a result of such irrevocable undertakings and prior to any other acceptances of the Preference Share Conversion Offer or applications in excess of Preference Shareholders' Entitlements being taken into account, the Company will be converting a minimum of 63,999,234 Preference Shares into Ordinary Shares under the terms of the Preference Share Conversion Offer.

The Preference Share Conversion Offer extends, subject to the terms and conditions set out in the Offer Document, to any Preference Shares unconditionally issued from the date of this document until the closing date of the Preference Share Conversion Offer. Preference Shares that are converted pursuant to the Preference Share Conversion Offer will accrue their Preference Dividend up until 31 December 2013 and such dividend will be paid on 31 December 2013.

4. THE NEW ORDINARY SHARES

The New Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Offer will be credited as fully paid and rank *pari passu* in all respects with the existing Ordinary Shares in issue on Admission, including their right to receive all future dividends or other distributions declared, made or paid after the date of Admission.

It is expected that the New Ordinary Shares will be admitted to listing on the Official List and to trading on the Main Market, and dealings in such shares will commence, on 2 January 2014. Up to 194,832,538 New Ordinary Shares are to arise as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer. Fractions of New Ordinary Shares will not be issued. The New Ordinary Shares will be in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New Ordinary Shares, transfers will be certified against the register.

5. IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT IN RESPECT OF THE PREFERENCE SHARE CONVERSION OFFER AND VOTING IN FAVOUR OF THE RESOLUTIONS

Preference Share Conversion Offer

The Company has received irrevocable undertakings from certain Preference Shareholders to accept or procure the acceptance of the Preference Share Conversion Offer, as follows:

<i>Preference Shareholder</i>	<i>Number of Preference Shares held</i>	<i>Number of Preference Shares undertaken to apply for conversion pursuant to the Preference Share Conversion Offer</i>
IAML ⁽¹⁾	99,999,997	49,999,998
Bilton Shareholders ⁽²⁾	27,998,474	13,999,236
Total	127,998,471	63,999,234

(1) IAML is discretionary manager of the Invesco Funds who are the beneficial owners of the Preference Shares. IAML has irrevocably undertaken to procure the acceptance by the Invesco Funds holding Preference Shares in respect of not less than their respective aggregate Entitlements.

(2) being Anton Bilton, the trustees of the Cassian and Lily Bilton Trust, the trustees of the Bilton Family Discretionary Trust, The Organon Sipp re: AJG Bilton and Praxis Trustees Limited and Truchot Trustees Limited in respect of Anton Bilton EFRBS.

General Meeting

The Company has received irrevocable undertakings and letters of intent from certain Ordinary Shareholders to vote in favour of the Resolutions as follows:

Irrevocable undertakings

IAML who, as at 26 November 2013 (being the latest practicable date prior to the publication of this document) is able to control the exercise of all the rights attaching to the 161,574,495 Ordinary Shares held by the Invesco Funds (representing 28.93 per cent. of the existing issued Ordinary Shares) has irrevocably undertaken:

- (a) to vote (or procure that the Ordinary Shares held by (or on behalf of) each of the Invesco Funds are voted) in favour of the Resolutions (other than the Invesco Resolution and the Waiver Resolution); and

- (b) not to vote or cast (and to procure that no votes attaching to the Ordinary Shares held by (or on behalf of) each of EIT, IPDF, IPHIF, IPEP, TSIP, SNIDF, SSMUT, SNEF, SEEF and SHUIT are voted or cast) in favour of the Invesco Resolution and the Waiver Resolution.

The Bilton Shareholders (being Anton Bilton, the trustees of the Cassian and Lily Bilton Trust, the trustees of the Bilton Family Discretionary Trust, The Organon Sipp re: AJG Bilton and Praxis Trustees Limited and Truchot Trustees Limited in respect of Anton Bilton EFRBS) who as at 26 November 2013 (being the latest practicable date prior to the publication of this document) are interested in 18,304,140 Ordinary Shares (representing 3.28 per cent. of the existing issued Ordinary Shares) have irrevocably undertaken:

- (a) to vote in favour of the Resolutions (other than the Bilton Resolution) in respect of their individual holdings of Ordinary Shares at the date of the General Meeting (or to procure that such Ordinary Shares are voted in favour of the Resolutions (other than the Bilton Resolution)); and
- (b) not to vote or cast (and to procure that no votes attaching to such Ordinary Shares are voted or cast) in favour of the Bilton Resolution.

Barclays Trustees (Guernsey) Limited on behalf of Raven Russia Employee Benefit Trust No.1 who, as at 26 November 2013 (being the latest practicable date prior to the publication of this document), are interested in 23,206,155 Ordinary Shares (representing 4.15 per cent. of the existing issued Ordinary Shares), have irrevocably undertaken:

- (a) to vote in favour of the Resolutions in respect of their holding of Ordinary Shares at the date of the General Meeting (other than any such Ordinary Shares held for the benefit of (or allocated or vested in the name of) Anton Bilton); and
- (b) not to vote or cast (and to procure that no votes are cast) in respect of any Ordinary Shares held for the benefit of (or allocated or vested in the name of) Anton Bilton in favour of the Bilton Resolution.

In addition, the Directors (excluding Anton Bilton) who as at 26 November 2013 (being the latest practicable date prior to the publication of this document) are interested in 5,781,705 Ordinary Shares (representing 1.04 per cent. of the existing issued Ordinary Shares) have also irrevocably undertaken to vote in favour of the Resolutions in respect of their individual holdings of Ordinary Shares at the date of the General Meeting.

Letters of intent

<i>Ordinary Shareholder</i>	<i>Number of Ordinary Shares in respect of which the letter of intent relates</i>	<i>Percentage of existing issued Ordinary Shares (%)</i>
Schroder Investment Management Limited	68,709,124	12.30
J O Hambro Capital Management Limited	46,385,550	8.30
Majedie Asset Management Limited	12,576,469	2.25
Ruffer LLP	8,916,680	1.60
Total	<u>136,587,823</u>	<u>24.45</u>

IAML is able to control the exercise of all rights attaching to the 161,574,495 Ordinary Shares held by the Invesco Funds. In compliance with the Listing Rules, none of the Invesco Concert Party will be permitted to vote such Ordinary Shares on the Invesco Resolution and IAML has undertaken to the Company not to vote (and to take all reasonable steps to ensure that none of its associates will vote) on the Invesco Resolution at the General Meeting. In addition, in compliance with the Takeover Code, none of the Invesco Concert Party will be permitted to vote on the Waiver Resolution at the General Meeting and IAML has undertaken to the Company not to vote (and to take all reasonable steps to ensure that none of its associates (as such term is defined in the Listing Rules) will vote) on the Waiver Resolution.

Anton Bilton has undertaken to the Company not to vote the Ordinary Shares he holds at the date of the General Meeting on the Bilton Resolution and to take all reasonable steps to ensure that his associates will not vote on the Bilton Resolution.

6. RULE 9 OF THE TAKEOVER CODE AND THE BACKGROUND TO RULE 9 WAIVER

The terms of the Preference Share Conversion Offer gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are described below.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover 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 Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

Rule 9 of the Takeover Code also provides, *inter alia*, that where any person, together with any persons acting in concert with him, holds shares carrying not less than 30 per cent. but not more than 50 per cent. of a company's voting rights, a general offer will be required if any further interest in shares is acquired by any such person. The Panel will also deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares carrying 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. not more than 50 per cent., an acquisition which increases his percentage holding of interests in shares in that company.

An offer under Rule 9 of the Takeover Code must be made in cash and at the highest price paid in the preceding 12 months for any shares in the Company by the person required to make the offer or any persons acting in concert with him.

For the purposes of the Takeover Code, a concert party arises where persons acting in concert pursuant to an agreement or understanding (whether formal or informal) actively co-operate, to obtain or consolidate control of a company. Control means a holding, or aggregate holdings, of interests in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code), irrespective of whether the holding or holdings give *de facto* control.

On completion of the Preference Share Conversion Offer and in light of the irrevocable undertaking provided by IAML in respect of Preference Shares held by members of the Invesco Concert Party as referred to above, the Invesco Funds will be interested in Ordinary Shares representing between approximately 34.72 and 43.59 per cent. of the Company's issued ordinary voting share capital (depending on whether those Invesco Funds holding Preference Shares elect to convert more of their respective Preference Shares over and above their relevant Entitlements and assuming no acceptances under the Preference Share Conversion Offer other than by the Invesco Funds and those persons providing irrevocable undertakings to accept the Preference Share Conversion Offer as set out in paragraph 5 above). In circumstances where: (i) those Invesco Funds holding Preference Shares elect to convert all of their respective Preference Shares pursuant to the Preference Share Conversion Offer, (ii) no Warrantholder exercises its Warrants, and (iii) the Company utilises in full its existing Market Purchase Authority, and in doing so, no Ordinary Shares of any member of the Invesco Concert Party are repurchased, the maximum potential aggregate interest of members of the Invesco Concert Party in the Company's issued ordinary share capital on Admission, will be over Ordinary Shares carrying 46.34 per cent. of the Company's voting rights. The Panel has agreed, however, to waive the obligation on the members of the Invesco Concert Party to make a general offer that would otherwise arise as a result of the increased holding of interests in Ordinary Shares following their participation in the Preference Share Conversion Offer, provided the approval, on a poll, of the Invesco Independent Shareholders is obtained at the General Meeting. Accordingly, the Waiver Resolution is being proposed at the General Meeting and will be taken on a poll. The Invesco Funds will not be entitled to vote on the Waiver Resolution.

Following Admission, the Invesco Funds' interest in the Company's voting share capital will increase above its current percentage to between 34.72 and 43.59 per cent. (but will not exceed 50 per cent.). Any further increase in that interest will be subject to the provisions of Rule 9.

For the avoidance of doubt, the Rule 9 Waiver applies only in respect of the increase in holdings of Ordinary Shares by members of the Invesco Concert Party resulting from the Preference Share Conversion Offer and not in respect of other increases in their respective holdings. No member of the Invesco Concert Party has taken part in any decision of the Board relating to the proposal to seek the Rule 9 Waiver.

7. RELATED PARTY TRANSACTIONS

The Invesco Funds are, taken together, substantial Ordinary Shareholders of the Company for the purposes of chapter 11 of the Listing Rules. Anton Bilton is Deputy Chairman of Raven Russia and the other Bilton Shareholders are associates of his for the purpose of chapter 11 of the Listing Rules. The Invesco Funds and the Bilton Shareholders are therefore considered to be related parties for the purposes of chapter 11 of the Listing Rules. As noted in paragraphs 3 and 5 above, IAML and the Bilton Shareholders have given irrevocable undertakings to participate (or, in the case of IAML, procure the participation by the relevant Invesco Funds) in the Preference Share Conversion Offer. Under chapter 11 of the Listing Rules, the participation by those members of the Invesco Concert Party and the Bilton Shareholders in the Preference Share Conversion Offer constitute related party transactions and will require the approval of Invesco Independent Shareholders, in the case of the participation by the Invesco Funds, and the Bilton Independent Shareholders, in the case of the Bilton Shareholders' participation. This is the purpose of Resolutions 3 and 4 in the Notice set out at the end of the Circular.

8. GENERAL MEETING

The implementation of the Preference Share Conversion Offer, the related requirement for a Rule 9 Waiver and the participation by both the Invesco Funds and the Bilton Shareholders in the Preference Share Conversion Offer all require Ordinary Shareholders' approval in order for Raven Russia to proceed with the Preference Share Conversion Offer. Notice of the General Meeting, to be held at the offices of the Company, 1 Le Truchot, St. Peter Port, Guernsey GY1 6EH at 10.00 a.m. on 23 December 2013, is set out at the end of the Circular, at which the Resolutions will be proposed, a summary of which is set out below.

Resolutions

1. A special resolution to amend the Articles to allow the conversion of Preference Shares into Ordinary Shares.
2. An ordinary resolution to approve the conversion of each Preference Share validly accepted by the Company pursuant to the Preference Share Conversion Offer into two Ordinary Shares (which is expressed to apply conditionally upon the passing of resolution 1).
3. An ordinary resolution to approve the proposed participation by members of the Invesco Concert Party in the Preference Share Conversion Offer (as explained in paragraph 7 above);
4. An ordinary resolution to approve the proposed participation by the Bilton Shareholders in the Preference Share Conversion Offer (as explained in paragraph 7 above);
5. An ordinary resolution of the Invesco Independent Shareholders (taken on a poll) to approve the Rule 9 Waiver in connection with the additional Ordinary Shares that will be held by the Invesco Funds as a result of the participation of certain of them in the Preference Share Conversion Offer (as explained in paragraph 6 above); and
6. A special resolution to increase the pre-emption disapplication which is due to come into force on 23 March 2014 (and which was approved at the Company's annual general meeting on 7 May 2013) to take into account the increased number of Ordinary Shares in issue following completion of the Preference Shares Conversion Offer. The Articles contain pre-emption rights which require that, in the event that the Company issues equity securities (as defined in the Articles) for cash, such equity securities shall first be offered pre-emptively to existing Ordinary Shareholders before they may be offered to third parties (unless such rights have been disapplied by a special resolution). It is proposed, in the event that the Preference Share Conversion Offer proceeds, to replace the Existing Disapplication with an increased disapplication so that the disapplication will be appropriate having regard to the increased issued ordinary share capital of the Company following completion of the Preference Share Conversion Offer, i.e. up to 10 per cent of the Enlarged Ordinary Share Capital. In the event that the Preference Share Conversion Offer is accepted in full, the disapplication will apply in respect of 75,337,922 Ordinary Shares representing approximately 10 per cent. of the Enlarged Ordinary Share Capital. Prior to 23 March 2014, the current pre-emption disapplication that was

passed on 24 March 2009 (as amended at the Company's AGM held on 16 May 2011) will continue to apply.

The full text of each Resolution is set out in the Notice of General Meeting at the end of the Circular. In the event that any of Resolutions 1 to 5 are not passed, the Preference Share Conversion Offer will not proceed.

9. RUSSIAN PROPERTY MARKET OVERVIEW AND TRADING UPDATE

The markets in which the Group operates continue to be undersupplied. In Moscow the vacancy rate for Grade A warehousing is below one per cent. and demand for stock continues to outstrip new supply.

Prime yields in Moscow are now around 11 per cent. and vary between 12 and 13 per cent. in the regional cities in which the Group operates.

As at the date of this document, the investment property portfolio of the Group is now over 97 per cent. let. Annualised net operating income is now US\$192 million.

A pre-let agreement has been signed with a large Russian supermarket chain for a build to suit warehouse on the Noginsk site. The lease term is 15 years, build cost is US\$48 million and expected income is US\$8.5 million per annum commencing in 2015.

Fully let, the portfolio, including this new build, has an estimated rental value of US\$207 million.

10. ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in Parts 2 to 8 of this document and the terms of the Preference Share Conversion Offer in the Offer Document.

Instructions as to how to participate in the Preference Share Conversion Offer are contained in the Offer Document.

PART 2

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 £76.2 million (gross) through a placing of units (each consisting of one Preference Share and one Warrant); £75 million of this amount was raised through the issue of units to Invesco. At the same time, the Company commenced the acquisition of Raven Mount, which completed in July 2009. The acquisition was funded by the issue of units to the shareholders of Raven Mount, which valued the entire issued share capital of Raven Mount at £65 million.

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

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.

In June 2012, the Company raised a further £65 million through a placing of Preference Shares. At the same time, the Company completed the acquisition of Pushkino Logistics Park for a consideration of approximately US\$215 million.

2. THE BUSINESS

The Company’s strategy is to invest, for the long term, in Warehouse properties in Russia that 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 30 June 2013, the Group had completed investment properties with a market value of US\$1,586.3 million, additional phases of existing properties with a market value of US\$92.6 million and a land bank of US\$63.3 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 1.4 million sq m. as at 30 June 2013. The investment portfolio also includes a Grade B office block in St. Petersburg.

The geographical split of value of the investment portfolio at 30 June 2013 was: Moscow US\$1,152.1 million; St. Petersburg US\$227.8 million; and other regional cities US\$206.4 million. Assets under construction and additional phases of existing properties comprise sites in Moscow and Rostov on Don. The land bank held for development included land in Moscow and St Petersburg and five other regional Russian cities.

3. DIRECTORS AND EMPLOYEES

Directors

Richard Jewson, *Non-Executive Chairman (aged 69)*

Richard Jewson holds a number of non-executive positions. He is currently Chairman of Tritax Big Box REIT plc (currently undertaking an IPO) and Archant Limited and a non-executive director of Temple Bar

Investment Trust plc. Richard has recently retired from Grafton Group plc after 18 years on the board. Previously Richard joined Jewson, the timber and building merchant, in 1965 becoming 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 stepped down as Chairman of Savills plc in 2004 after 10 years and as a non-executive Director and deputy Chairman of Anglian Water plc in 2005 after 14 years.

Anton Bilton, *Executive Deputy Chairman (aged 49)*

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 52)*

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. Glyn is also a non-executive director of Liontrust Asset Management plc.

Mark Sinclair, *Chief Finance Officer (aged 48)*

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 responsible for a portfolio of large property companies, both listed and private. He joined Raven Mount in June 2006 as Finance Director of RRPM, the former property advisor to the Company and joined the Board of Raven Russia in March 2009.

Colin Smith, *Chief Operating Officer (aged 44)*

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.

Christopher Sherwell, *Non-Executive Director (aged 66)*

Christopher Sherwell is a Guernsey resident and a former managing director of Schrodgers in the Channel Islands. Before joining Schrodgers, 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 Baker Steel Resources Trust Ltd and The Prospect Japan Fund Ltd. He is the Company's Senior Independent Director.

Stephen Coe, *Non-Executive Director (aged 47)*

Stephen Coe BSc, FCA, a resident of Guernsey, is self-employed providing executive and non-executive services to public and private clients. His current public directorships include European Real Estate Investment Trust Ltd, Kolar Gold Ltd, Weiss Korea Opportunity Fund Limited and Trikona Trinity Capital Ltd where he acts as a non-executive director and chairman of the audit committee and Black Sea Property Fund Ltd where he acts as a non-executive director. 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 53)*

David Moore is resident of Guernsey. He is an advocate of the Royal Court of Guernsey and currently a consultant at Bedell Group in Guernsey. He is a former partner of Mourant Ozannes where he practiced from 1993 to January 2013 and was Head of the Corporate Department within Ozannes prior to its merger with Mourant du Feu & Jeune. Before that, he spent 10 years practicing in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate, banking, insurance and financial and regulatory matters. He is a director of a number of investment companies and unlisted regulated financial institutions including banking, investment management and insurance companies.

Employees

As at 30 June 2013, the Group had 465 employees.

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

<i>Division</i>	<i>Total Number of Employees</i>	<i>Management</i>	<i>Development Monitoring and Acquisition</i>	<i>Structured Finance</i>	<i>Property Management</i>	<i>Leasing</i>	<i>Finance and Administration</i>	<i>Logistics</i>
Property Investment	106	12	8	4	13	4	65	–
Roslogistics	354	3	–	–	–	–	31	320
Raven Mount	5	1	–	–	–	–	4	–
Group total	465	16	8	4	13	4	100	320

4. 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 each year. A full corporate governance statement was included within the audited financial statements of the Company for the year ended 31 December 2012, 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 at least 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. Meetings are generally held in Guernsey at the Company’s head office; however at least once a year the Board will hold a formal meeting in Russia to review the Group’s operations and meet local management.

The Board has established Audit, Remuneration and Nominations Committees. These Committees undertake specific activities through delegated authority from the Board. Terms of reference for each Committee have been agreed and are reviewed on a regular basis by the Board.

Audit Committee

The Audit Committee comprises David Moore, Christopher Sherwell and Stephen Coe, who is Chairman and is considered to have recent and relevant financial experience. The Audit Committee meets at least twice a year. There are a number of regular attendees at meetings of the Audit Committee, including other members of the Board, senior management and the Group’s external auditors. The Chairman of the Audit Committee also meets with external auditors without management present.

The Audit Committee 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, the accounting policies of the Group and key areas of accounting judgment, management information statements, financial announcements, internal control systems, risk management and the continuing appointment of auditors. It also monitors whistle blowing policy and procedures over fraud and bribery.

The Audit Committee has established a Risk Committee comprising certain Executive Directors and senior management to review and assess the risks associated with the Group's activities.

Due to its size, structure and the nature of its activities, the Group does not have an internal audit function. The Audit Committee continues to keep this matter under review.

Nominations Committee

The Nominations Committee comprises Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman. The Nominations Committee undertakes an annual review of any succession planning and ensures that the membership and composition of the Board and its Committees are constituted appropriately in light of the requirements of the Group and those of the Code, with the necessary balance of skills and expertise to undertake their roles effectively.

Remuneration Committee

The Remuneration Committee comprises Stephen Coe, Richard Jewson, David Moore and Christopher Sherwell, who is Chairman. The Remuneration Committee meet at least once a year to review the performance of the Executive Directors and to recommend their remuneration and other benefit packages. The fees of the non-executive directors are determined by the Executive Directors.

5. SUMMARY FINANCIAL INFORMATION

The following information has been extracted without material adjustment from the reports and financial statements of the Company for the years ended 31 December 2012, 31 December 2011 and 31 December 2010 and for the six months ended 30 June 2013 and 30 June 2012, each of which are incorporated by reference into this document (as referred to on page 122 below).

	<i>Six months ended</i>		<i>Six months ended</i>		
	<i>30 June</i>	<i>Year ended</i>	<i>30 June</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>
Net rental and related income	88	136	53	92	61
Operating profit	71	84	28	58	25
Revaluation gains	40	64	40	144	79
Net assets at period end	729	689	685	669	580

6. 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 15 November 2013 appearing in Part 6 of this document. Valuations are undertaken in accordance with the appropriate sections of the current practice statements contained in the RICS Valuation – Professional Standards, the 2012 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 table below sets out the movement in carrying value and market value of investment property and investment property under construction from 30 June 2013 to 15 November 2013. The full valuation by Jones Lang LaSalle is set out in Part 6 of this document.

	<i>Investment Property</i> US\$'000	<i>Investment Property Under Construction</i> US\$'000	<i>Total</i> US\$'000
Market value at 30 June 2013	1,586,265	155,930	1,742,195
Transfer from investment property under construction	39,198	(39,198)	–
Costs incurred	324	2,249	2,573
Effect of foreign exchange rate changes	–	610	610
Unrealised profit/(loss) on revaluation	16,360	(1,765)	14,595
Market value at 15 November 2013	<u>1,642,147</u>	<u>117,826</u>	<u>1,759,973</u>
Tenant incentives, contracted rent uplift balances and head lease obligations	(10,637)	2,184	(8,453)
Carrying value at 15 November 2013	<u>1,631,510</u>	<u>120,010</u>	<u>1,751,520</u>
Market value comprises:			
Subject to Jones Lang LaSalle valuations	1,642,147	89,200	1,731,347 ⁽¹⁾
Directors' valuation	–	28,626	28,626
	<u>1,642,147</u>	<u>117,826</u>	<u>1,759,973</u>

(1) Includes accrued capital expenditure of US\$26,472,000.

7. DIVIDEND ON, AND TENDER OFFERS IN RESPECT OF, ORDINARY SHARES

The Board continues to adopt a progressive distribution policy.

The amount of the dividend per Ordinary Share paid, or the amount paid per Ordinary Share in respect of the Company's tender offers in lieu of, or as an alternative to, a dividend, in respect of each of the three financial years ending 31 December 2012, 31 December 2011 and 31 December 2010, was as follows:

	<i>Year ended 31 December</i>		
	<i>2012</i>	<i>2011</i>	<i>2010</i>
Dividend paid or tender offer made, in each case per Ordinary Share	3¾p ⁽¹⁾	3p ⁽²⁾	2p ⁽³⁾

Notes:

- (1) This comprised an amount equivalent to 1½p per Ordinary Share and 2¼p under tender offers.
- (2) This comprised a dividend of 1¼p per Ordinary Share and an amount equivalent to 1¾p per Ordinary Share under a tender offer.
- (3) This comprised a dividend of 1p per Ordinary Share and an amount equivalent to 1p per Ordinary Share under a tender offer.

8. DIVIDENDS ON PREFERENCE SHARES

Cumulative Preference Dividends accrue from day to day on the Preference Shares at a rate of 12p 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 three financial years ending 31 December 2012, 31 December 2011 and 31 December 2010 amounted to 12p per Preference Share.

9. 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. The majority of these facilities are secured on the Group's properties, on a non-recourse or limited recourse basis to the Company. Details of the limited recourse arrangements are set out in paragraph 10 of Part 8 of this document.

The majority of term facilities mature on dates ranging from 2016 to 2022, with the exception of one maturity of US\$39 million in the next 12 months. It is the intention of the Group to deal with this near term uncertainty by rolling over the facility. The first maturity following that is 2016. The non-recourse, or limited recourse nature of the majority of the banking facilities protects, or limits, the exposure of the remainder of the Group from default on any one facility.

The Group has continued to progress and sign new facilities. All new facilities will be discretionary.

10. 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 3

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 3 has been extracted without material adjustment from the financial information of the Group as at, and for, the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 and for the six months ended 30 June 2013, which have been prepared in accordance with IFRS.

1. BUSINESS PERFORMANCE AND OPERATING AND FINANCIAL REVIEW

1.1 Overview of Business

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

At 30 June 2013, the Group had completed investment properties with a market value of US\$1,586.3 million, additional phases of existing properties with a market value of US\$92.6 million and a land bank of US\$63.3 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 1.4 million sqm. as at 30 June 2013. The investment portfolio also includes a Grade B office block in St. Petersburg.

The geographical split of value of the investment portfolio at 30 June 2013 was: Moscow US\$1,152.1 million; St. Petersburg US\$227.8 million; and other regional cities US\$206.4 million. Assets under construction and additional phases of existing properties comprise sites in Moscow and Rostov on Don. The land bank held for development included land in Moscow, St Petersburg and five other regional Russian cities.

In the six months ended 30 June 2013, 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 short 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, US\$10.7 million in 2011, US\$13.4 million in 2012 and US\$9.0 million for the six months ended 30 June 2013, 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 on revaluation of investment property".

External, independent valuers also assess the market value of the Group's assets under construction, additional phases of existing properties and its Moscow land bank 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 following table shows the amounts the Group recorded for its completed investment properties under "Unrealised profit on revaluation of investment property" for the three years to 31 December 2012 and the six months ended 30 June 2013:

	<i>For the financial year ended 31 December</i>			<i>For the six months ended</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>30 June 2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Unrealised profit on revaluation of investment property	62,798	133,062	68,055	22,757

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 2012 and the six months ended 30 June 2013:

	<i>For the financial year ended 31 December</i>			<i>For the six months ended</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>30 June 2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Unrealised profit/(loss) on revaluation of investment property under construction	16,453	10,611	(3,696)	17,695

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

As the Group operates internationally, it is exposed to foreign exchange risk arising from foreign currencies, primarily with respect to US Dollars, Sterling and the Rouble.

The Group's exposure to foreign exchange rates can be categorised into three components.

Firstly, the Group's Russian subsidiary companies' functional currency is the Rouble. Translating the results, assets and liabilities of these subsidiaries from their functional currency to the Group's presentation currency of US Dollars gives rise to unrealised exchange gains or losses. These gains and losses are recorded as a credit or charge to the translation reserve and reflected in the Group's statement of comprehensive income.

Secondly, the Company's own functional currency is Sterling and again translating the results, assets and liabilities of the Company into US Dollars gives rise to unrealised exchange gains or losses. These gains and losses are also recorded as a credit or charge to the translation reserve and reflected in the Group's statement of comprehensive income.

Finally, transactions, assets and liabilities undertaken in currencies that differ from the functional currency of the transacting Group entity give rise to currency gains and losses that are charged to the income statement as "foreign currency profits or losses" in the period in which they arise.

The amounts recorded by the Group for each category of foreign exchange gains and losses in the three years to 31 December 2012 and the six months ended 30 June 2013 are as follows:

	<i>For the financial year ended 31 December</i>			<i>For the</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>six months</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>ended</i>
				<i>30 June 2013</i>
				<i>US\$'000</i>
Foreign currency translation on consolidation of subsidiaries ⁽¹⁾	4,701	(13,502)	5,479	(8,336)
Foreign currency translation on presentation of Company's accounts into US Dollars ⁽¹⁾	(1,379)	3,105	(8,529)	13,250
Foreign currency profits/(losses)	1,985	(562)	(2,467)	1,915

Note 1. The foreign currency translation on consolidation of subsidiaries and the presentation of the Company's accounts in to US Dollars are movements on reserves.

2.3 *Hedging instruments*

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, using interest and currency derivatives. 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.

The Group has recognised movements on the mark to market and maturity of these hedging instruments and embedded derivatives as part of finance income or expense for the three years to 31 December 2012 and the six months ended 30 June 2013 as follows:

	<i>For the financial year ended 31 December</i>			<i>For the six</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>months ended</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>30 June 2013</i>
				<i>US\$'000</i>
Net profit/(loss) on maturing forward currency derivatives	409	(401)	140	–
Net change in fair value of open forward currency derivatives	961	(2,200)	1,186	(2,595)
Net change in fair value of open interest rate derivatives	(1,333)	(2,784)	(5,102)	7,997
Loss on closure of interest rate derivatives	(31)	(5)	–	–

2.4 *Results of operations*

2.4.1 *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 and other long term incentives**
Share-based payments comprise the notional expenses for the Executive Share Option Schemes (“ESOS”), equity settled bonus payments to Executive Directors and senior employees and awards granted under the Combined Bonus and Long Term Incentive Scheme 2012 to 2014 (“CBLTIS”). Full details of the ESOS, bonus plan and CBLTIS 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 2012, which are incorporated by reference into this document (as referred to on page 122 below) and (ii) paragraph 7 of Part 8 of this document.
- (e) **Foreign currency gains/(losses)**
This line item is described above in paragraph 2.2.
- (f) **Profit on disposal of investment property**
Profit on disposal of investment property is the profit realised in the year ended 31 December 2010 from the sale of the subsidiary company which owned 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 subsidiary company which owned the Kiev warehouse and land.
- (h) **Unrealised profit on revaluation of investment property.**
This line item is described 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 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 of 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.

2.4.2 *Results of operations for the financial years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013*

The tables that follow summarise the Group’s consolidated income statements, extracted from the audited financial statements for the financial years ended 31 December 2010, 2011 and 2012 and the Group’s unaudited interim financial statements for six months ended 30 June 2013. 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 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.

*For the financial year ended
31 December 2010*

	<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 and other long term incentives	–	(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

*For the financial year ended
31 December 2011*

	<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 and other long term incentives	–	(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

*For the financial year ended
31 December 2012*

	<i>Underlying earnings US\$'000</i>	<i>Capital and other US\$'000</i>	<i>Total US\$'000</i>
Gross revenue	234,207	–	234,207
Net rental and related income	145,853	(9,371)	136,482
Administrative expenses	(31,272)	(1,706)	(32,978)
Share-based payments and other long term incentives	–	(16,609)	(16,609)
Foreign currency losses	(2,467)	–	(2,467)
Unrealised profit on revaluation of investment property	–	68,055	68,055
Unrealised loss on revaluation of investment property under construction	–	(3,696)	(3,696)
Finance income	6,666	–	6,666
Finance expense	(84,067)	(8,546)	(92,613)
Profit before tax	34,713	28,127	62,840
Tax	(4,446)	(28,980)	(33,426)
Profit/(loss) for the year	30,267	(853)	29,414

*For the six months ended
30 June 2013*

	<i>Underlying earnings US\$'000</i>	<i>Capital and other US\$'000</i>	<i>Total US\$'000</i>
Gross revenue	136,617	–	136,617
Net rental and related income	88,089	–	88,089
Administrative expenses	(14,148)	(992)	(15,140)
Share-based payments and other long term incentives	–	(4,288)	(4,288)
Foreign currency profits	1,915	–	1,915
Unrealised profit on revaluation of investment property	–	22,757	22,757
Unrealised profit on revaluation of investment property under construction	–	17,695	17,695
Finance income	1,249	8,134	9,383
Finance expense	(45,567)	(6,583)	(52,150)
Profit before tax	31,538	36,723	68,261
Tax	(3,739)	(10,118)	(13,857)
Profit for the period	27,799	26,605	54,404

(a) Gross revenue

The Group's gross revenue was US\$131 million, US\$163 million and US\$234 million for the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$137 million for the six months ended 30 June 2013.

The increase period on period 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\$22 million (2010), US\$25 million (2011), US\$23 million (2012) and US\$14 million for the six months ended 30 June 2013. Raven Mount

contributed US\$18 million in 2010, US\$14 million in 2011, US\$23 million in 2012 and US\$12 million for the six months ended 30 June 2013.

(b) Net rental and related income

The Group's net rental and related income was US\$61 million, US\$92 million, US\$136 million for the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$88 million for the six months ended 30 June 2013.

As above, the increasing trend 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\$6 million, US\$11 million and US\$13 million for the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$9 million for the six months ended 30 June 2013. Raven Mount contributed US\$5 million to net rental and related income in 2010, US\$0 million in 2011, made a loss of US\$8 million in 2012 and a profit of US\$1 million for the six months ended 30 June 2013.

(c) Administrative expenses

The Group had administrative expenses of US\$31 million, US\$27 million and US\$33 million for the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$15 million for the six months ended 30 June 2013.

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

	<i>For the financial year ended 31 December</i>			<i>For the six months ended 30 June</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Employment costs	12,363	12,475	14,481	7,802
Office running costs and insurance	4,315	3,577	4,853	2,040
Directors' remuneration	3,275	3,415	4,500	1,660
Auditors' remuneration (includes non audit services)	769	972	1,302	271
External administrator fees	385	82	265	22
Legal and professional	2,195	2,115	2,775	1,158
Abortive project costs	–	–	793	–
Depreciation	2,188	1,754	1,706	992
Loss on disposal of plant and equipment	–	337	–	–
Listing costs	2,017	548	–	–
Closure costs	1,357	–	–	–
Share of operating expenditure of joint ventures	189	272	268	–
Travel costs	1,557	1,562	1,700	1,029
Registrar costs and other administrative expenses	754	131	335	166
	<u>31,364</u>	<u>27,240</u>	<u>32,978</u>	<u>15,140</u>

Administrative expenses for each business segment in the three financial years to 31 December 2012 and the six months ended 30 June 2013 were as follows:

	<i>For the financial year ended 31 December</i>			<i>For the six months ended 30 June</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Property investment	13,789	13,498	16,530	9,624
Roslogistics	6,333	4,068	3,698	1,587
Raven Mount	3,076	3,004	2,481	873
Central overhead	8,166	6,670	10,269	3,056
	<u>31,364</u>	<u>27,240</u>	<u>32,978</u>	<u>15,140</u>

(d) Share-based payments and other long term incentives

	<i>For the financial year ended 31 December</i>			<i>For the six months ended 30 June</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Expense attributable to ESOS				
awards in prior periods	2,159	1,358	525	257
Bonus awards in the period	4,268	4,741	3,879	131
Expense attributable to CBLTIS				
awards	–	–	12,205	3,900
	<u>6,427</u>	<u>6,099</u>	<u>16,609</u>	<u>4,288</u>

The expense for each of the periods under review is influenced by the three distinct schemes and their relative maturity in each of these accounting periods under review. Firstly the notional charges for the two ESOS are spread over the period from grant in 2009 until the final vesting date. In the case of the ERS this was 2010 and for the LTIP it is 2014. Accordingly the amount expensed has fallen in each of the accounting periods above.

Secondly the expense in respect of the bonus awards in each period was based on awards of shares made by the Remuneration Committee in each accounting period and the share price at the date of the award. In 2011 the number shares awarded was less than in 2010 but this was more than offset by the increase in share price over the same period. In 2012 the number of shares awarded was again lower and whilst the share price increased again there was an overall reduction in the US Dollar value of the award recorded. This scheme ended following the award made in 2012.

Finally, in 2012 the Remuneration Committee introduced a new scheme, the CBLTIS, which vested over 2012 to 2014, subject to performance conditions measured at the end of each period. In accordance with the Group's accounting policy an estimate was made of the total expense, which is then spread over the three vesting periods with a weighting towards 2012.

(e) Profit on disposal of investment property

The Group generated profit of US\$12 million in the financial year ended 31 December 2010 on disposal of the subsidiary company which owned the 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 profits of US\$2 million in the financial year ended 31 December 2010, foreign currency losses of US\$1 million and US\$2 million for the financial years ended 31 December 2011 and 2012 respectively and foreign currency profits of US\$2 million for the six months ended 30 June 2013. This is summarised in the table at 2.2 above.

(g) Unrealised profit on revaluation of investment property

The Group recognised a profit on revaluation of investment property of US\$63 million, US\$133 million and US\$68 million in the financial years ended 31 December 2010, 2011 and 2012 respectively and a profit on revaluation of investment property of US\$23 million for the six months ended 30 June 2013.

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 provided profits of US\$16 million and US\$11 million in the financial years ended 31 December 2010 and 2011 respectively, a loss of US\$4 million for the financial year ended 31 December 2012 and a profit of US\$18 million for the six months ended 30 June 2013.

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

In 2012, the directors considered updated acquisition appraisals for the regional land bank and reassessed the average value per square metre from US\$16.3 to US\$14.5. This resulted in a net revaluation loss of US\$3.7 million.

(i) Finance income and finance expense

The Group generated finance income of US\$4 million, US\$2 million and US\$7 million in the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$9 million for the six months ended 30 June 2013, reflecting changes in average cash balances, the reduction in global interest rates and positive mark to market movements on derivative financial instruments (see paragraph 2.3 above).

The Group had a finance expense of US\$65 million, US\$74 million and US\$93 million in the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$52 million for the six months ended 30 June 2013. The increase follows the introduction of new debt facilities and the issue of the new Preference Shares in 2012.

(j) Taxation

The table below sets out the key components of taxation credited in each of the three financial years to 31 December 2012 and the six months ended 30 June 2013

	<i>For the financial year ended 31 December</i>			<i>For the six months ended 30 June</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current taxation	1,752	3,809	3,913	2,595
Deferred tax (credits)/debits on tax losses in Russian asset owning subsidiaries	(501)	1,394	8,578	(1,241)
Deferred tax movements on revaluation of investment property	12,095	23,370	13,790	7,855
Other deferred tax movements	881	11,980	7,146	4,648
Taxation charged	<u>14,227</u>	<u>40,553</u>	<u>33,426</u>	<u>13,857</u>

(k) Profits for the year

As a result of the factors described above, the Group's annual results were US\$41 million, US\$88 million and US\$29 million for the financial years ended 31 December 2010, 2011 and 2012 respectively and US\$54 million for the six months ended 30 June 2013.

3. DISTRIBUTIONS TO ORDINARY SHAREHOLDERS

3.1 *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 122 below).

3.2 *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 122 below).

3.3 *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 122 below).

3.4 *Tender Offer*

In May 2012, the Company completed the purchase of 15,066,111 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 2012, which are incorporated by reference into this document (as referred to on page 122 below).

3.5 *Tender Offer*

In October 2012, the Company completed the purchase of 12,277,785 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 2012, which are incorporated by reference into this document (as referred to on page 122 below).

3.6 *Tender Offer*

In May 2013, the Company completed the purchase of 17,874,388 Ordinary Shares under the terms of a tender offer. Details of the tender offer are set out in the unaudited interim financial statements of the Group for the six months ended 30 June 2013, which are incorporated by reference into this document (as referred to on page 122 below).

In October 2013, the Company completed the purchase of 14,319,990 Ordinary Shares under the terms of a tender offer.

4. CAPITAL RESOURCES AND LIQUIDITY MANAGEMENT

As at 31 October 2013, the Group had US\$766 million of drawn bank debt and US\$171 million of cash and cash equivalents.

The majority of term facilities mature on dates ranging from 2016 to 2022, with the exception of one maturity totalling US\$39 million in the next 12 months. It is the intention of the Group to deal with this near term maturity by rolling over the facility. The non-recourse, or limited recourse nature of the majority of the banking facilities protects, or limits, the exposure of the remainder of the Group from default on any one facility.

The Group has continued to progress and sign new finance facilities.

In August 2013, the Group re-gearred the bank facility secured on the Sholokhovo asset by increasing the facility amount by US\$9.7 million.

In October 2013, the Group refinanced the bank facility secured on the Rostov asset and entered into a new US\$61.2 million facility with VTB Capital (Deutschland) AG on a five year term with the previous facility of US\$35 million being repaid in full.

The Group's cash management policy is to maintain a minimum central balance to enable it to service its debt obligations on completed properties and to 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, the Board will use excess cash to enhance shareholder value where possible.

4.1 *Cash Flow Analysis*

The following table summarises the Group's consolidated cash flow for the financial years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013:

	<i>For the financial year ended 31 December</i>			<i>For the six months ended</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>30 June 2013</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net cash generated from operating activities	33,138	81,587	120,727	74,425
Net cash generated from/(used in) investing activities	34,508	(67,871)	(283,179)	(38,658)
Net cash (used in)/generated from financing activities	(82,095)	70,254	170,159	(66,743)
Net (decrease)/increase in cash and cash equivalents	(14,449)	83,970	7,707	(30,976)
Effect of foreign exchange rate changes	(1,692)	(9,785)	2,164	(8,971)
	(16,141)	74,185	9,871	(39,947)
Closing cash and cash equivalents	107,641	181,826	191,697	151,750

(a) *Net cash generated from operating activities*

The Group had net cash inflows from operating activities of US\$33 million for the financial year ended 31 December 2010 and then significant increases to US\$82 million for the financial year ended 31 December 2011 to US\$121 million for the financial year ended 31 December 2012. Net cash inflows from operating activities for the six months ended 30 June 2013 were US\$74 million.

The cash flow progression reflects the maturity of the completed portfolio and the acquisitions made in 2012.

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

The Group had a net cash inflow from investing activities of US\$35 million in the financial year ended 31 December 2010 and then outflows of US\$68 million, US\$283 million and US\$39 million for the financial years ended 31 December 2011 and 2012 and the six months ended 30 June 2013, respectively.

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.

The outflow in 2012 relates to acquisitions made during the year as well as phased expansion of the warehouses at Klimovsk Phase 3 and Noginsk Phase 2.

The outflow for the six months ended 30 June 2013 relates to the continuation of the 2012 expansions.

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

The Group had a net cash outflow from financing activities of US\$82 million for the financial year ended 31 December 2010, net cash inflows of US\$70 million for the financial year ended 31 December 2011 and US\$170 million for the financial year ended 31 December 2012 and then again an outflow of US\$67 million for the six months ended 30 June 2013.

The outflow in the financial year ended 31 December 2010 was due to both debt service payments and dividends paid on Preference Shares. The inflows in the financial years ended 31 December 2011 and 2012 resulted from the draw down of debt facilities and the issue of Preference Shares. The outflow in 2013 was due to a combination of debt service payments, dividends paid on Preference Shares and the Company's acquisition of its own Ordinary Shares under the tender offers.

4.2 *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 debt obligations at 30 June 2013 and at 31 October 2013, not including the Preference Shares:

	<i>As at 30 June 2013 US\$'000</i>	<i>As at 31 October 2013 US\$'000</i>
Repayable within 1 year	51,202	82,778
Repayable between:		
1 and 2 years	81,213	45,909
3 and 5 years	455,773	450,897
after 5 years	186,018	186,257
Gross indebtedness	774,206	765,841
Interest rate derivatives	(3,050)	865
Cash and cash equivalents	(151,750)	(170,510)
Net indebtedness	619,406	596,196

4.2.1 Facility Details

As at 31 October 2013, US\$736 million of debt was secured against investment property and additional phases of completed property. The Group also had an unsecured construction facility of US\$30 million.

These facilities have 5-10 year terms and principal repayment terms based on 8 to 30 year amortisation periods. Interest and principal repayments are made quarterly. The facilities had a remaining weighted average maturity of 5 years at 31 October 2013.

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 7.4 per cent. at 31 October 2013.

Loan to value covenants on the facilities secured on investment property are in the range of 60–75 per cent. and interest and principal amortisation must be covered by income on each of these assets by 120 per cent. on average.

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

5. COMMITMENTS

The Group's debt commitments are described above.

6. CAPITALISATION AND INDEBTEDNESS

6.1 Capitalisation

The table below sets out the Group's total equity attributable to shareholders at 30 June 2013. The information has been extracted without material adjustment from, and should be read together with, the Group's unaudited interim financial statements as at and for the six months ended 30 June 2013, which are incorporated by reference in this document (as referred to on page 122 below).

	<i>As at</i> <i>30 June 2013</i> <i>US\$'000</i>
Equity	
Share capital – authorised	27,469
Share capital – issued, called up and fully paid	10,867
Share premium	51,896
Warrants	1,329
Own shares held	(23,324)
Special reserve	852,802
Capital reserve	135,405
Translation reserve	(125,591)
Retained earnings	(174,302)
Total equity attributable to ordinary shareholders	729,082
Preference Shares at historic exchange rates	317,409
Total equity attributable to shareholders of the Company	1,046,491

There has been no material change in the capitalisation of the Group since 30 June 2013.

6.2 *Indebtedness*

The table below sets out the Group's net indebtedness at 31 October 2013, 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</i> <i>31 October 2013</i> <i>US\$'000</i>
Indebtedness	
Bank loans and overdrafts	765,841
Interest rate derivatives	865
Cash and cash equivalents	<u>(170,510)</u>
Net indebtedness	<u>596,196</u>
	<i>As at</i> <i>31 October 2013</i> <i>US\$'000</i>
Maturity of bank loans and overdrafts Repayable	
Within 1 year	82,778
1 and 2 years	45,909
3 and 5 years	450,897
after 5 years	<u>186,257</u>
	<u>765,841</u>

There has been no material change in the indebtedness of the Group since 31 October 2013.

7. **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 2012, which are incorporated by reference to this document (as referred to on page 122 below).

PART 4

FINANCIAL INFORMATION ON THE GROUP

The unaudited interim financial statements of the Group for the six month periods ended 30 June 2013 and 30 June 2012 are incorporated by reference into this document (as referred to on page 122 below).

The audited financial statements of the Group for the year ended 31 December 2012 which were published on 28 March 2013 are incorporated by reference into this document (as referred to on page 122 below).

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 122 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 122 below).

The audited financial statements for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

PART 5

PROPERTY PORTFOLIO

SECTION 1: SUMMARY OF INVESTMENT PROPERTY PORTFOLIO

<i>Property</i>	<i>Ownership Status</i>	<i>Land plot ha</i>	<i>GLA, sqm ('000s)</i>	<i>Occupancy (%)</i>	<i>Annualised Net Operating Income US\$'m</i>
Grade A Warehouse					
Southern	Leasehold (49 years from April 2001)	1.7	14	89	2.1
Krekshino	Freehold	22.2	118	100	17.7
Istra	Freehold	33.3	205	100	28.3
Klimovsk	Freehold 23ha/ Leasehold (49 years from December 2010) 3.4ha	26.4	158	87	21.5
Noginsk I	Freehold	26.5	125	100	18.8
Noginsk II	Freehold	6.0	35	100	5.4
Lobnya	Freehold	10.0	52	100	7.1
Pushkino	Leasehold (49 years with effect from March 2004)	35.0	214	99	27.5
Sholokhovo	Freehold	7.3	45	100	6.1
Shushary	Freehold	26.0	147	98	18.1
Pulkovo I	Freehold	5.1	37	93	4.4
Rostov on Don I	Freehold	18.6	100	100	12.9
Novosibirsk	Freehold	17.8	120	93	14.6
Subtotal		235.9	1,370		184.5
Office					
Constanta	Freehold	0.5	16	100	7.7
Total		236.4	1,386		192.2

Notes:

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. Annualised net operating income includes Pre-let Agreements and Letters of Intent.

SECTION 2: FURTHER INFORMATION ON INVESTMENT PROPERTY PORTFOLIO

Property Name

Location, Description, Tenure & Tenancy

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 14,100 sq. m.

The property provides net operating income of \$2,147,000 and is let to multiple tenants including L'Occitane, A&D Rus, Roland and WeMaTek on a number of leases expiring between December 2013 and December 2018.

2. Krekshino

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

The gross lettable area is 118,000 sq. m.

Net operating income is \$17,730,000 and is let to multiple tenants including Itella, NLC, Gorenje and Top Logistics on leases expiring between February 2014 and June 2019.

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 205,300 sq. m.

The scheme provides net operating income of \$28,303,000 and is let to multiple tenants including Bacardi, DSV, Seacontinental, Azbuka Vkusa, PresLogistics and R-Klimat on leases expiring between December 2013 and July 2021.

4. Klimovsk

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

The gross lettable area is 157,600 sq. m.

The net operating income from all phases is \$21,382,000 from multiple tenants including signed lease agreements with Gradient, Gates, Alliance Healthcare, Fisher Clinical, Danone, Burda, De Agostini and Kupa Vip as well as preliminary lease agreements with Marvel and Farm, on leases expiring between December 2013 and July 2020.

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
5. Noginsk I and IIa	<p>The Class A warehouse scheme is located in the Noginsk district of the Moscow region approximately 55km from the city centre, 44 km from the 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.</p> <p>The gross lettable area is 160,600 sq. m.</p> <p>Net operating income is \$24,200,000 from multiple tenants including signed lease agreements with UPM, X5, and Ontex as well as preliminary lease agreements with ID Logistics and Sportsmaster, on leases expiring between February 2014 and November 2021.</p>
6. Lobnya	<p>The Class A warehouse scheme is located on the Rogachevskoe highway located approximately 35 km to the north of the city centre, 20 km from the MKAD and 10 km north-east of Sheremetyevo airport.</p> <p>The gross lettable area is 52,300 sq. m.</p> <p>Net operating income is \$7,075,000 from two major tenants, Roslogistics and Nippon Express on leases expiring between May 2014 and December 2017.</p>
7. Pushkino	<p>The Class A warehouse scheme is located on the Yaroslavskoe Highway, approximately 15 km from the MKAD before the exit to Pushkino city in the north-eastern part of Moscow Region.</p> <p>The gross lettable area is 213,650 sq. m.</p> <p>Net operating income is \$27,504,000 from multiple tenants including DHL Logistics, Leroy Merlin and Itella on leases expiring between December 2013 and August 2020.</p>
8. Sholokhovo	<p>The Class A warehouse complex is located in Myitischensky District of the Moscow Region, on Dmitrovskoe highway, approximately 16 km from the MKAD.</p> <p>The gross lettable area is 45,250 sq. m.</p> <p>Net operating income is \$6,082,000 from a number of tenants, including Kuehne & Nagel and X5 on leases expiring between December 2013 and March 2017.</p>
9. Shushary	<p>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 linking St. Petersburg to Moscow.</p> <p>The gross lettable area is 147,400 sq. m.</p> <p>Net operating income is \$18,144,000 from multiple tenants including Dixi, Johnson Controls, Marvel, NYK, Samson, RosLogistics, BBraun, LEAR on leases expiring between December 2013 and December 2023 as well as a further preliminary lease agreement with Dixi.</p>

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
10. Pulkovo 1	<p>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 36,700 sq. m.</p> <p>Net operating income is \$4,353,000 from multiple tenants including OSG Records, Oriola, SKL, Co-Pack and Alidi on leases expiring between January 2014 and March 2018.</p>
11. Rostov on Don I	<p>The Class A warehouse scheme is located on the Federal Highway M4 approximately 10 km from the City centre and 7 km from the airport.</p> <p>The gross lettable area is 99,850 sq. m.</p> <p>Net operating income is \$12,944,000 from multiple tenants including RosLogistics, Auchan, Sport Master, Centr Obuv and X5 on leases expiring between December 2013 and October 2019.</p>
12. Novosibirsk	<p>The Class A warehouse scheme is located on Petukhova Street in the south of the city of Novosibirsk, close to M51 highway to Moscow with a rail spur serving the site.</p> <p>The gross lettable area is 119,700 sq. m.</p> <p>Net operating income is \$14,596,000 from multiple tenants including Roslogistics, FM Logistics, Pepsi, Oriflame, Rich Family, Sportmaster, and Amway as well as a preliminary lease agreement with Toyota, on leases expiring between December 2013 and October 2019.</p>
13. Constanta	<p>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.</p> <p>The entire building is let to LenEnergO on a lease expiring in April 2017 and provides \$7,730,000 of net operating income.</p>

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 2012 incorporated by reference into this document.

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

Noginsk (Phase 2b and 3)	37 ha	Freehold
Rostov on Don (Phase 2)	27 ha	Freehold

(b) *Land Bank*

<i>Project</i>	<i>Land Plots</i>	<i>Ownership</i>
Nizhniy Novgorod	44 ha	Freehold
Padikovo – Moscow region	38 ha	Leasehold (49 yrs with effect from 30.6.2006)
Omsk	19 ha	Freehold
Omsk II	9 ha	Freehold
Chelyabinsk	59 ha	Land Lease (5 yrs with effect from 1.1.2013)
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)
Pulkovo II	10 ha	Freehold

PART 6

PROPERTY VALUATION REPORT ON THE GROUP



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

27 November 2013

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 6062, 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 Preference Share Conversion Offer.

Basis of Valuation and Assumptions

We confirm that the valuations have been carried out on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the RICS Valuation – Professional Standards, the 2012 Edition (the “Red Book”). This is an internationally accepted basis of valuation.

Market Value is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where 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 – Professional Standards and our valuation has been prepared in accordance with our General Principles in Appendix 2 of this report.

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

- (i) a willing landlord;

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

Status of Value

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

Date of Valuation and Inspections

The date of valuation is 15 November 2013 and is based upon tenancy information as at this date.

As part of our ongoing 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:

<i>Property</i>	<i>Date of Inspection</i>
Southern, Moscow	26 June 2013
Krekshino, Moscow	25 June 2013
Istra, Moscow	27 June 2013
Lobnya, Moscow	24 June 2013
Klimovsk, Moscow	26 June 2013
Noginsk, Moscow	25 May 2013
Sholohovo	24 June 2013
Padikovo	27 June 2013
Shushary, St Petersburg	14 November 2013
Pulkovo, St Petersburg	14 November 2013
Rostov on Don	19 October 2012
Novosibirsk	17 June 2013
Constanta, St Petersburg	30 October 2012
Pushkino	24 June 2013

Three of the properties we inspected are part freehold and part leasehold tenure and eleven 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, Noginsk, Istra, Krekshino, Novosibirsk, Sholokhovo, and Klimovsk are held freehold. Pushkino, Southern and Padikovo 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 and Moscow Region, 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, Constanta, Krekshino, Southern, Istra, Shushary, Rostov on Don I, Novosibirsk, Lobnya, Noginsk I and IIa, Pulkovo, Sholokhovo and Pushkino.

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 15 November 2013, 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:

\$1,423,525,000

(One Billion Four Hundred and Twenty Three Million Five Hundred and Twenty Five Thousand US Dollars)

Part Freehold and Part Leasehold Properties:

\$281,350,000

(Two Hundred and Eighty One Million Three Hundred and Fifty 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 \$1,704,875,000 represents our opinion of the Market Values of the individual properties forming the portfolio as at 15 November 2013, which was provided to the Company for the purposes of inclusion in the prospectus to be published by the Company in respect of the Preference Share Conversion Offer.

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.

We understand from the Company that the aggregate Market Value of the portfolio disclosed in the Prospectus is \$1,731,347,888 after adjusting for accrued capital expenditure.

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 15 November 2013.

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 15 November 2013 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 Preference Share Conversion Offer, 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

APPENDICES

- Appendix 1** Schedule of Portfolio Assets and Valuations
- Appendix 2** General Principles Adopted in the Preparation of Valuation and Reports
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APPENDIX 1

SCHEDULE OF PORTFOLIO ASSETS AND VALUATIONS

RAVEN RUSSIA LIMITED SCHEDULE

Portfolio of Investment Assets Valuation as at 15 November 2013

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
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 14,100 sq. m.</p> <p>The property provides net operating income of \$2,147,000 and is let to multiple tenants including L'Occitane, A&D Rus, Roland and WeMaTek on a number of leases expiring between December 2013 and December 2018.</p>
2. Krekshino	<p>The Class A warehouse scheme is located in Moscow about 40 km to the south west of the city centre, 24 km from MKAD, between the Minsk and Kiev highways. Vnukovo airport, one of the largest airports in Moscow, which has both passenger and freight terminals, is located within about 15 km of the property.</p> <p>The gross lettable area is 118,000 sq. m.</p> <p>Net operating income is \$17,730,000 and is let to multiple tenants including Itella, NLC, Gorenje and Top Logistics on leases expiring between February 2014 and June 2019.</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 205,300 sq. m.</p> <p>The scheme provides net operating income of \$28,303,000 and is let to multiple tenants including Bacardi, DSV, Seacontinental, Azbuka Vkusa, PresLogistics and R-Klimat on leases expiring between December 2013 and July 2021.</p>

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
4. Klimovsk	<p>The Class A warehouse scheme is located to the south of Moscow, approximately 21 km from the MKAD in the town of Klimovsk. The project is a short distance from the M2 Simferopolskoye highway, a major route to the south of Moscow.</p> <p>The gross lettable area is 157,600 sq. m.</p> <p>The net operating income from all phases is \$21,382,000 from multiple tenants including signed lease agreements with Gradient, Gates, Alliance Healthcare, Fisher Clinical, Danone, Burda, De Agostini and Kupi Vip as well as preliminary lease agreements with Marvel and Farm, on leases expiring between December 2013 and July 2020.</p>
5. Noginsk I and IIa	<p>The Class A warehouse scheme is located in the Noginsk district of the Moscow region approximately 55km from the city centre, 44km from the 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.</p> <p>The gross lettable area of 160,600 sq. m.</p> <p>Net operating income is \$24,200,000 from multiple tenants including signed lease agreements with UPM, X5, and Ontex as well as preliminary lease agreements with ID Logistics and Sportsmaster, on leases expiring between February 2014 and November 2021.</p>
6. Lobnya	<p>The Class A warehouse scheme is located on the Rogachevckoe highway located approximately 35 km to the north of the city centre, 20 km from the MKAD and 10 km north-east of Sheremetyevo airport.</p> <p>The gross lettable area is 52,300 sq. m.</p> <p>Net operating income is \$7,075,000 from two major tenants- RosLogistics and Nippon Express on leases expiring between May 2014 and December 2017.</p>
7. Pushkino	<p>The Class A warehouse scheme is located on the Yaroslavskoe Highway, approximately 15 km from the MKAD before the exit to Pushkino city in the north-eastern part of Moscow Region.</p> <p>The gross lettable area is 213,650 sq. m.</p> <p>Net operating income is \$27,504,000 from multiple tenants including DHL Logistics, Leroy Merlin and Itella on leases expiring between December 2013 and August 2020.</p>
8. Sholokhovo	<p>The Class A warehouse complex is located in Myitischensky District of the Moscow Region, on Dmitrovskoe highway, approximately 16 km from the MKAD.</p> <p>The gross lettable area of 45,250 sq. m.</p>

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
	Net operating income is \$6,082,000 from a number of tenants including Kuehne & Nagel and X5 on leases expiring between December 2013 and March 2017.
9. Shushary	<p>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 linking St. Petersburg to Moscow.</p> <p>The gross lettable area is 147,400 sq. m.</p> <p>Net operating income is \$18,144,000 from multiple tenants including Dixi, Johnson Controls, Marvel, NYK, Samson, RosLogistics, BBraun, LEAR on leases expiring between December 2013 and December 2023, as well as a further preliminary lease agreement with Dixi.</p>
10. Pulkovo 1	<p>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 36,700 sq. m.</p> <p>Net operating income is \$4,353,000 from multiple tenants including OSG Records, Oriola, SKL, Co-Pack and Alidi on leases expiring between January 2014 and March 2018.</p>
11. Rostov on Don I	<p>The Class A warehouse scheme is located on the Federal Highway M4 approximately 10 km from the City centre and 7 km from the airport.</p> <p>The gross lettable area is 99,850 sq. m.</p> <p>Net operating income is \$12,944,000 from multiple tenants including RosLogistics, Auchan, Sport Master, Centr Obuv and X5 on leases expiring between December 2013 and October 2019.</p>
12. Novosibirsk	<p>The Class A warehouse scheme is located on Petukhova Street in the south of the city of Novosibirsk, close to M51 highway to Moscow with a rail spur serving the site.</p> <p>The gross lettable area is 119,700 sq. m.</p> <p>Net operating income is \$14,596,000, from multiple tenants including Roslogistics FM Logistics, Pepsi, Oriflame, Rich Family, Sportmaster, and Amway as well as a preliminary lease agreement with Toyota, on leases expiring between December 2013 and October 2019.</p>
13. Constanta	<p>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.</p> <p>The entire building is let to LenErgo on a lease expiring in April 2017 and provides \$7,730,000 of net operating income.</p>

RAVEN RUSSIA LIMITED
SCHEDULE

Portfolio of Assets under Development
Valuation as at 15 November 2013

<i>Property Name</i>	<i>Location, Description, Tenure & Tenancy</i>
1. Padikovo	<p>The site is located near Padikovo village in Istrinsky District of the Moscow Region, close to Novorizhskoe highway, approximately 25 km from MKAD and 5 km from A107 highway.</p> <p>On the date of valuation the site did not have immediate road access to Novorizhskoe highway. It comprises 2 land plots with areas of 10.33 ha and 27.89 ha held leasehold.</p> <p>The future GLA planned by the Client is circa 197,700 sq.m.</p> <p>The category of the land plots is for industry, energy, transport, communications, radio, television, information technologies, space activities, defence and security, and other special uses.</p> <p>The project has received construction permit for site preparation. As at the date of valuation ground works had commenced.</p>
2. Noginsk IIb and III	<p>It comprises part of a 69.5 ha freehold development site located in the Noginsk district of Moscow region approximately 55 km east of the city centre, 44 km from the MKAD and 3 km inside the Betonka. Access to the site is from the Volga highway, which links Moscow to Nizhniy Novgorod.</p> <p>It is composed of four land plots with a total area of 37 ha for future phases IIb and III. The site is fully serviced with external utilities.</p> <p>The future GLA is 70,965 sq.m and 100,748 sq.m for phase IIb and III respectively.</p> <p>A preliminary lease agreement has been signed for the construction of a new 39,000 sq.m. building for delivery in Q1 2015. Construction is due to commence shortly.</p>
3. Rostov on Don II	<p>The site is located to the north east of Rostov on Don, in the Aksay District of Rostov Region, on the M4 "Don" Federal Highway approximately 10 km from the city centre. The site 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 site with a total area of 27 ha is held freehold.</p> <p>The future Gross Leasable Area (GLA) is circa 126,500 sq.m.</p> <p>The category of the land is for industry, energy, transport, communications, radio, television, information technologies, space activities, defence and security, and other special uses.</p>

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 – Professional Standards

Valuations and Reports are prepared in accordance with the Valuation Standards contained in the RICS Valuation – Professional Standards – the 2012 Edition published by the Royal Institution of Chartered Surveyors, by valuers who conform to the requirements thereof.

Except where stated, Jones Lang LaSalle are External Valuers.

2. Valuation Basis

Properties are generally valued to “Market Value” or alternatively another basis of valuation as defined in the Valuation Manual. Market Value is defined as “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where 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 Valuation Manual.

There are interpretative commentaries on the definitions which are set out in the 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 – PROFESSIONAL STANDARDS –
THE 2012 EDITION)

Market Value

Definition and Interpretive Commentary. Reproduced from the RICS Valuation – Professional Standards, the 2012 Edition

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 an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’

Interpretive Commentary, as published in International Valuation Standards

The definition of market value shall be applied in accordance with the following conceptual framework:

- (a) “the estimated amount” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date 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;
- (b) “an asset should exchange” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;
- (c) “on the valuation date” requires that the 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;
- (d) “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 in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;
- (e) “and 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 asset 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 owner are not a part of this consideration because the willing seller is a hypothetical owner;

- (f) “in an arm’s length transaction” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;
 - (g) “after proper marketing” means that the asset 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 method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;
 - (h) “where 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 asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
 - (i) “and without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
32. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.
33. The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.
34. The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered.
35. The determination of the highest and best use involves consideration of the following:
- (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

PART 7

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 passed a resolution at its 2013 AGM on 7 May 2013 granting the Company the power to buy back Preference Shares, further details of which is set out in paragraph 4 of Part 8 of this document.

PART 8

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors, whose names, functions and addresses appear on page 25 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 Set out below is a summary of the changes in the share capital of the Company which occurred from 1 January 2010 to 26 November 2013, being the latest practicable date prior to the publication of this document.

	<i>Number of Ordinary Shares</i>	<i>Number of Preference Shares</i>	<i>Number of Warrants</i>
As at 1 January 2010	512,697,594	143,315,179	142,419,799
Issued pursuant to scrip dividends	–	1,041,977	–
Issued following exercise of Warrants	4,512,713	–	(4,512,713)
Issued in connection with surrender of Warrants	21,740,807	–	(36,256,016)
Bought back in connection with tender offers	(8,677,910)	–	–
As at 31 December 2010	530,273,204	144,357,156	101,651,070
Issued pursuant to scrip dividends	–	506,146	–
Issued following exercise of Warrants	63,820,350	–	(63,820,350)
Bought back in connection with tender offers	(4,406,122)	–	–
As at 31 December 2011	589,687,432	144,863,302	37,830,720
Issued pursuant to scrip dividends	–	894,279	–
Issued pursuant to Placing and Open Offer	–	48,414,250	–
Issued following exercise of Warrants	9,690,567	–	(9,690,567)
Bought back in connection with tender offers	(27,293,896)	–	–
Transfer from treasury to EBT	17,264,946	–	–
As at 31 December 2012	589,349,049	194,171,831	28,140,153
Issued pursuant to scrip dividends	–	660,708	–
Issued following exercise of Warrants	1,392,012	–	(1,392,012)
Bought back in connection with tender offers	(32,194,378)	–	–
As at 26 November 2013	558,546,683	194,832,539	26,748,141

- 3.2 As at 26 November 2013 (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	5,585,467	558,546,683
Preference Shares	1,948,325	194,832,539
Warrants	–	26,748,141

- 3.3 On Admission (assuming that no further issue of Ordinary Shares (including the issue of Ordinary Shares upon the exercise of Warrants) or Preference Shares takes place between 26 November 2013 (being the latest practicable date before the publication of this document) and Admission), the issued fully paid share capital of the Company will be:

<i>Class of shares</i>	<i>£</i>	<i>Number</i>
Ordinary Shares	7,533,792	753,379,221
Preference Shares	974,163	97,416,270
Warrants	–	26,748,141

- 3.4 On Admission (assuming that the Preference Share Conversion Offer is accepted in full and no further issue of Ordinary Shares (including the issue of Ordinary Shares upon the exercise of Warrants) takes place between 26 November 2013 (being the latest practicable date before the publication of this document) and Admission):

- the unissued ordinary share capital of the Company will be £7.5 million representing approximately 49.77 per cent. of the ordinary share capital; and
- approximately 3.5 per cent. of the unissued ordinary share capital will be reserved for the issue of 26,748,141 Ordinary Shares on the exercise of the issued Warrants.

- 3.5 Other than: (i) the Ordinary Shares arising as a result of the conversion of Preference Shares pursuant to the Preference Share Conversion Offer; (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.

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

- 3.7 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.

A further resolution, which was approved at the Company's annual general meeting on 7 May 2013 to extend the pre-emption disapplication, is due to come into force on 23 March 2014 to take into account the increased number of Ordinary Shares in issue since 24 March 2009 (the "Existing Disapplication"). Furthermore, it is proposed, in the event that the Preference Share Conversion Offer proceeds, to replace the Existing Disapplication with an increased disapplication so that the disapplication will be appropriate having regard to the increased issued ordinary share capital of the Company following completion of the Preference Share Conversion Offer, i.e. in effect up to 10 per cent of the Enlarged Ordinary Share Capital. In the event that the Preference Share Conversion Offer is accepted in full disapplication will apply in effect to 75,337,922 Ordinary Shares representing approximately 10 per cent. of the Enlarged Ordinary Share Capital. Prior to 23 March 2014, the current pre-emption disapplication that was passed on 24 March 2009 (as amended at the Company's AGM held on 16 May 2011) will continue to apply.

- 3.8 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.
- 3.9 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.
- 3.10 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.
- 3.11 The Ordinary Shares were created under the Law and the Articles.
- 3.12 The ISIN Code for the Ordinary Shares is GB00B0D5V538.

4. MEMORANDUM AND ARTICLES

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

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

4.1 *Voting rights*

Subject to the provisions of the Articles (including the rights and restrictions referred to in paragraph 4.2 below) and subject to any special rights or restrictions as to voting attached to any shares (including Preference Shares), on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for each share held by him. A corporate member may, by resolution of its Directors or other governing body, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company and that person shall be entitled to exercise the same powers as the corporate member could exercise if it were an individual member present at the meeting in person.

4.2 *Restrictions on voting*

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

4.3 *Dividends*

Subject to the rights granted in respect of the Preference Shares, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the Company (up to the amount recommended by the Board). Subject to the rights granted in respect of the Preference Shares, the Directors may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share shall bear interest. Subject to the rights granted in respect of the Preference Shares, the Directors may, if authorised by an ordinary resolution, offer the holders of any particular class of shares the right to elect to receive further shares (whether or not of that class), credited as fully paid instead of cash in respect of all or part of a dividend (a "scrip dividend").

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

4.4 ***Return of capital***

Subject to the rights granted in respect of the Preference Shares, if the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by the Statutes, divide among the members *in specie* the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Alternatively, the liquidator may with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit of the members as he with the same sanction thinks fit, but no member shall be compelled to accept any assets on which there is a liability.

4.5 ***Variation of rights***

All or any of the rights attaching to a class of shares in the Company may be varied or abrogated with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or representing by proxy, not less than one-third in nominal amount of the issued shares of the relevant class.

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

4.6 ***Transfer of shares***

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

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

4.7 ***Issue of shares***

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

includes the grant of a right to subscribe for, or to convert any securities into, relevant shares of the Company but does not include the allotment of any relevant shares pursuant to such a right.

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

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

4.7.3 By a resolution passed at the EGM held on the 24 March 2009 (and as amended by a resolution passed at the AGM held on 16 May 2011), the Company sought and obtained authority from its Ordinary Shareholders for the Directors to disapply pre-emption rights in respect of the allotment of: (i) up to 210,000,000 Warrants; and (ii) other than pursuant to (i), in respect of allotments of equity securities of up to a maximum aggregate nominal value of £1,250,000, with such power to expire on 23 March 2014. A further resolution, which was approved at the Company's annual general meeting on 7 May 2013 to extend the pre-emption disapplication, is due to come into force on 23 March 2014 to take into account the increased number of Ordinary Shares in issue since 24 March 2009 (the "Existing Disapplication"). Furthermore, it is proposed, in the event that the Preference Share Conversion Offer proceeds, to replace the Existing Disapplication with an increased disapplication so that the disapplication will be appropriate having regard to the increased issued ordinary share capital of the Company following completion of the Preference Share Conversion Offer, i.e. in effect up to 10 per cent of the Enlarged Ordinary Share Capital. In the event that the Preference Share Conversion Offer is accepted in full disapplication will apply in effect to 75,337,922 Ordinary Shares representing approximately 10 per cent. of the Enlarged Ordinary Share Capital. Prior to 23 March 2014, the current pre-emption disapplication that was passed on 24 March 2009 (as amended at the Company's AGM held on 16 May 2011) will continue to apply.

4.8 *Alteration of capital and purchase of own shares*

4.8.1 The Company may alter its share capital as follows:

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

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

4.8.2 Subject to the Law and the Articles, on 7 May 2013 the Company was permitted, by a resolution of Ordinary Shareholders to make market purchases of up to 58,934,925 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 middle market quotations (as derived from the London Stock Exchange Daily Official List) for the Ordinary Shares 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 7 November 2014.

4.8.3 Subject to the Law and the Articles, on 7 May 2013 the Company was permitted, by a resolution of Ordinary Shareholders to make market purchases of up to 29,106,357 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 quotations (as derived from the London Stock Exchange Daily Official List) for Preference Shares for the five business days immediately preceding the date of purchase.

The authority shall expire on 7 November 2014.

4.8.4 Subject to the Law and the Articles, on 7 May 2013 the Company was permitted, by a resolution of Ordinary Shareholders to make one or more market purchases pursuant to any tender offer made by the Company to Shareholders provided that:

- (a) the maximum aggregate number of Ordinary Shares authorized to be purchased shall be 58,934,925 Ordinary Shares less any Ordinary Shares purchased pursuant to the authority referred to in paragraph 4.8.3 above;
- (b) the minimum price which may be paid for an Ordinary Share (exclusive of expenses) pursuant to such authority is £0.01; and
- (c) 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 middle market quotations (as derived from the London Stock Exchange Daily Official List) for the Ordinary Shares 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 7 November 2014.

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*

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

4.11.2 *Meetings*

The quorum necessary for the transaction of business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two directors.

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 Ordinary Shares have been admitted to, and accordingly enabled for settlement in, CREST.

5. DIRECTORS' AND OTHER INTERESTS

5.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families in the share capital of the Company:

- (a) which have or will be required to be notified to the Company pursuant to the Disclosure and Transparency Rules; or
- (b) being interests of a person connected (within the meaning of the Disclosure and Transparency Rules) with a Director which would, if such connected person were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director,

were, as at 26 November 2013 (being the latest practicable date before the publication of this document) and are expected to be on Admission (assuming the Preference Share Conversion Offer is accepted in full and each Preference Shareholder elects to convert their Entitlement in full), as follows:

As at 26 November 2013

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>	<i>Number of Warrants</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share Capital (%)</i>
Richard Jewson	139,333	0.02	–	145,154	0.07
Anton Bilton ⁽¹⁾	15,276,771	2.74	11,125,088	25,285,585	12.98
Glyn Hirsch ⁽¹⁾	3,032,274	0.54	2,292,817	4,173,033	2.14
Mark Sinclair ⁽¹⁾	2,002,774	0.36	–	678,022	0.35
Colin Smith ⁽¹⁾	324,094	0.06	7,385	434,921	0.22
Christopher Sherwell	33,647	0.01	–	184,282	0.09
Stephen Coe	115,010	0.02	–	61,121	0.03
David Moore	134,573	0.02	–	57,052	0.03
The Cassian and Lily Bilton Trust ⁽²⁾	954,173	0.17	485,987	760,942	0.39
Bilton Family Discretionary Settlement Trust ⁽³⁾	2,073,196	0.37	500,932	1,951,947	1.00

Notes:

- (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 Cassian and Lily Bilton Trust's 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).
- (3) The Bilton Family Discretionary Settlement Trust's 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.

On Admission

Director	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital (%)	Number of Warrants	Number of Preference Shares	Percentage of issued Preference Share Capital (%)
Richard Jewson	284,487	0.04	–	72,577	0.07
Anton Bilton ⁽¹⁾	40,562,355	5.38	11,125,088	12,642,793	12.98
Glyn Hirsch ⁽¹⁾	7,205,306	0.96	2,292,817	2,086,517	2.14
Mark Sinclair ⁽¹⁾	2,680,796	0.36	–	339,011	0.35
Colin Smith ⁽¹⁾	759,014	0.10	7,385	217,461	0.22
Christopher Sherwell	217,929	0.03	–	92,141	0.09
Stephen Coe	176,130	0.02	–	30,561	0.03
David Moore	191,625	0.03	–	28,526	0.03
The Cassian and Lily Bilton Trust ⁽²⁾	1,715,115	0.23	485,987	380,471	0.39
Bilton Family Discretionary Settlement Trust ⁽³⁾	4,025,142	0.53	500,932	975,974	1.00

Notes:

- (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 Cassian and Lily Bilton Trust's 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).
- (3) The Bilton Family Discretionary Settlement Trust's 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.

5.2 The interests of persons (other than the Directors) whom the Company has been notified hold directly or indirectly 3 per cent. or more of (i) the voting rights of the Company which are notifiable under the Disclosure and Transparency Rules and (ii) the Company's Preference Share capital, in each case as at 26 November 2013 (being the latest practicable date before the publication of this document) and as expected to be the case and each Preference Shareholder elects to convert their Entitlement in full on Admission (assuming the Preference Share Conversion Offer is accepted in full) is as follows:

Ordinary Shares

Holder	As at 26 November 2013		On Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital (%)	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital (%)
Members of the Invesco				
Concert Party	161,574,495	28.93	261,574,491	34.72
Schroder Investment Management	78,471,656	14.05	78,471,656	10.42
Mackenzie Financial Corp	50,107,435	8.97	50,107,435	6.65
JO Hambro Capital	45,435,550	8.13	45,435,550	6.03

Preference Shares

As at 26 November 2013

<i>Holder</i>	<i>As at 26 November 2013</i>		<i>On Admission</i>	
	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share capital (%)</i>	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share Capital (%)</i>
Members of the Invesco				
Concert Party	99,999,997	51.33	49,999,999	51.33
Henderson Global Investors	10,126,744	5.20	5,063,372	5.20
Ruffer	8,237,122	4.23	4,118,561	4.23

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

	<i>Current</i>	<i>Past</i>
Richard Jewson	Tritax Big Box REIT plc Archant Limited Temple Bar Investment Trust PLC Nomina No. 195 LLP Archant Employee Benefit Trust Company	Clean Energy Brazil plc Jarrold and Sons Limited Grafton Group plc
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

	<i>Current</i>	<i>Past</i>
Glyn Hirsch	Liontrust Asset Management plc	Emisan Limited Proventec plc Glotel PLC 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 Hyndland Limited Jonathan Alexander Limited	Capital City Developments Limited Heid Limited
Colin Smith	AB Holdings Limited GVH Holdings Limited Belasko Administration Limited Belasko Shareholdings Limited Hyndland Limited Jonathan Alexander Limited	Da Vinci CIS Private Sector Growth Fund Ltd Kraken Commercial Property Fund plc KG Property Ltd K&M (IOM) Ltd Tethys Petroleum Inc.
Christopher Sherwell	Burnaby Insurance (Guernsey) Limited Schroder Oriental Income Fund Limited F&C UK Real Estate Finance Limited F&C UK Real Estate Investments Limited (previously IRP Property Investments Limited) IRP Holdings Limited IPT Property Holdings Limited The Prospect Japan Fund Limited Hermes Commodities Index Fund Limited (dormant) Hermes Commodities Index Fund PCC Limited (dormant) Hermes Commodities Index Plus Fund PCC Limited (dormant) Hermes Commodities Alpha Fund PCC Limited (dormant) 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	Alternative Liquidity Solutions Limited (previously Saltus European Debt Strategies Limited) Cayuga Global Macro Fund Limited Collins Stewart (CI) Limited (now known as Canaccord Genuity Wealth (International) 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 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 Consulta Capital Fund PCC Limited Consulta Capital Fund Holdings Limited

	<i>Current</i>	<i>Past</i>
Christopher Sherwell <i>(continued)</i>	NB PEP Holdings Limited	Alternative Asset Opportunities PCC Limited
	NB Distressed Debt Investment Fund Limited	The Clifford Estate Company Limited
	Baker Steel Resources Trust Limited	The Clifford Estate (Chattels) Limited
	Rufford & Ralston PCC Limited	Ugbrooke Properties Limited
	Renshaw Bay Limited	Hermes Absolute Return Fund (Guernsey) Limited
	Guernsey Community Foundation LBG	Corazon Capital Group Limited
	Mid Europa III Management Limited	Prodesse Investment Limited
	NB PEP Investments LP Limited	EMP Europe (CI) Limited
		Hermes Alternative Investment Funds plc
		Ciel Bleu Limited
		BSkyB Guernsey 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	
Stephen Coe	Building Block Insurance PCC Limited	ACP Capital (Cyprus) Limited
	Callidus Holdings pte	ACP Capital Limited
	Capitalpost Luxembourg Sarl	Leasecom SA
	Care Home Properties Limited	Global Investment Basket Limited
	Data Debt PCC Limited	Investec Recovery Partners I Limited
	George Street Holdings Pty Limited	Enhanced Global Growth Basket Limited
	Greenfield Holdings Limited	HCF Guernsey Limited
	Hamilton Corporate Finance (Guernsey) Limited	Optimal Investment Growth Basket Limited
	HCHP Limited	Leopard Astley Limited
	Healthcare Alpha Limited	Matrix Property Fund Management (Guernsey) Limited
	Healthcare Beta Limited	MP Trustees Limited
	Healthcare Delta Limited	Accelerated Global Growth Basket Limited
	Healthcare Finance Limited	Matrix European Real Estate
	Healthcare Holdings Limited	Sterling Capital Growth Trust Limited
	Healthcare Property Holdings Limited	Aurora Russia Limited
	Healthcare Property Investments Limited	East Asian Growth Basket Limited
	Healthcare Real Estate Investors Limited	Matrix Real Estate India Limited
	Healthcare Real Estate Holdings Limited	Investec Administration Services Limited
	HHL Properties Limited	Euro Asian Basket Limited
	HH Properties Limited	Synergy Perth Trustees Limited
	HHLC Limited	Viola Leasing Limited
	HIC Limited	Trikona Trinity Capital Mauritius Limited
	HICS Limited	Leopard Guernsey SBB Limited
	HIHP Limited	Leopard Guernsey Gatwick Limited
	IHP Limited	Leopard Guernsey Azambuja Limited
	European Real Estate Investment Trust Limited	Matrix Austria Holdings One Sarl

	<i>Current</i>	<i>Past</i>
Stephen Coe (continued)	La Gaude SA	MEPV Finance Company Sarl
	La Gaude Investments	Mosaic Property CEE Limited
	La Gaude Property Sarl	Matrix St. Laurent de Mure Sarl
	Kolar Gold Limited	Strategic Equity Income Limited
	Leopard Holding Guernsey Limited	Isis Property Trust Limited
	Matrix EPH Sarl	Isis Property Holdings Limited
	Matrix EPH 2 Sarl	Leopard Holding MS Limited
	Matrix EPH Delta Sarl	Leopard Guernsey Carterton Limited
	Matrix German Portfolio No. 1 Dusseldorf Sarl	Leopard Guernsey Doncaster Limited
	Matrix German Portfolio No. 1 Celle Sarl	Leopard Guernsey DC Limited
	Matrix German Portfolio No. 1 Frankfurt Sarl	Leopard Guernsey Old Street Limited
	Matrix German Portfolio No. 1 Kaiserslautern Sarl	Leopard Guernsey Old Street Holding Limited
	Matrix European Real Estate Investment Trust Limited	Old St GP (Guernsey) Limited
	Polonius Limited	Leopard Guernsey Mile End Limited
	Polonius 2 Limited	Leopard Guernsey Halesowen Limited
	Specialised Care Properties Limited	Leopard Guernsey Germany 1 Limited
	St. Andrews Healthcare PTY	Leopard Guernsey Garstang Limited
	St. Etienne Holdco Sarl	Leopard Guernsey Germany 2 Limited
	St. Etienne Propco Sarl	Matrix Leiden BV
	Supported Living Limited	Leopard Holding Germany 1 Sarl
	Trikona Trinity Capital Plc	Leopard Guernsey Greenwich 2 Limited
	Totemic Insurance Limited	Jockgrim Limited
	Victoria Capital Limited	Zenprop 888 Guernsey Management Limited
	Leopard Holding Company Sarl	Leopard Guernsey Greenwich GP Limited
	Leopard Germany Master Holding Company Sarl	Leopard Guernsey Greenwich Holding Limited
	LG Master Holding Company Sarl	Leopard Guernsey Greenwich Limited
	South African Properties Opportunity plc	Leopard Holding GP1 Limited
	Black Sea Property Fund Limited	Leopard Guernsey Portfolio 1 Limited
	Belasko Administration Limited	
	Belasko Corporate Limited	
	Belasko Corporate 2 Limited	
	Belasko Shareholdings Limited	
	Weiss Korea Opportunity Fund Limited	
	David Moore	ACI Global Insurance Limited
Assay Insurance Services Limited		AQH Edward Street GP Limited
Barbican Group Holdings Limited		AQH Edward Street Properties Limited
Barbican Speciality Reinsurance Company Limited		Asante Holdings Limited
Black Diamond Marine 2014-1 Limited		Cheshire Guernsey Limited
Black Diamond Marine Reinsurance Company 2014-1 Limited		BSkyB Guernsey Limited
Bracken Partners Investments Channel Islands Limited		Central Capital Limited
BSI Generali Bank (CI) Limited (in voluntary liquidation)		Ciel Bleu Limited
		Directorco One Limited
		Directorco Two Limited

	<i>Current</i>	<i>Past</i>
David Moore <i>(continued)</i>	Clarke Wilmott Indemnity Limited Drummonds Insurance PCC Limited Duet Real Estate Finance Limited Financial Insurance Guernsey PCC Limited Generali International Limited Generali Worldwide Insurance Company Limited Generali Portfolio Management Limited Generali Portfolio Management (UK) Limited Hauteville Limited HRS Asset Management Limited HRS Diversified Fund PCC Limited HRS Holdings Limited Jupiter Insurance Limited Land Securities Insurance Limited Lonmin Insurance Limited Lothbury Insurance Company Limited Maturin UK 2008-01 (M/F 80-100) IC Limited Morar ICC Limited Nest Egg Investments Limited Newman Insurance Company Limited NT General Partner Limited Orion Finance Corporation Limited Schroders CI Limited Tangerine Discretionary PCC Limited Windward Insurance PCC Limited	Greenpark Capital Investment Management Limited Greenpark International General Partner I Limited Greenpark International General Partner II Limited Greenpark International General Partner III Limited Generali Portfolio Management (UK) Limited HRS France SA GLASS CP Funding Limited Guernsey Loan Asset Securitisation Scheme Limited Lapco Limited Legis Group Limited Memberco One Limited Memberco Two Limited M&J Properties Limited Mourant Ozannes Corporate Services Limited Mourant Ozannes (GP) Limited Mourant Ozannes Securities Limited Mourant Ozannes LP Mourant Ozannes New Hill Group Limited Standard Life Investments Property Holding Limited Standard Life Investments Property Income Trust Limited Schroder Executor & Trustee Company (CI) Limited Secretaryco Limited Royal Bank of Canada ARC Fund Limited State Street Trustees (Guernsey) Limited White Rock Insurance Company PCC Limited White Rock Insurance Company ICC 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 was put into solvent voluntary liquidation: Alternative Liquidity Solutions Limited, Cayuga Global Macro Fund Limited, Goldman Sachs Dynamic Opportunities 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, Ciel Bleu, 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 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 £522,750 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 £522,750 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 £326,600 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 £289,000 and Mr. Smith is entitled to a discretionary bonus which is to 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 2012 was as follows:

<i>Director</i>	<i>Salary/fee £'000</i>	<i>Cash bonus £'000</i>	<i>Benefits £'000</i>	<i>Total £'000</i>	<i>Pension contributions £'000</i>
Anton Bilton	509	225	19	753	48
Glyn Hirsch	509	250	19	778	48
Mark Sinclair	318	170	10	498	32
Colin Smith	239	170	10	419	24
Richard Jewson	100	–	–	100	–
Christopher Sherwell	42	–	–	42	–
Stephen Coe	42	–	–	42	–
David Moore	42	–	–	42	–
	<u>1,801</u>	<u>815</u>	<u>58</u>	<u>2,674</u>	<u>152</u>

7. INCENTIVE ARRANGEMENTS

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

7.1 *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.

The ERS is now closed and no further awards will be made thereunder.

As at the date of this document, the following ERS awards had been granted and were outstanding 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	3,550,000	325,000
Total	<u>5,000,000</u>	<u>4,675,000</u>	<u>325,000</u>

7.2 *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.

All of the 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 LTIP has now closed and no further awards will be made.

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>Exercised</i>	<i>Options outstanding</i>	<i>Options exercisable</i>
Anton Bilton	810,811	–	–	810,811	540,541
Glyn Hirsch	1,000,000	–	–	1,000,000	666,666
Mark Sinclair	1,000,000	–	–	1,000,000	666,666
Colin Smith	500,000	–	–	500,000	333,333
Other persons*	5,935,135	200,000	633,334	5,101,801	3,190,089
Total	<u>9,245,946</u>	<u>200,000</u>	<u>633,334</u>	<u>8,412,612</u>	<u>5,397,295</u>

* 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.

7.3 Combined Bonus and Long Term Incentive Scheme 2012-2014

This joint scheme is based on performance criteria which reflect cash generation, 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 during the life of the scheme and all awards will be made in Ordinary Shares or the Company’s other instruments. The scheme is operated by the EBT.

Over the 3 years to 31 December 2014, on an equal basis, a total of 22.5 million Ordinary Shares (or any of the Company’s other capital instruments to the same value) were made available for the scheme. The EBT held 14,303,279 Ordinary Shares and 3,731,343 Preference Shares to cover the scheme’s commitment. These were used for performance remuneration of executives and senior management combined, currently a team of 16.

In addition:

- 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.
- 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 were also set personal targets for the performance period, beyond their contribution to the achievement of the Company’s cash generation targets. The Remuneration Committee reviews achievement of these and may as a result flex individual awards. The Remuneration Committee also takes account of shareholder experience, if unforeseen events cause it to be out of line with the cash generation formula described above.

Contingent share awards, subject to the performance conditions set out above, have been made as follows:

	<i>Number of Ordinary Shares (as equivalent)*</i>	
	<i>2013</i>	<i>2014</i>
Anton Bilton	1,341,000	1,341,000
Glyn Hirsch	1,341,000	1,341,100
Mark Sinclair	1,141,000	1,141,100
Colin Smith	756,000	756,000
Other persons	2,912,676	2,912,676

* The scheme allows for rewards to be made in any of the Company’s capital investments.

The 2012 awards vested in full and Preference Shares equivalent to the awards set out above were transferred from the EBT as follows:

	<i>Number of Preference Shares*</i>
Anton Bilton	610,455
Glyn Hirsch	610,455
Mark Sinclair	519,410
Colin Smith	344,149
Other Persons	1,325,919

* The award of Preference Shares equates to the market value of Ordinary Shares at the date the Remuneration Committee approved the scheme.

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 Konstructora 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
Logopark Don LLC	Russian Federation	346710, Rostov region, Aksajskij district, homestead Bolshoj Log, Novocherkasskoe shosse 111, bld. 1, Russian Federation	Property Holding	100

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Registered Office</i>	<i>Principal activity</i>	<i>Proportion of ownership interest %</i>
Logopark Ob LLC	Russian Federation	630088, the Russian Federation, Novosibirsk city, Petukhova street 71 Russian Federation	Property Holding	100
Fenix LLC	Russian Federation	143391, Moscow Region, Naro-Fominskij district, Marushkinski rural district, Krekshino village, Tupikovyi proezd, 1. Russian Federation	Property Holding	100
CJSC Noginsk Vostok	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
Kulon Spb LLC	Russian Federation	191028, Saint-Peterburg, Liteyniy prospect, bld. 24 Russian Federation	Property Holding	100
CJSC Toros	Russian Federation	141207, Moscow Pushkino, Pushkinskoe Pole Str, Tenement 10 Russian Federation	Property Holding	100
League LLC	Russian Federation	143521, Moscow Istrinsky District, Luchinskoye, Davydovskoy e, Dachnaya Str, Russian Federation	Property Holding	100
Dorfin Limited	Cyprus	Kaliaco Court No 57 Kolonakiou Street, Linopetra, 4103 Limassol, Cyprus	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>
Raven Russia Property Advisors Limited	UK	Coln Park, Claydon Pike Lechlade Gloucestershire GL7 3DT United Kingdom	Employment Company	100
Avalon Logistics Company LLC	Russian Federation	Dorozhnaya ul., str. 60, p. sovkhoza “Ostankino”, s/p Gabovskoye, Dmitrov District, Moscow Region, 141895, Russian Federation	Logistics	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	Employment Company	100
Raven Mount Group Limited	UK	Coln Park, Claydon Pike Lechlade Gloucestershire GL7 3DT United Kingdom	Property Trading	100

9. TAXATION

The following information, which relates only to UK and Guernsey, is applicable to the Company and to persons who are tax resident in the UK or tax resident in Guernsey and who hold shares as investments and excludes non UK domiciled individuals and those who are temporarily non-resident, and such persons should consider seeking professional advice relevant to their own activities. 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 persons 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. Distributions made by exempt companies to non Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Where a tax exempt company makes a distribution to shareholders that are Guernsey tax resident individuals the Company will only need to report the relevant details of those distributions to the Director of Income Tax.

In the absence of tax exempt status, the Company would be Guernsey tax resident and taxable at the Guernsey standard rate of company income tax of zero percent.

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.

Shareholders who are individuals resident for tax purposes in Guernsey (which includes Alderney and Herm) will incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. So long as the Company has been granted tax exemption the Company will only 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 amount of any distribution paid and the date of the payment.

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.

9.1.3 *Other*

EU Savings Tax Directive

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU Member States on the taxation of savings income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the "Directive") as applied in Guernsey. However, whilst such interest payments may include distributions from

the proceeds of shares or units in certain collective investment schemes which are equivalent to a UCITS, guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements indicate that the Company is not equivalent to a UCITS. Accordingly, any payments made by the Company to Shareholders will not currently be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the Directive in Guernsey.

The scope and operation of the Directive is currently being reviewed by the European Commission. Any review will affect EU Member States. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. A number of changes have been indicated which, if agreed, could significantly widen its scope. These changes could lead to the Company having to comply with the provisions of the Directive in the future.

Future changes

The Company may be subject to FATCA. The application of FATCA to the Company is not currently clear, and its application may be affected by any intergovernmental agreement relating to the implementation of FATCA in Guernsey, into which Guernsey and the US may enter.

Different and potentially obligatory disclosure and withholding tax requirements may be imposed in respect of investors in the Company and their beneficial owners as a result of either local implementing legislation and/or domestic legislation similar to FATCA.

US-Guernsey Intergovernmental Agreement

Formal negotiations have taken place with the US in regard to concluding an intergovernmental agreement between Guernsey and the US in respect of the compliance with the FATCA regime in Guernsey; this agreement is expected to be published shortly.

Once signed, an intergovernmental agreement would be subject to ratification by Guernsey's States of Deliberation (Guernsey's parliament) and implementation of the agreement would be through Guernsey's domestic legislative procedure. It is currently anticipated that any such legislation will not come into effect until 2015 at the earliest. The impact of such an agreement on the Company and the Company's reporting and withholding responsibilities (if any) pursuant to FATCA as implemented in Guernsey is not currently known.

UK-Guernsey Intergovernmental Agreement

The States of Guernsey have just signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") under which potentially mandatory disclosure requirements may be required in respect of certain Shareholders who may have a UK connection. As at the date of this Prospectus, whilst the UK-Guernsey IGA has been signed, details of the guidance notes and effective date have yet to be announced. The UK-Guernsey IGA needs to be ratified by the Guernsey's States of Deliberation, which is scheduled for the December 2013. It is however currently anticipated that this legislation will not come into effect until 2016 at the earliest. The impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA will not be known with any certainty until the relevant guidance notes have been released, which is expected shortly.

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 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 a rate of 10 per cent. or 32.5 per cent. or 37.5 per cent. (the 32.5 per cent. tax rate applies if the individual is a higher rate tax payer and the 37.5 per cent. tax rate applies if the individual has other taxable income in excess of £150,000 per annum).

Any dividend will ordinarily carry a tax credit equal to one ninth of the dividend, provided that the individual's interest 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 37.5 per cent.) entitled to a tax credit this gives an effective tax rate of 30.56 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 any dividends paid by the Company.

Corporate shareholders should seek their own separate advice as to the taxation of dividends received.

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 shares. Any such gain may be subject to tax at a rate of up to 28 per cent. For individuals with income in excess of £32,010 (for the 2013/2014 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 £32,010. Individual shareholders are not subject to tax on chargeable gains up to the annual exempt amount. For the 2013/2014 tax year this is £10,900.

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 shares. Indexation allowance may apply to reduce any chargeable gain arising on a disposal of the 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 25 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.

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. 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 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 shares are connected will not normally be liable to United Kingdom taxation on capital gains arising on the sale or other disposal of shares. However, non-UK Shareholders will need to take specific professional advice about their individual tax position.

9.2.4 *Individual Savings Accounts (“ISA”)*

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. 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 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 a Placing and Open Offer Agreement pursuant to which N+1 Singer, as joint financial adviser and broker agreed to use its reasonable endeavours to place 48,414,250 Preference Shares with institutional and other investors, including certain existing Preference Shareholders. The Placing and Open Offer Agreement contained customary warranties given by the Company to N+1 Singer as to matters relating to the Group and its business and a customary indemnity given by the Company to N+1 Singer in respect of liabilities arising out of or in connection with the Placing and Open Offer. Under the Placing and Open Offer Agreement, N+1 Singer received a commission of £941,243 and was paid a corporate finance fee of £200,000.

10.2 The Warrant Instrument, details of which are incorporated by reference into this document (as referred to on page 122 below).

10.3 *Pushkino*

10.3.1 A share acquisition agreement dated 30 April 2012 between Padastro Holdings Limited (a holding company wholly owned by the Company) (“Padastro”) and PLP Holding GmbH (“PLP”) pursuant to which the Group acquired the entire issued share capital of CJSC Toros (“Toros”), the owner of the Pushkino Logistics Park.

PLP gave various warranties in relation to CJSC “Toros” as of the date of the Acquisition Agreement, which were repeated on completion of the acquisition. The warranties were of a type usual for an acquisition of this nature in the Moscow market. No responsibility was taken by PLP for matters that took place prior to 10 September 2010 (which is when PLP acquired shares in CJSC “Toros”). Pursuant to the Acquisition Agreement, PLP had agreed to indemnify Padastro in respect of ongoing litigation that Toros was party to with a supplier of electricity equipment. The indemnity was secured by a cash retention. Under the Acquisition Agreement, PLP had conduct of the claim on behalf of Toros. On 12 October 2013, PLP agreed with Padastro and the Company to release the retention amount to the Company in return for which Padastro released its claim under the indemnity. Toros now has conduct of the litigation, which is ongoing, and further details of the litigation are set out in paragraph 15 below.

10.3.2 Pursuant to a loan agreement dated 30 April 2012 between Frontgoal Limited (“Frontgoal”) as lender and Toros, as borrower the parties agreed the terms of a loan (the “Toros Loan Agreement”) as follows:

- (a) Frontgoal made available to Toros a facility of up to the Russian Rouble equivalent of approximately US\$166 million;
- (b) the facility is for 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 is a subsidiary of a company, external to the Group, that has entered into facility agreements with Aareal Bank AG and the Group for the purposes of financing the Toros Loan Agreement. The loan to Frontgoal's parent under the bank facility agreement falls due for repayment in November 2017. Various companies of the Group (excluding the Company) have provided mortgages, charges, pledges and other customary security interests to Aareal Bank AG in relation to the bank facility agreement.

10.4 *Krekshino*

10.4.1 A facility agreement dated 19 January 2013 between Damicon Holdings Limited, a company wholly owned by the Company and Sberbank of Russia ("Sberbank") pursuant to which Sberbank made available to the Group a term loan facility for up to US\$100 million for the purpose of refinancing a loan with Deutsche Pfandbriefbank AG ("Deutsche") pursuant to which Deutsche had 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 six year term loan expiring in 18 November 2019; and
- (b) The interest rate payable is LIBOR plus a margin of 6.9 per cent., plus mandatory costs (if any). The Group has entered into separate interest rate agreements to cap the LIBOR element at 1.0 per cent. until June 2018.

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 Sberbank by the borrower and other companies of the Group (excluding the Company).

10.5 *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.

10.6 *Constanta*

10.6.1 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, amended further by a deed of amendment dated 20 December 2012, 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 10.6.2 below.

10.6.2 A term facility agreement dated 14 August 2007, as amended by a deed of amendment and restatement dated 21 December 2012, 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 these facilities are as follows:

- (a) The facilities expire on 30 September 2014;
- (b) The interest rate payable on the aggregate amount of this loan and the Amended Constanta Loan is LIBOR plus a margin at 6 per cent. The Group has entered into an interest rate agreement to cap the LIBOR element of the amount outstanding under the facilities at 7.50 per cent. over the remaining term of the loans; and
- (c) All surplus cash generated by the assets are paid to HSH Nordbank AG and applied as repayments of principal under the facilities.

The obligations of the borrowers under these facilities are secured by various mortgages, charges, pledges and other customary security interests entered into for the benefit of HSH Nordbank AG by the borrowers 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.

10.7 *Rostov on Don*

10.7.1 A loan agreement dated 17 September 2013 between Domonto Holdings Limited (“Domonto”) as lender and Logopark Don LLC as borrower (the “Rostov Loan Agreement”).

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

- (a) Domonto made available to Logopark Don LLC a facility comprising a tranche A and a tranche B. Tranche A is for an amount up to US\$61.2 million for the purpose of refinancing a loan with International Finance Corporation. Tranche B is for an amount up to US\$76.0 million for the purpose of refinancing certain internal loans advanced by the Company to Logopark Don LLC. Each tranche shall be repayable in full on or before 15 December 2018 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 10 per cent. per annum.

Domonto is a subsidiary of a company, external to the Group, that has entered into facility agreements with VTB Bank (Deutschland) AG (“VTB”) and the Group for the purposes of financing the Rostov Loan Agreement. Various companies of the Group (excluding the Company) have provided mortgages, charges, pledges and other customary security interests to VTB in relation to the bank facility agreement.

10.8 *Novosibirsk*

10.8.1 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 amount was fully drawn. 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.

10.8.2 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 10.8.1 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 10.8.1 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.

10.8.3 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.

10.9 *Volhonsky Limited hedging arrangements*

10.9.1 *Royal Bank of Scotland International (“RBSi”)*

Volhonsky Limited (a wholly owned subsidiary of the Company) has entered into a series of interest rate cap agreements with RBSi to hedge the Group’s interest rate exposure on part of the Group’s floating rate bank borrowings. Details of the initial notional amounts, cap rates and final maturity dates are presented below:

<i>Initial notional amount</i>	<i>Cap rate</i>	<i>Maturity</i>
\$39.7 million	2.25%	May 2017
\$33.3 million	2.25%	September 2017
\$75 million	1.25%	December 2016
\$30 million	1.00%	March 2018

10.9.2 *Investec Bank (“Investec”)*

Volhonsky also entered into two interest rate cap agreements with Investec. The agreements are for an aggregate initial notional amount of \$77.8 million, a cap rate of 1.00 per cent. and a final maturity date of 31 December 2017.

10.10 *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’s parent 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.

10.11 *Lobnya*

10.11.1 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.

10.11.2 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.

10.11.3 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.

10.12 *Klimovsk*

10.12.1 *Phase 1*

A US\$38 million Facility Agreement dated 20 April 2011 as amended 7 June 2013 between OOO Soyuz-Invest (“the Borrower”), an indirect wholly owned subsidiary of the Company and Raffeisenbank. The loan 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 Borrower may prepay the whole or any part of the loan (minimum US\$0.5 million) subject to an early prepayment fee.

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

10.12.2 *Phase 2*

A US\$47.5 million Facility Agreement dated 24 October 2012 between OOO Soyuz-Invest, (the “Borrower”), an indirect wholly owned subsidiary of the Company and Raffeisenbank. The loan was drawn on 17 December 2012. The main terms of the facility are as follows:

- (a) The facility is a ten year term expiring 30 September 2022;
- (b) The interest rate payable is LIBOR plus a margin of 7 per cent.; and
- (c) The Borrower may prepay the whole or any part of the loan (minimum US\$0.5 million) subject to an early prepayment fee.

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

10.13 *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 Raffeisenbank which has been fully drawn. The main terms of the facility are as follows:

- (a) the facility is a ten year term expiring 10 November 2021;
- (b) the interest rate payable in LIBOR plus a margin of 6.75 per cent.;
- (c) 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
- (d) the obligations of the Borrower under this facility are secured by various mortgages, charges, pledges and other customary security interests for the benefit of Raffeisenbank entered into by the Borrower and other entities in the specific groups of entities (within the Group (not including the Company)) that were set up to hold (directly or indirectly) and finance the property.

10.14 *Sholokhovo*

10.14.1 A share sale and purchase agreement dated 17 July 2012 between Raven Russia Sholokhovo Holdings Limited (a holding company wholly owned by the Company) and Delamore Limited pursuant to which the Group acquired the entire issued share capital of Sunfleet Limited (“Sunfleet”), the owner of the logistics park at Sholokhovo.

10.14.2 A facility agreement dated 9 August 2011, as amended 23 July 2013, between Sunfleet Limited and Raffeisenbank pursuant to which Raffeisenbank made available to the Group a term loan facility for up to US\$30.7 million. The loan was fully drawn. The main terms of this facility are as follows:

- (a) The facility is a ten year term loan expiring on 9 August 2021;
- (b) The facility comprises a tranche A in the amount of US\$21 million and a tranche B of US\$9.7 million;
- (c) The interest rate payable for tranche A is LIBOR plus a margin of 6.5 per cent., plus mandatory costs (if any) and for tranche B a margin of 7.0 per cent.

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 Raffeisenbank by the borrower and other companies of the Group (excluding the Company).

10.15 *Corporate facility*

A facility agreement dated 11 October 2012 between the Company and DEG – Deutsche Investitions – Und Entwicklungsgesellschaft mbH (“DEG”), pursuant to which DEG made available to the Company a loan facility of up to US\$30 million for use in construction projects. The loan was fully drawn and the main terms of this facility are as follows:

- (a) The facility is for a eight year term expiring 15 September 2020; and
- (b) The interest rate payable is LIBOR plus 7.9 per cent., plus mandatory costs (if any). The Group has entered into a separate interest rate agreement to cap the LIBOR element at 1.0 per cent. until March 2018.

11. MANDATORY TAKEOVER BIDS AND SQUEEZE-OUT/SELL OUT PROVISIONS

11.1 *Mandatory takeover bids*

The Takeover 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 Takeover Code and to supervise and regulate takeovers and other matters to which the Takeover Code applies in accordance with the rules set out in the Takeover Code. The Takeover 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 Takeover 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.

Paragraph 6 of Part 1 of this document sets out further information relating to Rule 9 of the Takeover Code.

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

Save as set out in this document and other than: (i) those matters referred to in Note 34 to the Financial Statements of the Group for the year ended 31 December 2012 which are incorporated by reference into this document; (ii) those matters referred to in Note 33 to the Financial Statements of the Group for the year ended 31 December 2011 which are incorporated by reference into this document; (iii) 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, during the period commencing on 1 January 2010 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 and the existing cash resources available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the period of 12 months from the date of this document.

14. FINANCIAL EFFECTS OF THE PREFERENCE SHARE CONVERSION OFFER

Upon Completion, had the Preference Share Conversion Offer been undertaken at 30 June 2013, the Group's adjusted net assets would have increased by US\$157 million and the fully diluted adjusted NAV per Ordinary Share would have decreased by 12 cents (9 per cent.). It is not expected that there will be a material impact on earnings per Ordinary Share as the increase in Ordinary Shares resulting from the Preference Share Conversion Offer will be offset by the reduction in the Preference Share coupon of approximately US\$19 million per annum.

15. LITIGATION

A supplier of electricity equipment to CSJC "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. CSJC “Toros” filed an appeal of the judgment in July 2011 and continued to appeal through the various levels of the Russian Court system. On 18 December 2012, the claim was referred back to the Arbitration Court by the Cassation Court, recommencing the entire appeal process, subject to direction of the Cassation Court. Various hearings have been held during 2013 and the next hearing date is due to be held on 16 January 2014. The cash amount released to the company (via Padastro) as referred to in paragraph 10.3.1 currently covers the aggregate amount claimed.

Save in respect of the litigation referred to 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.

16. GENERAL

- 16.1 There has been no significant change in the financial or trading position of the Group since 30 June 2013, the date to which the last unaudited interim financial statements of the Group were prepared.
- 16.2 There has been no material change to the valuation of the freehold and part freehold and part leasehold properties of the Group set out in the Property Valuation Report on the Group in Part 6 of this document since 15 November 2013, the date to which such report was prepared.
- 16.3 The estimated costs and expenses relating to Admission (including the fees of the FCA, professional fees and expenses and the costs of printing and distribution of documents) are expected to amount to approximately £1 million, excluding VAT.
- 16.4 Nplus1 Singer Advisory LLP is registered in England and Wales under number OC364131 and its registered office is at One Bartholomew Lane, London EC2N 2AX United Kingdom. Nplus1 Singer Advisory LLP is regulated by the Financial Conduct Authority and is acting in its capacity as sponsor, joint financial adviser and broker to the Company.
- 16.5 Nplus1 Singer Advisory LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.6 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 Conduct Authority and is acting in its capacity as joint financial adviser to the Company.
- 16.7 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.
- 16.8 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 6 of this document and references thereto in the forms and contexts in which they appear and has authorised the contents of such report for the purposes of Prospectus Rule 5.5.3R(2)(f).
- 16.9 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 2010, 31 December 2011 and 31 December 2012.
- 16.10 Save as otherwise disclosed in paragraph 10 of this Part 8, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group’s business or profitability.

16.11 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.

17. 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:

- 17.1 the memorandum of incorporation of the Company and the Articles;
- 17.2 the historical financial information incorporated by reference in this document and referred to on page 122 below;
- 17.3 the report prepared by Jones Lang LaSalle set out in Part 6 of this document;
- 17.4 the written consent letters referred to in paragraphs 16.5, 16.7 and 16.8 above; and
- 17.5 this Prospectus.

Dated 27 November 2013

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 Ordinary Shares, is necessary to enable Ordinary Shareholders, 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>
Unaudited Financial Statements for the Group for the six month periods ended 30 June 2013 and 30 June 2012	Directors' Remuneration Report	n/a
	Independent Auditor's Report to the members of the Company	8
	Group Income Statement	9
	Group Statement of Comprehensive Income	10
	Group Balance Sheet	11
	Group Statement of Changes in Equity	12
	Group Cash Flow Statement	13
	Notes to the Financial Statements	14-27
Audited Financial Statements for the Group for the year ended 31 December 2012	Directors' Remuneration Report	25-29
	Independent Auditor's Report to the members of the Company	30
	Group Income Statement	31
	Group Statement of Comprehensive Income	32
	Group Balance Sheet	33
	Group Statement of Changes in Equity	34
	Group Cash Flow Statement	35
	Notes to the Financial Statements	36-72
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	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:

“2006 Act”	the UK Companies Act 2006
“Admission”	admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange’s Main Market for listed securities becoming effective in accordance with the Listing Rules
“associates”	has the meaning given to the term in the Listing Rules for the purposes of chapter 11 of the Listing Rules (Related Party Transactions: Premium Listing)
“AIM”	AIM, a market operated by the London Stock Exchange
“Articles” or “Articles of from time Incorporation”	the Articles of Incorporation of the company in force to time
“Bilton Independent Shareholders”	the Ordinary Shareholders other than Anton Bilton and his associates
“Bilton Resolution”	the resolution required in accordance with Chapter 11 of the Listing Rules to approve the participation by the Bilton Shareholders in the Preference Share Conversion Offer
“Bilton Shareholders”	Anton Bilton and those of his associates who intend to participate in the Preference Share Conversion Offer, as set out in paragraph 5 of Part 1 of this document
“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 Asset Services”	a trading name of Capita Registrars Limited
“certificated” or “in certificated form”	in certificated form (that is, not in CREST)
“Circular”	the circular sent to Shareholders containing, among other things, details of the Preference Share Conversion Offer, the Resolutions and notice of the General Meeting which is also available on the “Investors” section of Company’s website at www.ravenrussia.com
“Company” or “Raven Russia”	Raven Russia Limited
“Completion”	completion of the Preference Share Conversion Offer in accordance with the Offer Document
“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities (Guernsey) Regulations 2009
“Directors” or “the Board”	the directors of the Company from time to time and, as at the date of this document, are such persons, whose names are set out on page 25 of this document
“DTRs” or “Disclosure and Transparency Rules”	the Disclosure and Transparency Rules published by the FCA in accordance with section 73A(2) 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 8 of this document
“Enlarged Ordinary Share Capital”	the Ordinary Shares as enlarged by the New Ordinary Shares
“Entitlement”	the entitlement of the Preference Shareholders to convert up to half of their Preference Shares (rounded down to the nearest whole number of Preference Shares) registered in their names at the Record Date into New Ordinary Shares pursuant to the Preference Share Conversion Offer
“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, the operator of CREST
“Executive Directors”	Anton Bilton, Glyn Hirsch, Mark Sinclair and Colin Smith
“Existing Disapplication”	the authority which expires on 7 November 2014 (or, if earlier, the conclusion of the next Annual General Meeting of the Company), granted at the Company’s AGM on 7 May 2013 to disapply pre-emption rights
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this document
“FCA” or “Financial Conduct Authority”	the UK Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“General Meeting” or “GM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 23 December 2013, notice of which is set out at the end of the Circular
“Group” or “Raven Russia Group”	the Company and its subsidiaries and “member of the Group” shall be construed accordingly
“IAML”	Invesco Asset Management Limited acting in its capacity as agent for and on behalf of the Invesco Funds
“IFRS”	International Financial Reporting Standards (including International Accounting Standards)
“Invesco”	Invesco Limited
“Invesco Concert Party”	IAML and the Invesco Funds
“Invesco Funds”	EIT, IPDF, IPHIF, IPIF, IPEP, TSIP, SNIDF, SSMUT, SNEF, SEEF, SHUIT and any nominee holding on behalf of any of them
“Invesco Independent Shareholders”	the Ordinary Shareholders other than members of the Invesco Concert Party
“Invesco Resolution”	the resolution required in accordance with chapter 11 of the Listing Rules to approve the participation by members of the Invesco Concert Party in the Preference Share Conversion Offer, as detailed in the Circular
“IPDF”	Invesco Perpetual Distribution Fund

“IPHIF”	Invesco Perpetual High Income Fund
“IPIF”	Invesco Perpetual Income Fund
“IPEP”	Invesco Perpetual UK Equity Pension Fund
“JLL”	Jones Lang LaSalle of Kosmodamianskaya NAB 52/3 Korp 3, Moscow 115054, Russia
“Kinmont”	Kinmont Limited, joint financial adviser to Raven Russia
“Law”	the Companies (Guernsey) Law, 2008, as amended
“Listing Rules”	the Listing Rules published by the FCA in accordance with section 73A(2) of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Market Purchase Authority”	the authorities, each of which expire on 7 November 2014 (or, if earlier, the conclusion of the next annual general meeting of the Company), granted at the Company’s annual general meeting of 7 May 2013 to make market acquisitions of Ordinary Shares or otherwise make one or more purchases of Ordinary Shares pursuant to any tender offer made by the Company to Ordinary Shareholders
“Main Market”	London Stock Exchange’s main market for listed securities
“N+1 Singer”	Nplus1 Singer Advisory LLP, sponsor, joint financial adviser and broker to Raven Russia
“NAV”	the value of the assets of the Group (on a consolidated basis) less its liabilities in total calculated in accordance with the accounting policies adopted by the Group (on a consolidated basis) from time to time
“NAV per Ordinary Share”	NAV divided by the number of Ordinary Shares in issue from time to time
“New Ordinary Shares”	the new Ordinary Shares arising as a result of the Preference Share Conversion Offer pursuant to the Preference Share Conversion Offer
“Non-Executive Director”	Richard Jewson, Christopher Sherwell, Stephen Coe and David Moore
“Notice”	the notice of General Meeting, which is set out at the end of the Circular
“Offer Document”	the document to be sent out to Preference Shareholders on or around the date of this document setting out the terms of the Preference Share Conversion Offer
“Official List”	the official list of the UKLA
“Ordinary Shareholder”	a holder of Ordinary Shares
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“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

“Panel”	the Panel on Takeovers and Mergers
“Part VI Rules”	the rules contained in Part VI of FSMA
“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 Bank AG
“Preference Dividend”	the cumulative preferential dividend accruing on each Preference Share
“Preference Share Conversion Offer”	the offer being made by the Company to Preference Shareholders to convert each Preference Share held by them into two Ordinary Shares on the terms set out in the Offer Document and, in the case of holders of Preference Shares in certificated form, the form of acceptance accompanying the Offer Document including, where the context requires, any subsequent revision, variation, extension or renewal of such offer
“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 Preference Share Conversion Offer would breach any applicable law
“Prospectus”	this document
“Prospectus Directive”	the Prospectus Directive of the European Parliament and Council (2003/71/EC)
“Prospectus Rules”	the Prospectus Rules made by the FCA 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
“Raven Mount”	Raven Mount Group Limited (formerly Raven Mount Group plc)
“Record Date”	5.00 p.m. on 20 December 2013
“Registrars”	Capita Registrars (Guernsey) Limited
“Regulation S”	Regulation S under the US Securities Act
“Resolutions”	the resolutions numbered 1 to 6 in the Notice to be proposed at the General Meeting
“Roslogistics”	the logistics business operated by the Group’s wholly owned subsidiary, Avalon Logistics Company LLC
“Rouble”	the lawful currency of the Russian Federation
“RRPM”	Raven Russia Property Management Limited
“Rule 9”	Rule 9 of the Takeover Code
“Rule 9 Waiver”	the waiver agreed by the Panel, conditional upon the approval by Invesco Independent Shareholders of the Waiver Resolution at the General Meeting, of the obligation of any member of the Invesco Concert Party to make a general offer under Rule 9 which would otherwise arise as a consequence of the completion of the Preference Share Conversion Offer

“SDRT”	UK Stamp Duty Reserve Tax
“SEEF”	SJP Exempt UK Equity Fund
“Share Election”	the ability of Preference Shareholders to participate in the Preference Share Conversion Offer in respect of less than or more than their Entitlement
“SHUIT”	SJP High Income Unit Trust
“SNEF”	SJP Net UK Equity Fund
“SNIDF”	SJP Net Income Distribution Fund
“SSMUT”	SJP Strategic Managed Unit Trust
“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” or “pence”, “s” or “p”	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
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel as amended or supplemented, from time to time
“TSIP”	the Shipbuilding Industries Pension Scheme
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	for the time being recorded on the relevant register of Shareholders 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
“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
“Waiver Resolution”	the ordinary resolution numbered 5 in the Notice to be proposed at the General Meeting in connection with the Rule 9 Waiver
“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 pursuant to the terms of the Warrant Instrument
“Warrantholder”	a holder of a Warrant
“Warrant Instrument”	the warrant instrument adopted by the Company constituting the Warrants

