

This document, together with the documents appended hereto (which together comprise the **Listing Document**) include particulars given in compliance with the CISEAL Listing Rules of the CISEAL for the purpose of giving information with regard to Raven Russia Limited (the **Company**). The Directors of the Company, whose names appear on page 3 of this document, accept full responsibility for the information contained in the Listing Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the CISEAL for up to 1,500,000,000 Ordinary Shares of £0.01 each, up to 400,000,000 Preference Shares of £0.01 each and up to 275,000,000 Warrants to subscribe for Ordinary Shares, to be admitted for a secondary listing, by way of an Introduction, to the Official List of the CISEAL. It is expected that Admission of the Ordinary Shares, Preference Shares and Warrants to the Official List of the CISEAL will become effective, and that dealing shall commence, on or about 17 May 2016. These securities are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

---

**RAVEN RUSSIA LIMITED**

*(incorporated and registered in Guernsey with registered no. 43371)*

**IN RESPECT OF THE INTRODUCTION OF UP TO 1,500,000,000 ORDINARY SHARES OF  
£0.01 EACH, UP TO 400,000,000 PREFERENCE SHARES OF £0.01 EACH AND UP TO  
275,000,000 OF WARRANTS TO SUBSCRIBE FOR ORDINARY SHARES TO A SECONDARY  
LISTING ON THE OFFICIAL LIST OF THE CHANNEL ISLANDS SECURITIES EXCHANGE  
AUTHORITY LIMITED**

**SPONSOR TO THE CISEAL LISTING  
RAVENSCROFT LIMITED**

---

Subject as set out below, the Company accepts responsibility for the information contained in the Listing Document and to the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case) the information contained in the Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Admission of the Ordinary Shares, the Preference Shares and the Warrants to the Official List of the CISEAL, nor the approval of the Listing Document pursuant to the CISEAL Listing requirements shall constitute a warranty or representation by the CISEAL as to the competence of the service providers, or any other party connected with, the Ordinary Shares, the Preference Shares and the Warrants, the adequacy and accuracy of the information contained in the Listing Document or the suitability of the Company for investment or any other purpose.

17 May 2016



## CONTENTS

DEFINITIONS.....	1
1. THE COMPANY .....	3
2. ADVISERS TO THE COMPANY.....	4
3. INFORMATION ABOUT THE FINANCIAL POSITION OF THE GROUP AND ITS PROSPECTS.....	4
4. DIRECTORS AND EMPLOYEES .....	4
5. DIRECTORS' AND OTHER INTERESTS .....	5
6. THE BUSINESS .....	6
7. SALE OF SHARES OF UNTRACED MEMBERS .....	6
8. MATERIAL CONTRACTS.....	6
9. LITIGATION.....	9
10. FINANCIAL AND TRADING POSITION.....	9
11. PROPERTY VALUATIONS .....	9
12. GENERAL .....	9
13. DOCUMENTS FOR INSPECTION .....	9
APPENDICES .....	11

## DEFINITIONS

Terms not otherwise defined in this document shall have the same meaning given to them in the Admission Document as appropriate.

<b>Admission</b>	means admission of the Shares and Warrants to the Official List of the CISEAL
<b>Admission Document</b>	means the admission document issued by the Company on 27 November 2013, a copy of which can be obtained from the Company's website at <a href="http://www.ravenrussia.com">http://www.ravenrussia.com</a> and which forms part of this Listing Document
<b>Articles</b>	The articles of incorporation of the Company adopted on 25 March 2009, pursuant to a Special Resolution passed on 24 March 2009, and further amended by Special Resolutions passed on the 01 September 2009, 16 April 2010, 16 May 2011, 7 May and 23 December 2013
<b>Audited Financial Statements</b>	means the audited financial statements of the Group for the year ended 31 December 2015
<b>CISEAL / Exchange</b>	means the Channel Islands Securities Exchange Authority Limited
<b>CISEAL Listing Rules</b>	means the listing rules of the CISEAL
<b>Company</b>	means Raven Russia Limited
<b>Directors</b>	means 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 3 of this document
<b>Group</b>	means Raven Russia Limited and its subsidiary companies
<b>Interim Results</b>	means the Group's interim results for the six months ended 30 June 2015
<b>London Stock Exchange</b>	the London Stock Exchange plc.
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Official List</b>	the list of securities or units admitted to listing on the Exchange which is published by the Exchange on a daily basis
<b>Ordinary Shares</b>	means the ordinary shares of £0.01 each in the share capital of the Company
<b>Preference Shares</b>	means the preference shares of £0.01 each in the share capital of the Company
<b>Shares</b>	means the Ordinary Shares and the Preference Shares in the share capital of the Company
<b>Sponsor</b>	Ravenscroft Limited ("Ravenscroft")
<b>Warrant</b>	means a warrant to subscribe for 1 Ordinary Share at 25 pence per Ordinary Share pursuant to the terms of the Warrant Instrument
<b>Warrant Instrument</b>	means the Warrant Instrument adopted by the Company and constituting the Warrants approved on 24 March 2009 and amended by a supplementary agreement adopted by written

resolution on 27 September 2010.

## 1. THE COMPANY

### 1.1 The Company

The Company invests in warehouse properties in Russia. The Company was incorporated on 4 July 2005 and continues to operate in accordance with its constitutional documents.

No change in the Company's business activities is contemplated.

There have been no material adverse changes to the Company, the Company's group structure, the Company's business or accounting policies and the financial or trading position of the Company during the period from the end of the period covered by the latest audited accounts.

### 1.2 Share capital and warrants

The share capital of the Company as at the date of this document is divided into 1,500,000,000 Ordinary Shares and 400,000,000 Preference Shares. The share capital and warrants of the Company as at the date of this document (all of which are fully paid up) is set out below:

	<i>Ordinary Shares</i>	<i>Preference Shares</i>	<i>Warrants</i>
Authorised	1,500,000,000	400,000,000	275,000,000
Held in treasury	-	-	-
Issued	682,560,376	98,494,964	25,008,823
Nominal value	£6,825,604	£984,949	-

### 1.3 The Shares and Warrants are listed on the Main Market of the London Stock Exchange.

### 1.4 Changes in share capital and warrants

Set out below is a summary of changes in the share capital and warrants of the Company which have occurred within two years immediately preceding the date of this document:

	<i>Number of Ordinary Shares</i>	<i>Number of Preference Shares</i>	<i>Number of Warrants</i>
As at 31 December 2013	753,379,368	97,674,608	26,747,918
Issued pursuant to scrip dividends	-	374,868	-
Issued following exercise of Warrants	1,281,506	-	(1,281,506)
Bought back in connection with tender offers	(52,062,521)	-	-
Transfer from treasury to EBT	35,000,000	-	-
As at 31 December 2014	737,598,353	98,049,476	25,466,412
Issued pursuant to scrip dividends	-	315,590	-
Issued following exercise of Warrants	457,589	-	(457,589)
Bought back in connection with tender offers and cancelled	(37,495,566)	-	-
Bought back by market purchase and cancelled	(18,000,000)	-	-
As at 31 December 2015	682,560,376	98,365,066	25,008,823
Issued pursuant to scrip dividends	-	129,898	-
As at the date of this document	682,560,376	98,494,964	25,008,823

### 1.5 Ability to alter share capital

Further to the summary of the Articles contained in the Admission Document, a special resolution of the Company was passed on 23 December 2013, whereby a new article relating to the powers to alter share capital was added to the Articles. Accordingly, paragraph 4.8.1(a) on page 88 of the Admission Document is up-dated as follows:

*'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 amount of which is expressed in a particular currency or former currency, into shares of a nominal amount of a different currency, where its share capital is expressed in a particular currency or former currency, denominate or redenominate it and convert and/or reclassify all or any of the Preference Shares into Ordinary Shares on such terms as the relevant ordinary resolution prescribes and provided that the Company shall obtain the consent of the holders of the Preference Shares whose Preference Shares are being converted and/or reclassified pursuant to such resolution.'*

## **2. ADVISERS TO THE COMPANY**

### **2.1 Sponsor to the CISEAL listing.**

Ravenscroft of The Market Buildings, Fountain Street, St. Peter Port, Guernsey, GY1 4JG, Channel Islands is acting as Sponsor to the Company in connection with the Admission of the Shares and Warrants to the Official List of the CISEAL.

### **2.2 Market maker**

Ravenscroft of The Market Buildings, Fountain Street, St. Peter Port, Guernsey, GY1 4JG, Channel Islands is acting as market maker in connection with the Admission of the Shares and Warrants to the Official List of the CISEAL.

### **2.3 Potential conflicts of interest/independence with the Sponsor that arise will be resolved by consulting the Ravenscroft Conflicts of Interest Policy at Appendix 4. Other advisers to the Company are listed on page 25 of the Admission Document.**

## **3. INFORMATION ABOUT THE FINANCIAL POSITION OF THE GROUP AND ITS PROSPECTS**

### **3.1 The Audited Financial Statements of the Group for the year ended 31 December 2015 are annexed at Appendix 1.**

### **3.2 The Group's Interim Results for the six months ended 30 June 2015 are annexed at Appendix 2. Interim results are published every six months.**

### **3.3 The Financial Statements referred to above are also available on the Company's website at <http://www.ravenrussia.com>.**

## **4. DIRECTORS AND EMPLOYEES**

### **4.1 The Directors of the Company are:**

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

all of registered office:  
Second Floor  
La Vieille Cour  
La Plaiderie  
St Peter Port

Guernsey  
GY1 6EH  
Channel Islands

Further details on the Directors are contained in Part 2 of the Admission Document.

4.2 Company Secretary.

Benn Garnham

4.3 As at 29 February 2016, the Group had 475 employees.

<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	122	16	7	8	17	3	71	-
Roslogistics	348	2	-	-	-	-	40	306
Raven Mount	5	1	-	-	-	-	4	-
Group total	475	19	7	8	17	3	115	306

**5. DIRECTORS AND OTHER INTERESTS**

5.1 The interests of each Director and of the associates of each Director (all of which are beneficial, except as shown below) (as known to each Director having made all reasonable enquiries) in the Shares and Warrants, as at the date of this document are as follows:

<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 <sup>(a)</sup>	261,488	0.0383	-	75,460	0.0766
Anton Bilton <sup>(a)</sup>	47,696,719	6.9879	11,151,075	5,820,119	5.9091
Glyn Hirsch <sup>(a)</sup>	7,909,942	1.1589	2,292,817	2,143,225	2.176
Mark Sinclair <sup>(a)</sup>	3,576,126	0.5239	-	720,832	0.7318
Colin Smith <sup>(a)</sup>	1,443,839	0.2115	7,385	466,891	0.4740
Christopher Sherwell <sup>(a)</sup>	242,755	0.0356	-	79,728	0.0809
Stephen Coe <sup>(a)</sup>	116,289	0.0170	-	54,040	0.0549
David Moore <sup>(a)</sup>	222,501	0.0326	-	14,172	0.0144

**Notes:**

(a) Includes ordinary shares, preference shares and warrants held by trusts or pension schemes where the individual or their close family are a beneficiary.

5.2 Save as set out above, none of the Directors has any interest, beneficial or otherwise, in the Shares and Warrants of the Company nor does (so far as is known to, or could with reasonable diligence be ascertained by, the Directors) any person connected with the Directors have any interests in such share capital, in each case whether or not held through another party.

5.3 The interests of the persons (other than the Directors), who hold directly or indirectly 3 per cent or more of the nominal value of any class of shares in the Company carrying rights to vote in all circumstances at general meetings of the Company as at the date of this document are as follows:

(a) Ordinary Shares

<i>Holder</i>	<i>On Admission Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share Capital (%)</i>
Invesco Perpetual	215,146,927	31.52
Schroder Investment Management	72,405,379	10.61

JO Hambro Capital	46,441,054	6.80
Woodford Investment Management	44,818,254	6.57
Ruffer	20,912,780	3.06

(b) Preference Shares

<i>Holder</i>	<i>On Admission</i>	
	<i>Number of Preference Shares</i>	<i>Percentage of issued Preference Share Capital (%)</i>
Invesco Perpetual	41,803,518	42.44
Woodford Investment Management	8,196,481	8.32
Old Mutual Global Investors	3,264,429	3.31
CQS Asset Management	3,140,588	3.19

- 5.4 Save as disclosed in paragraph 5.3 above, the Company is not aware of any person who holds, 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.
- 5.5 The estimated aggregate remuneration payable to, and benefits in kind receivable by, the Directors or any proposed Directors of the Company in respect of the current financial year under the arrangements in force at the date of this document is £2.04m.
- 5.6 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.

## 6. THE BUSINESS

- 6.1 The Business Model of the Company is set out at page 25 of the Audited Financial Statements at Appendix 1 hereto. There has been no material change to the Company's Business Model since the date of the Audited Financial Statements.

## 7. SALE OF SHARES OF UNTRACED MEMBERS

- 7.1 The provision relating to the sale of shares of untraced members is set out at Article 30 of the Articles at Appendix 3 hereto.

## 8. MATERIAL CONTRACTS

- 8.1 On 23 May 2014 the Company entered into a sponsor agreement pursuant to which Ravenscroft has agreed to act as listing sponsor to the CISEAL listing (**Sponsor Agreement**). Under the Sponsor Agreement Ravenscroft will receive an initial fee of £20,000 payable within 30 days of the grant of listing by the CISEAL and thereafter an annual fee of £15,000 payable on the anniversary of the date of listing.

On the 17 May 2016 the Company entered into a market making agreement pursuant to which Ravenscroft has agreed to act as market maker to the CISEAL listing (**Market Making Agreement**). Under the Market Making Agreement Ravenscroft will receive an initial fee of £25,000 payable within 30 days of the grant of listing by the CISEAL and thereafter an annual fee of £10,000 payable on the anniversary of the date of listing.

It is the intention that the Company will enter into a corporate broking agreement with a UK based broker for the proposed listing of new convertible redeemable preference shares, in order to provide financial advisory and brokerage services to the Company in connection with the proposed new listing.



- 8.2 Other than those listed in the Admission Document, the below is an update of the material contracts entered into since the date of the Admission Document and should be read in conjunction with those listed within the aforementioned.

#### **Novosibirsk**

- 8.3 A facility agreement dated 1 May 2014 between Ob 2 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 USD73million for the purpose of refinancing a loan with the International Finance Corporation ("IFC") and the European Bank of Reconstruction and Development ("EBRD") pursuant to which IFC and EBRD had made available to Logopark Ob LLC, a long term facility for up for USD40 million. Logopark Ob LLC is a company indirectly wholly owned by the Company and the owner of the site located in Novosibirsk, Siberia, Russia. The amount was fully drawn. The main terms of this facility are as follows:

- a) The facility is a 10 year term loan expiring on 1 May 2024; and
- b) The interest rate applicable is LIBOR plus a margin of 5.6 per cent', plus mandatory costs (if any). The Group has entered into a separate interest rate agreements to cap the LIBOR element at 2 per cent' until June 2019.

The obligation 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).

#### **Noginsk**

- 8.4 A loan agreement dated 6 August 2014 between Anfirimo Holdings Limited ("Anfirimo") as lender and CJSC Noginsk Vostok, a company indirectly wholly owned by the Company and is the owner of the property known as Noginsk situated in the Noginsk District of the Moscow Region (the "Noginsk Loan Agreement"). The loan was obtained to refinance the facility dated 21 December 2007 between Anfirimo and CJSC Noginsk Vostok.

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

- a) Anfirimo made a facility available to CJSC Noginsk Vostok of up to the rouble equivalent of USD 205 million, which shall be repaid on 10 Business Days prior to 8 July 2020, or if an extension is granted 5 Business Days prior to 8 July 2022; and
- b) Interest is payable quarterly on the amount of the facility outstanding from time to time at the rate of 13 per cent' per annum.

Anfirimo is the subsidiary of a company, external to the Group, that entered into a bank facility agreement with VTB Bank (Deutschland) AG ("VTB"), for the purpose of financing the Noginsk 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.

#### **Lobnya**

- 8.5 A loan agreement dated 18 September 2014 between Transboro Limited ("Transboro") as lender and OOO EG Logistics, a company indirectly wholly owned by the Company and is the owner of the property known as Lobnya situated in the Lobnya District of the Moscow Region (the "Lobnya Loan Agreement"). The loan was obtained to refinance the loan provided to the Group by Marfin Popular Bank Public Co Ltd under a facility agreement dated 22 November 2010.

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

- a) Transboro made a facility available to OOO EG Logistics of up to USD 65million, which shall be repaid on 21 February 2020; and
- b) Interest is payable quarterly on the amount of the facility outstanding from time to time at the rate of 13 per cent' per annum.

Transboro is the subsidiary of a company (external to the Group) that entered into a bank facility agreement with CJSC Unicredit Bank ("Unicredit"), for the purpose of financing the Lobnya Loan Agreement. Various companies of the Group (excluding the Company) have provided mortgages, charges, pledges and other customary security interests to Unicredit in relation to the bank facility agreement.

### **Nova Riga**

- 8.6 A loan agreement dated 30 October 2014 between Devinamo Holdings Limited ("Devinamo") as lender and OOO League, a company indirectly wholly owned by the Company and is the owner of the property known as Nova Riga located in the Istra District of the Moscow Region (the "Nova Riga Loan Agreement").

The main terms of the Nova Riga Loan Agreement are as follows:

- a) Devinamo made a facility available to OOO League of up to the rouble equivalent of USD 176 million, which shall be repaid on 31 December 2021; and
- b) Interest is payable quarterly on the amount of the facility outstanding from time to time at the rate of 11.5 per cent' per annum.

Devinamo is the subsidiary of a company (external to the Group) that entered into a bank facility agreement with Unicredit, for the purpose of financing the Devinamo Loan Agreement. Various companies of the Group (including the Company) have provided mortgages, charges, pledges and other customary security interests to Unicredit in relation to the bank facility agreement.

### **Istra**

- 8.7 The 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 wholly owned by the Company) has been further amended by an amendment agreement dated 10 September 2015 (the "Istra Amendment Agreement"). The Istra Amendment Agreement extends the final repayment date from 30 April 2016 to 24 April 2018.

### **Konstanta**

- 8.8 The loan agreement dated 20 April 2007 between Spiralpont Limited as lender and Petroestate LLC (a company wholly owned by the Company) as borrower as novated, amended and restated pursuant to a loan transfer agreement between Spiralpont Limited, Petroestate LLC and HSH Nordbank AG has been further amended by an amendment agreement dated 6 October 2014 (the "Senior Konstanta Amendment Agreement"). The Senior Konstanta Amendment Agreement extends the final repayment date from 30 September 2014 to 30 March 2017.
- 8.9 The 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 has been further amended by deed of amendment and restatement dated 8 October 2014 (the "Top-up Konstanta Amendment Agreement"). The Top-up Konstanta Amendment Agreement extends the final repayment date from 30 September 2014 to 30 March 2017.

### **Pulkovo**

8.10 A facility agreement dated 3 July 2015 between Kulon SPb LLC ("Kulon"), a company indirectly wholly owned by the Company and Credit Europe Bank Limited ("CEB") pursuant to which CEB made available to the Group a working capital facility for up to USD15million. Kulon is the owner of a property located in Pulkovo, St Petersburg, Russia. The amount was fully drawn. The main terms of this facility are as follows:

- a) The facility is a 1 year term loan expiring on 1 July 2016; and
- b) The interest rate applicable is fixed at 7.75%, plus mandatory costs (if any).

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

## **9. LITIGATION**

9.1 The litigation involving the Group, as set out on page 119 of the Admission Document, has now been concluded.

9.2 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 last 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

## **10. FINANCIAL AND TRADING POSITION**

10.1 The financial and trading prospects of the Company are set out in the Audited Financial Statements at Appendix 1. There has been no material change in the financial or trading position or prospects of the Group since the date of the Audited Financial Statements.

10.2 There have been no interruptions in the business of the Group that may have or have had a significant effect on the Group's financial position in the last 12 months.

## **11. PROPERTY VALUATIONS**

11.1 The Group has appointed Jones Lang LaSalle as property valuers to prepare valuations on a semi-annual basis with the last published valuation report of the Group's property portfolio as at 15 November 2013 appearing in the Admission Document.

11.2 The most recent valuation was undertaken for the Audited Financial Statements with the resultant valuations included therein. The next scheduled valuation will be prepared for inclusion in the interim results for the period ending 30 June 2016.

## **12. GENERAL**

12.1 The costs and expenses of, and incidental to, the Admission will be borne by the Company and will be approximately £45,000.00 for Ravenscroft's initial fee and £15,000.00 for initial legal works relating to the Admission plus any initial and annual CISEAL fees as detailed on the CISEAL website <http://www.cisx.com>.

12.2 The statutory records of the Company are kept at Second Floor, La Vieille Cour, La Plaiderie St. Peter Port, Guernsey, GY1 6EH, Channel Islands, being the registered office of the Company.

## **13. DOCUMENTS FOR INSPECTION**

13.1 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 from the date of this document until 6<sup>th</sup> June 2016:

- (a) each contract disclosed in paragraph 10 of Part 8 of the Admission Document and paragraph 8 above;

- (b) the Sponsor Agreement & Market Making Agreement;
- (c) the Warrant Instrument;
- (d) the Audited Financial Statements of the Group for the year ended 31 December 2015;
- (e) the Group's Interim Results for the six months ended 30 June 2015; and
- (f) Memorandum of Incorporation and Articles of Incorporation.

Dated: 17 May 2016

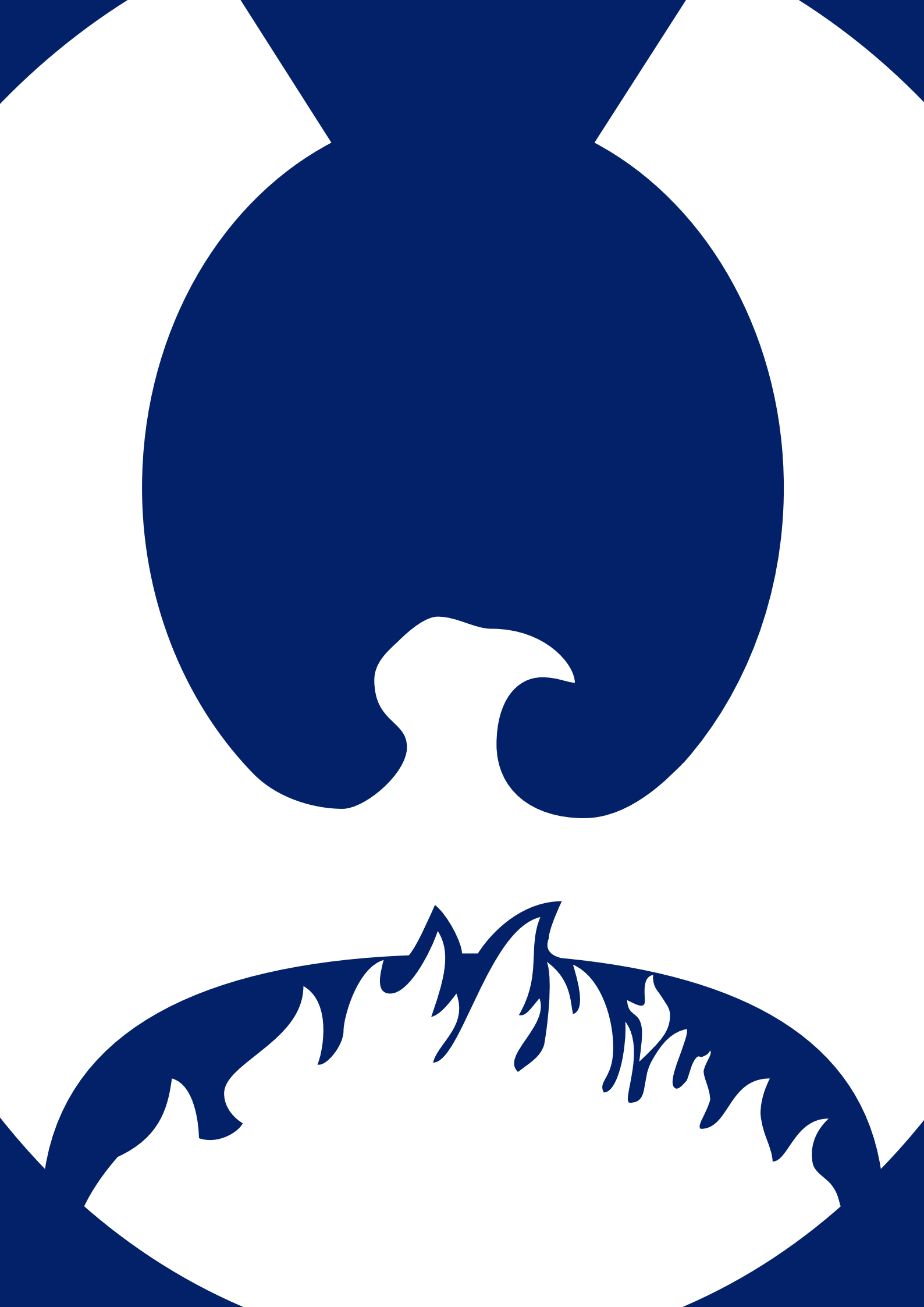
**APPENDICES**

<b>Appendix 1</b>	Audited Financial Statements
<b>Appendix 2</b>	Interim Results
<b>Appendix 3</b>	Memorandum of Incorporation and Articles of Incorporation
<b>Appendix 4</b>	Ravenscroft Conflicts of Interest Policy
<b>Appendix 5</b>	Admission Document
<b>Appendix 6</b>	Warrant Instrument



**RAVEN RUSSIA LIMITED**

**2015 Annual Report**





**RAVEN RUSSIA LIMITED**  
**RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015**

---

# CONTENTS

PAGE

Results Highlights	4
Chairman's Message	5
The Portfolio	6
<b>STRATEGIC REPORT</b>	
Chief Executive's Report	24
Business Model	25
Portfolio Review	26
Finance Review	31
Risk Report	35
Viability Statement	39
<b>GOVERNANCE REPORT</b>	
Directors	40
Corporate Governance	41
Corporate Responsibility	46
Letter from the Remuneration Committee	48
Directors' Remuneration Report	51
Audit Committee Report	58
Directors' Report	62
Independent Auditor's Report	65
<b>FINANCIAL STATEMENTS</b>	
Group Income Statement	72
Group Statement of Comprehensive Income	73
Group Balance Sheet	74
Group Statement of Changes in Equity	77
Group Cash Flow Statement	78
Notes to the Financial Statements	80
Advisers	116
Enquiries	117





# RESULTS HIGHLIGHTS

NET OPERATING  
INCOME

**\$174.1** MILLION

UNDERLYING  
EARNINGS

**\$54.6** MILLION

BASIC  
UNDERLYING EPS

**8.17** CENTS

FINAL DISTRIBUTION  
PER ORDINARY SHARE

**1.0** PENCE

INVESTMENT  
PROPERTY

**\$1.4** BILLION

YEAR END  
CASH BALANCE

**\$202** MILLION

BALANCE SHEET  
GEARING

**58%**

ADJUSTED FULLY  
DILUTED NAV  
PER SHARE

**\$0.70**

# CHAIRMAN'S MESSAGE

My message this year continues to be one of caution and our strategy remains defensive. Macro-economic events have again overshadowed our business efforts. The impact of the fall in oil price, corresponding Rouble decline and continuing international sanctions weigh heavily on our results for 2015.

The most obvious outcome is a significant reduction in the value of our investment portfolio. The fall in market value for the year is \$256 million which contributes to a reduction in fully diluted, adjusted net asset value ("NAV") per share to 70 cents (2014: 106 cents) and an IFRS loss after tax of \$192 million (2014: loss of \$88 million).

Despite this, our year end cash balance was \$202 million, the investment portfolio is 82% let (2014: 94%) and net operating income ("NOI") for the year was \$174 million (2014: \$192 million) producing underlying earnings after tax of \$55 million (2014: \$67 million).

The rapid depreciation of the Rouble has had a fundamental impact on our operating environment. The majority of new lettings are now Rouble denominated rather than US Dollar pegged. There is some compensation in that annual lease indexation is linked to Russian inflation (12.9% for 2015) on these leases. The trend of Rouble denominated leases is likely to continue, at least while the Rouble remains volatile and at current exchange rate levels. The increase in vacancy rate during the year is a result of those tenants with weaker covenants and those smaller businesses exposed primarily to the import market succumbing to the pressures of this new environment.

Our cautious strategy of focusing on cashflow and quality of income means we are not building speculatively nor planning any acquisitions. However, given the underlying profits generated during the year we propose a final distribution of the equivalent of 1p per share (2014: 3.5p) by way of a tender offer buy-back of 1 in every 40 ordinary shares at 40p per share. That will give a distribution for the year equivalent to 2p per share (2014: 6p).

Whilst we expect trading conditions will continue to be difficult throughout 2016, our market has proven to be relatively resilient in the face of such severe events. New supply into our market is very limited and market research forecasts a tightening in vacancy rates over the next 18 months. Any improvement in the Rouble:US Dollar exchange rate will provide us with immediate benefit. Meanwhile we remain a market leading business with excellent investment property assets.

When the market gods smile on you and things are good, it is easy to congratulate your team and applaud their efforts. However, when the markets turn and events are as severe as they have been for the business in the last year, the real qualities of your team come to the fore. We have a talented and robust Executive and Senior Management group who have now been together for over ten years and are steering their way admirably through the obstacles being placed in their way on almost a daily basis. It is a stressful and challenging time for them. They have an experienced and supportive Non Executive Board who understand the business and market environment and they have developed a strong and loyal employee base. They also have the benefit of a group of advisers, some of whom have worked with the Group since its inception, who share in the team's enthusiasm for the Raven Russia brand and culture.

I would like to thank all of those involved for their hard work over the year and for the efforts to come.

**Richard Jewson**

Chairman

13 March 2016

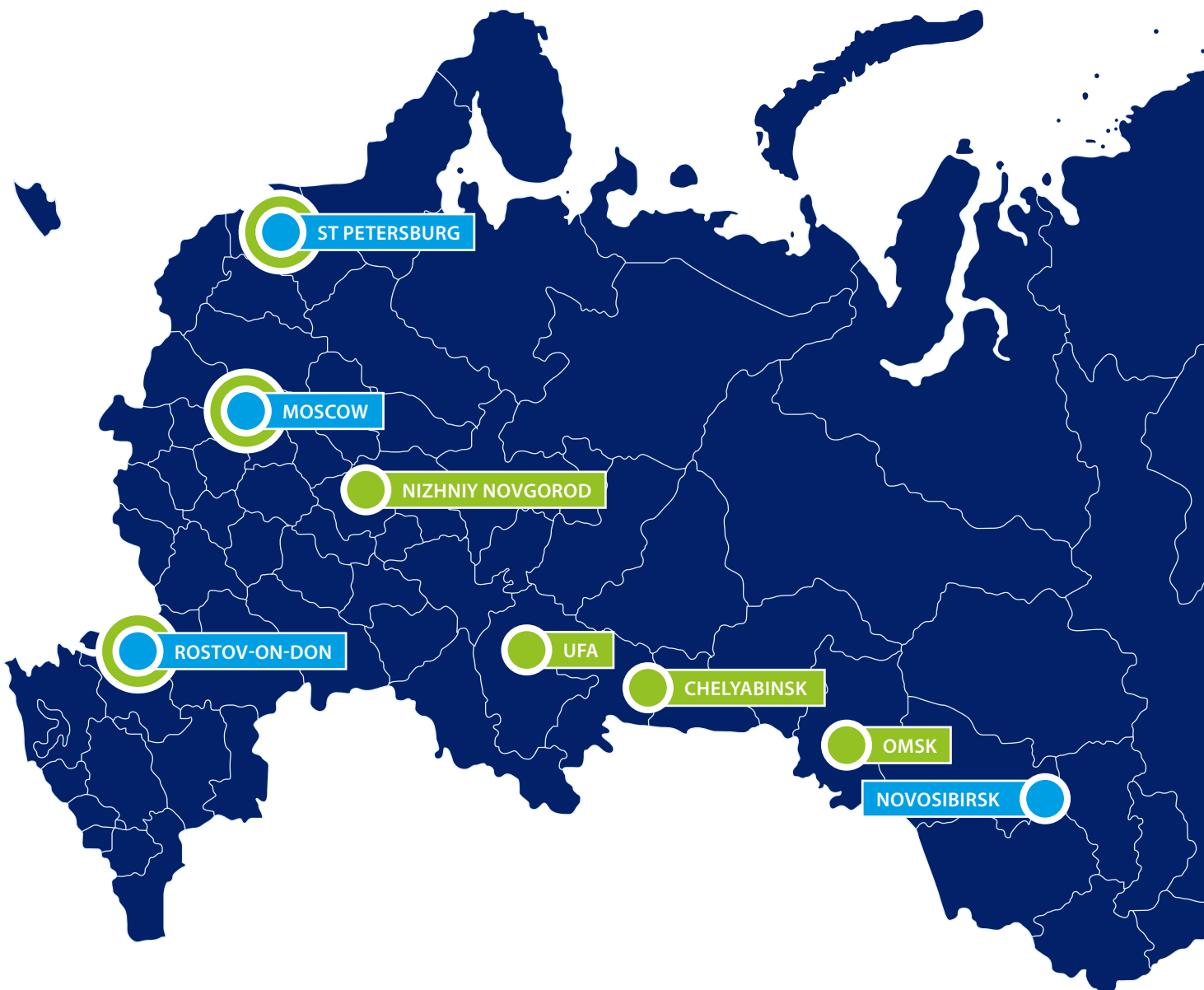


# THE PORTFOLIO

## RUSSIAN FEDERATION

 INVESTMENT PROPERTY

 LAND BANK







# MOSCOW



# St Petersburg





## Pushkino Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- DHL
- Leroy Merlin
- Itella

### GLA

213,200 sqm

### LOCATION

Pushkino Logistics Park is located on the Yaroslavskoe Highway, approximately 15km from the MKAD in the north-eastern part of Moscow Region.





## Istra Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- Bacardi
- DSV Solutions
- Seacontinental
- Azbuka Vkusa

### GLA

205,200 sqm

### LOCATION

The logistics park is directly adjacent to the Nova Riga highway, approximately 50km from Moscow city centre, 41km from the MKAD and 8km from the Betonka A107 motorway.







## Noginsk Moscow

### DESCRIPTION

Grade A warehouse complex with 26 ha of land suitable for construction

### KEY TENANTS

- X5 Retail Group
- UPM
- ID Logistics
- Sportmaster
- Dixy

### GLA

203,800 sqm

### LOCATION

The Noginsk Logistics Park 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.





## Klimovsk Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- Alliance Boots
- Danone
- Burda
- DeAgostini

### GLA

157,400 sqm

### LOCATION

The scheme is located to the south of Moscow, approximately 21km 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.





## Shushary St Petersburg

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- RosLogistics
- Johnson Controls
- Dixy
- Yusen Logistics

### GLA

147,900 sqm

### LOCATION

The property is located in the Shushary District of St Petersburg, approximately 15km south of the city centre and 5km from the St Petersburg ring road (KAD) on a motorway linking St Petersburg to Moscow, close to Pulkovo International airport.





## Nova Riga Moscow

### DESCRIPTION

Grade A warehouse complex with 25 ha of land suitable for construction

### KEY TENANTS

- McKenzie
- Pernod Ricard

### GLA

67,300 sqm

### LOCATION

Nova Riga Logistics Park is directly adjacent to the Nova Riga highway allowing easy access to the centre of Moscow, 25km from the MKAD and 5km from the Betonka A107 motorway.





## Novosibirsk Novosibirsk

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- RosLogistics
- Oriflame
- FM Logistic
- Pepsi
- Amway

### GLA

121,000 sqm

### LOCATION

The scheme is located on Petukhova Street in the south of the city of Novosibirsk, close to the M51 highway to Moscow, with a rail spur serving the site.





## Krekshino Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- Itella
- Gorenje

### GLA

117,700 sqm

### LOCATION

The complex is located in Moscow about 40km to the south west of the city centre, 24km from the MKAD, between the Minsk and Kiev highways. Vnukovo airport, one of the largest airports in Moscow, is located within 15km of the complex.





## Rostov Rostov-on-Don

### DESCRIPTION

Grade A warehouse complex with additional 27ha of land suitable for construction

### KEY TENANTS

- RosLogistics
- Auchan
- X5 Retail Group
- Mobis Parts CIS
- Tarkett

### GLA

100,700 sqm completed

### LOCATION

The scheme is located on the Federal Highway M4 to Moscow, approximately 10km from the city centre and 7km from the airport.





## Lobnya Moscow

### DESCRIPTION

Grade A warehouse complex with additional 6ha of land suitable for construction

### KEY TENANTS

- Nippon Express
- RosLogistics

### GLA

52,300 sqm

### LOCATION

The scheme is located on the Rogachevckoe highway approximately 35km to the north of the Moscow city centre, 20km from the MKAD and 10km north-east of Sheremetyevo airport.







## Sholokhovo Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- Kuehne+Nagel

### GLA

45,300 sqm

### LOCATION

Sholokhovo is located in Myitischensky District of the Moscow Region, on the Dmitrovskoe highway, approximately 16km from the MKAD, and 15km from Sheremetyevo airport.





## Pulkovo St Petersburg

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- OSG Records Management
- Simple
- SKL Iddis
- Edil Import (Holodilniki)

### GLA

36,700 sqm

### LOCATION

The 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 2km from Pulkovo International airport.





## Southern Moscow

### DESCRIPTION

Grade A warehouse complex

### KEY TENANTS

- A&D Rus
- L'Occitane

### GLA

14,100 sqm

### LOCATION

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



## Konstanta St Petersburg

### DESCRIPTION

Class B+ office building

### KEY TENANT

- Lenenergo

### GLA

15,800 sqm

### LOCATION

The Konstanta office is located on Leninsky Prospekt in the Moskovskiy district of St Petersburg, approximately 8km 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 for Lenenergo.





# CHIEF EXECUTIVE'S REPORT

The challenging macro-economic conditions, particularly the oil price, have continued to impact negatively on our business. The weak Rouble has maintained downward pressure on rents and this has had a consequent downward effect on valuations. Particularly frustrating is that when we founded the business at the beginning of 2005, the Brent Crude price was \$45 per barrel and the Rouble:US Dollar exchange rate was below 30. Today we have Brent at \$40 per barrel and the Rouble at 70 to the US Dollar.

These events have contributed to an extremely difficult operating environment throughout the year and we have focussed on maintaining income at whatever level, and in whatever currency, the market allows us, whilst protecting our cash balances.

The Company's monumental efforts have meant we still have an occupancy level of 82% and our year end cash balance was \$202 million.

Whether the trend towards Rouble contracts is temporary or permanent only time will tell. The attraction to tenants today is obvious but whether they will feel the same in the future if the Rouble strengthens, or further inflation develops, remains to be seen. Virtually all Rouble leases increase annually with Russian CPI, which was 12.9% in 2015.

We will remain flexible and alert to market changes and opportunities.

At the year end, 10% of our portfolio space was contracted with Rouble denominated leases. This increasing level of Rouble income means that we have significant upside potential if the Rouble weakness against the Dollar reverses, and particularly so if it returns to its ten year trend of around 35 to the US Dollar.

Our general strategy is to batten down the hatches, preserve cash and make sure we are able to participate in the upside when things improve.

That said, underlying profits allow us to continue with a limited distribution policy and we intend to match our interim with a final tender offer buy-back at the equivalent of 1p. As was the case with last year's final distribution, we will not be offering the option to oversubscribe for more than each shareholder's pro rata entitlement.

We remain ready to commence development, pursue acquisitions and do further buy-backs of our own shares at these low levels as soon as we feel that market conditions will support a return to an expansionist strategy. Any reduction in sanctions or strengthening of the oil price will benefit us.

Operationally we are doing all we can and I thank our shareholders for their continued support.

## **Glyn Hirsch**

Chief Executive Officer

13 March 2016

# BUSINESS MODEL

## Our Strategy

Our long term strategy remains unchanged: to build an investment portfolio of Grade A logistics warehouses in Russia producing rental income that delivers progressive distributions to our shareholders.

Until the end of 2014, to achieve this objective, we planned to grow the business through acquisitions and managed development of new space. The impact of the rapid depreciation in oil prices on the Russian economy and the related Rouble depreciation following the Central Bank of Russia's decision to move to a free float mechanism, has meant that our short to medium term objectives have had to change. The immediate objective is to secure our existing portfolio in an environment where market rents, in US Dollar terms, have fallen.

The severity of the changes in the market dynamics has had a marked effect on our business model and risk appetite as explained below and in our approach to the risk assessment and viability statements.

## Business Model

Our business model aims to generate high, US denominated yield from rental income in the under supplied warehouse logistics market in Russia and principally in the Moscow region.

Until 2014, this was achieved, primarily, by entering into US Dollar pegged lease agreements. In essence, tenants took the foreign exchange risk, the majority of the tenant businesses generating Rouble income, in exchange for reduced indexation risk, the leases using US CPI indexation rather than Russian inflation.

Following the depreciation in the Rouble:US Dollar exchange rate, this model is under pressure. The Rouble weakened by 102% in the period following the implementation of sanctions in 2014 until the end of 2015, the majority of that depreciation occurring since November 2014 and the rapid collapse in oil prices followed by the move to a free float mechanism for the Rouble.

On existing leases, Rouble equivalent rents have more than doubled over that timespan forcing current market practice to change. The majority of new leases are now Rouble denominated with Russian inflationary indexation. Therefore, as leases mature, the foreign exchange risk is being passed back to the landlord with the compensation of potentially high indexation over the term of the lease and upside should the Rouble strengthen.

At the year end, 6% of our annualised warehouse income was denominated in Roubles. These leases represent 10% of the Gross Lettable Area ("GLA") of our warehouse portfolio.

Our medium term objective is to manage any change in our model over the next three years as our current leases mature and income potentially drops to new market rental levels driven by a weak currency.

The current mix of Rouble and US Dollar denominated leases gives a natural foreign exchange hedge across the portfolio and high indexation gives a buffer against further Rouble depreciation over the term of a Rouble denominated lease. The risk is focussed on the transition stage between US Dollar pegged rents and Rouble leases and a managed de-gearing of our balance sheet to support potentially lower US Dollar denominated income. Conversely, any appreciation in the Rouble exchange rate, triggered by either the

easing of sanctions or higher oil prices, will boost our US Dollar denominated income.

The market turmoil of the last 15 months has tested how robust our model is and will continue to do so, the other key components being:

- Tenant size and covenant;
- Tenant concentration;
- SPV structure; and
- Conservative gearing.

We continue to have relatively high occupancy in our portfolio and the majority of tenants continue to meet their contractual obligations when due. Our tenants tend to be large domestic or international groups with strong covenants which allow them to take large lettings. Our average letting size by tenant is 9,500 sqm. We do not have one tenant with more than 11% (2014: 11%) of our portfolio's GLA and the top ten tenants account for 45% (2014: 49%) of our portfolio in GLA terms and 56% (2014: 50%) in income terms.

Each of our assets sits in a special purpose vehicle ("SPV") with bank debt secured on individual assets with no asset cross collateralisation and minimal recourse to the holding company. Our debt is reasonably highly amortised which means that our gearing levels remain manageable, even at this time of trough valuations. Our asset specific bank debt represents 65% (2014: 55%) loan to value at the year end and consolidated balance sheet gearing is 58.0% (2014: 51.9%) (note 34d) after a drop in property values of 16% over the year. We will work to reduce gearing on our balance sheet over the next three years on the premise that our balance sheet needs to support lower rental income levels.

## Key Performance Indicators (KPIs)

Previously, our KPIs were yield and shareholder distribution focussed, results being driven by increasing rental income and NOI performance.

Given the changes in market dynamics in the last year, the emphasis of our KPIs has now changed. The overriding KPI being targeted is that of occupancy. We cannot influence where market rents will settle in US Dollar terms so we will focus on maintaining high occupancy in the medium term.

Operating cash flow was our primary KPI, being the effective measure for shareholder distributions, but in the current environment, whilst it remains a key performance indicator, it is now a measure of our debt service cover as top line income potentially drops to a new market level.

Underlying this is the portfolio mix between Rouble and US Dollar denominated rents, the continuing ability of tenants to meet their obligations under existing US Dollar pegged leases and the impact of foreign exchange movements on US Dollar income.

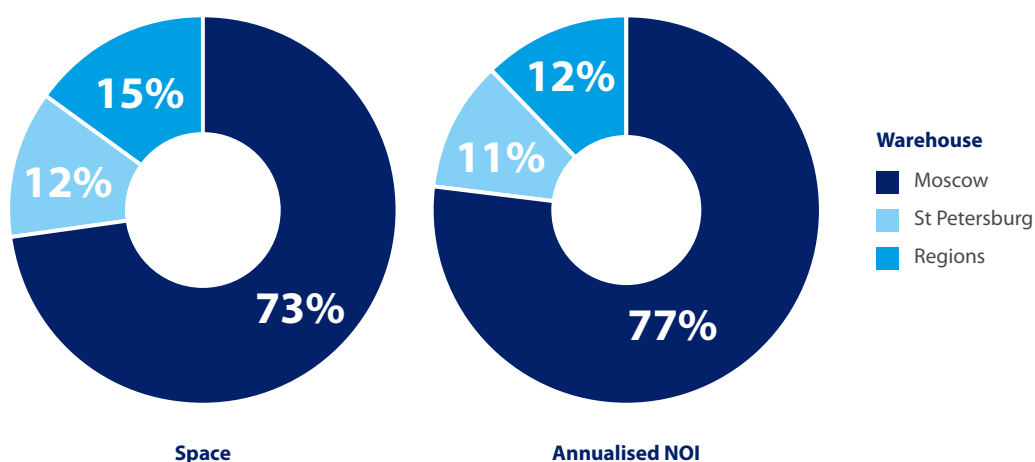
The current incentive scheme, introduced in early 2014, was linked to the business model of US Dollar pegged rents. In today's environment the objectives set in 2014 are no longer relevant. We also have no directly comparable peers or indices which is a problem when designing incentive schemes as we cannot easily demonstrate relative performance. We are consulting with key shareholders regarding changes to the remuneration policy and any proposals will be considered at the forthcoming AGM.



# PORTFOLIO REVIEW

## Geographical

The 2015 financial year began with a very low vacancy rate of 6% and ended the year with vacancy of 18%. Early termination of weaker covenants in the tenant portfolio, principally importers and smaller third party logistics operators whose business models could not adapt to the weak Rouble, account for half of the year end vacancy. Contracted NOI at 1 January 2016 was \$162 million.



## Leasing and maturities

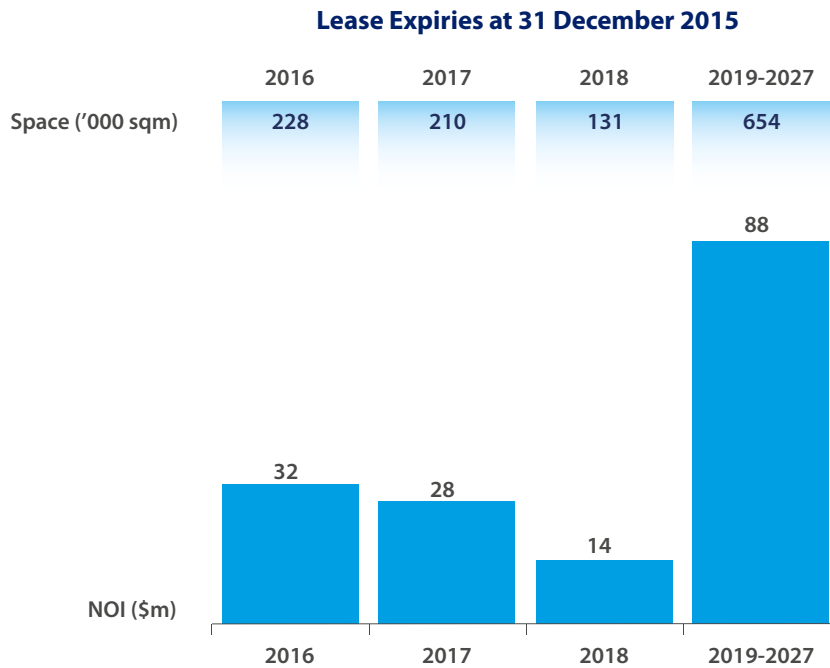
Letting activity in the year is shown below:

'000 sqm	2015	2016	2017	2018	2019-2023	Total
Maturity profile at 1 January 2015	140	323	211	98	564	1,336
Renegotiated and extended	80	101	22	15	-	218
Existing lease maturities	-	176	161	52	532	921
Vacated/terminated	60	46	28	31	32	197

218,000sqm of existing leases have been renegotiated and extended in the financial year. Space vacated on maturity and early terminations of weaker covenants will generate additional vacant space of 197,000sqm which, together with existing vacant space, gives 266,000sqm of potential vacancy at 31 December 2015. The result is a new lease maturity profile as follows:

'000 sqm	2016	2017	2018	2019-2027	Total
Existing lease maturities	176	161	52	532	921
Extension of existing leases in 2015	4	49	71	94	218
New leases	6	-	8	28	42
Pre let agreement*	42	-	-	-	42
Maturity profile at 31 December 2015	228	210	131	654	1,223

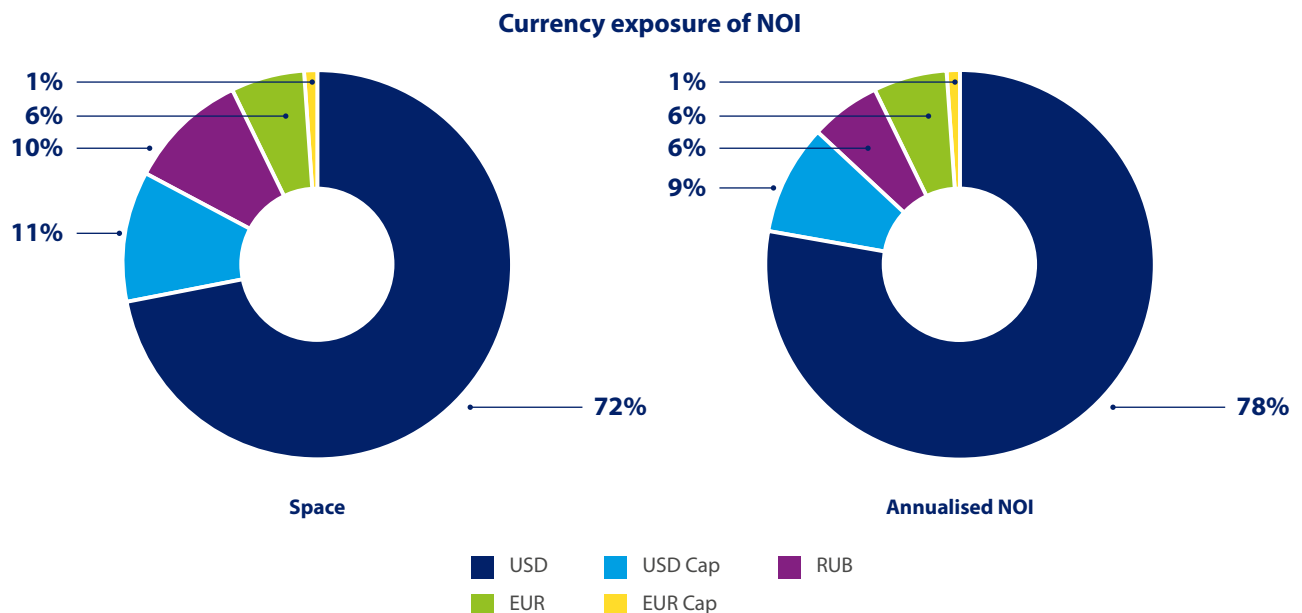
\*In occupation at 31 December 2015



This reflects 42,000sqm of new leases signed in the year in addition to the 218,000sqm of existing lease renegotiations and the upcoming release of space by Dixy under a pre let agreement. There are also potential breaks in the portfolio of 29,000sqm in 2016 and 28,000sqm in 2017.

Since the year end, a further 86,800sqm of renewals and new lettings have been completed and letters of intent on 29,200sqm signed. The average term of these deals is 3.3 years at an average of \$73 per sqm with Russian inflationary indexation.

The majority of contracted income continues to be supported by US Dollar pegged leases. However, as shown below, an increasing proportion of warehouse leases are now Rouble denominated or limit tenants' foreign exchange risk with a short term cap on the Rouble:US Dollar exchange rate. For the majority, (95%), of leases which have exchange rate caps, the caps expire by the end of 2017. Annual indexation on Rouble leases is linked to Russian CPI.





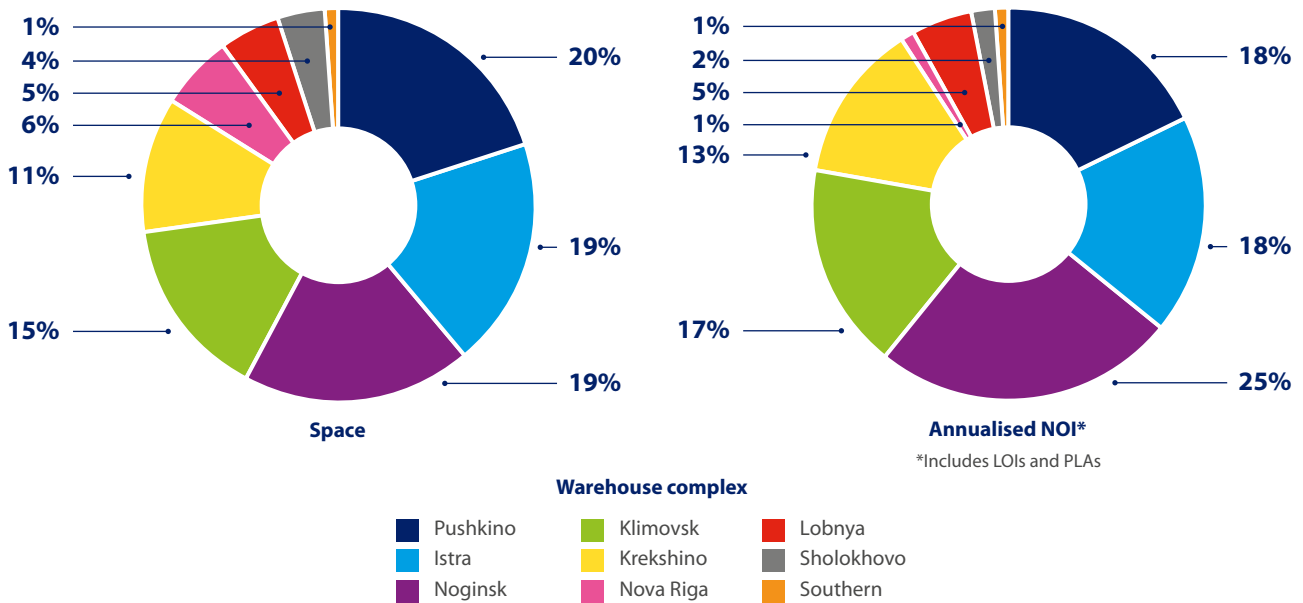


**Investment Portfolio**

**Moscow**

In Moscow there are nine projects totalling 1,075,000sqm, producing an annualised income of \$121 million at the year end with 81% of space let.

**Moscow Portfolio**

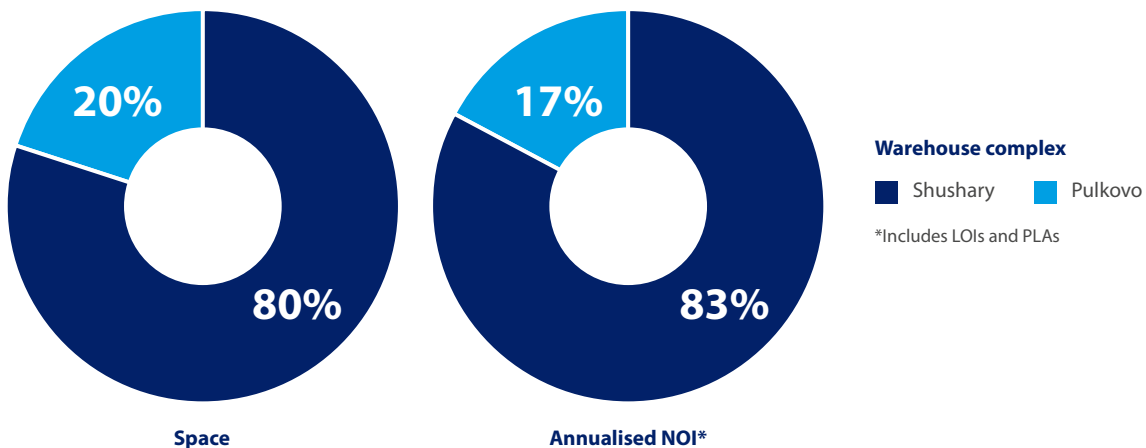


The Moscow portfolio had a net reduction in lettings of 99,700sqm during the year. The increased vacancy is a product of weaker tenants terminating early and some of the larger tenants looking to make supply chain efficiencies on the maturity of their leases.

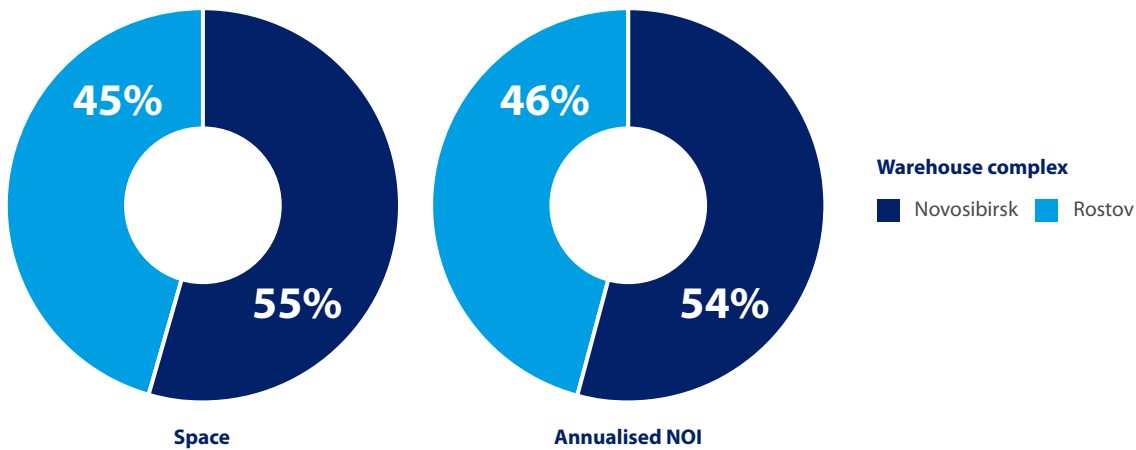
The lowest occupancy at Nova Riga reflects the new build space that came on line at the beginning of 2015 and the two smallest assets at Sholokovo and Southern are affected by a small number of maturities because of their size. In the case of Sholokovo, the increase in vacancy is down to one tenant consolidating their space at another site on maturity of their lease.

Similarly, at Noginsk, Dixy, one of the leading Russian retailers, took occupation of a new, purpose built building of 42,000sqm at the beginning of 2015. Subsequently, they commenced litigation and did not execute the long term lease, despite accepting the building and being in occupation. After three rounds of court hearings, the Russian State Cassation court has recently ruled that the dispute should be heard in the International Commercial Arbitration Court at the Russian Federation Chamber of Commerce and Industry. This is in accordance with the dispute resolution process in the preliminary lease agreement. Dixy vacated the premises in early February 2016 and we are now seeking to re-let the space whilst pursuing the appropriate dispute resolution process.

**St Petersburg**



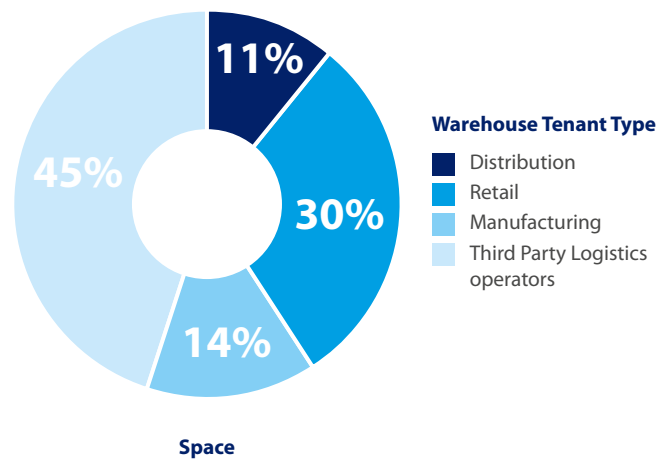
**Regions**



The regional markets of St Petersburg, Rostov and Novosibirsk have tracked performance in Moscow with a net reduction of 56,000sqm in lettings across the three locations. Lease terms on renewals have shortened, usually to two or three years, as a reaction to market volatility.

**Tenant Mix**

The letting strategy has always been to lease to the strongest tenants on secure long term leases. This has protected the portfolio from significant numbers of tenant failures, although the early termination of leases on 136,699sqm of space has been completed or is underway, where tenants have failed or their ongoing covenant is questionable. A number of major international businesses, including DHL, Alliance Healthcare and Danone have renewed or extended their leases for the medium term.



**Portfolio yields**

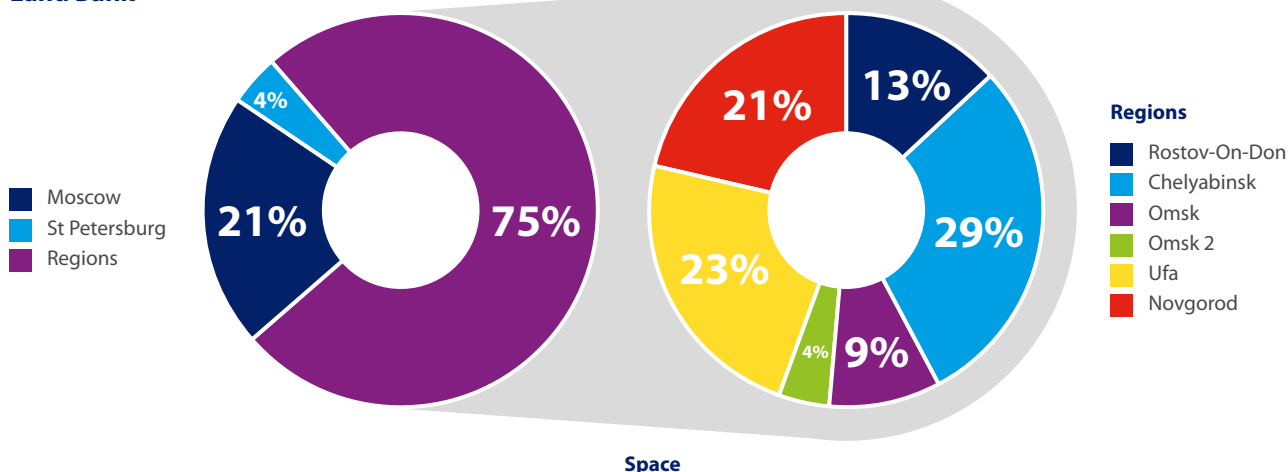
Warehouse	Moscow (%)	St Petersburg (%)	Regions (%)
2015	12.0	13.3	14.5
2014	12.0 – 12.5	13.3	14.5

Weakness in estimated rental values (“ERV”), the change to Rouble rents and the weakness of that currency in US Dollar terms have driven property values down during 2015. Prime yields for warehouses have now stabilised at 12% for rack rented, well let buildings in Moscow. In St Petersburg, yields stand at 13.25% and in the regions, 14.5%. Even in Moscow the combination of capitalisation rates and low Rouble rents generate a capital value which is below replacement cost, effectively constraining supply.

The investment properties and additional phases of existing projects were valued by Jones Lang LaSalle (“JLL”) at the year end, in accordance with the RICS Valuation and Appraisal guidelines, and are carried at a market value of \$1.4 billion (see note 11 to the financial statements). This has resulted in a decrease of \$256 million in portfolio value since the end of 2014.



### Land Bank



No speculative development is planned at the current time although there is 26 ha at Noginsk on which 134,000sqm of space can be built and at Nova Riga there is the potential to add a further 130,000sqm on the additional 25 ha of land there.

### The Market

Across all sectors rents are now Rouble denominated for new lettings, although the majority of leases have indexation linked to Russian CPI. The warehouse/logistics sector has been the most defensive with vacancy peaking at 11.2% in the middle of 2015, and falling back to 10.5% at the year end. JLL estimate take up in 2015 of 1,313,128sqm, the majority of this from large retailers improving their supply chains, followed by distributors and logistics companies. E-commerce is expanding with traditional retailers reporting strong growth in online sales. Total sales volumes are expected to double between 2014 and 2017 which should create increased demand for the best, well located warehouses around major cities.

At current rental levels, minimal new speculative construction is anticipated as capital is scarce, debt expensive and development returns thin. New supply coming to the market is mainly in the form of build to suit developments. Currently there is only 400,000sqm of space under construction for delivery in 2016 of which approximately half is build to suit. With limited new speculative supply, the vacancy rate is forecast to continue to fall during 2016 to 7% or 8% by the year end.

The value of investment transactions fell from \$8.2 billion in 2013 to \$3.8 billion in 2014 and \$2.3 billion in 2015 according to JLL. The 2015 figure equates to less than one third of the number of deals completed in 2014. Approximately 80% of this investment was from Russian sources.

# FINANCE REVIEW

The rapid depreciation of the Rouble at the end of 2014 continues to have a marked effect on the Group's results. This has eroded both operating earnings and balance sheet value. Operating results are best explained by focussing on underlying earnings, and the impact of balance sheet movements on results by reviewing IFRS earnings.

<b>Underlying Earnings</b> (Adjusted non IFRS measure)	<b>2015</b> <b>\$'000</b>	<b>2014</b> <b>\$'000</b>
Net rental and related income	174,123	192,317
Administrative expenses	(26,361)	(26,967)
Bad debt provision	(3,720)	-
Foreign exchange gains/(losses)	1,223	(15,471)
Share of profits of joint ventures	2,518	955
Operating profit	147,783	150,834
Net finance charge	(82,836)	(75,707)
Underlying profit before tax	64,947	75,127
Tax	(10,389)	(8,475)
Underlying profit after tax	54,558	66,652
Basic underlying earnings per share (cents)	8.17	9.32

At 31 December 2015 our investment portfolio was 82% let (2014: 94%) on a like for like basis and net rental and related income reduced by \$18.2 million in the year compared to 2014. This is a factor of the increase in vacancies, the transition to Rouble income on leases as they mature and the conversion of Roslogistic's Rouble income during the period (see note 4). Underlying administrative costs rose following a bad debt charge for the year of \$3.7 million (2014: nil).

Foreign exchange movements through the financial statements were muted this year, the damage being done in the short period between November and December 2014 last year. There is an exchange gain in the Income Statement of \$1.2 million in 2015 compared to a loss of \$15.5 million in 2014 and a loss of \$1.8 million through the Statement of Comprehensive Income (2014: loss of \$41 million).

Net finance costs increased following additional draws on debt facilities at the beginning of 2015. Together with an increase in underlying tax cost of \$1.9 million this gave a reduction in underlying profit after tax for the year of \$12.1 million to \$54.6 million.

Given the drop in market rents during the year, this is a very good operating result but assuming that current market conditions prevail, reduced income and profit will continue as a trend in 2016.

IFRS earnings reflect the significant reduction in the mark to market value of the consolidated balance sheet assets at 31 December 2015. A reconciliation between IFRS and underlying earnings is given in note 9 to the financial statements.



IFRS Earnings	2015 \$'000	2014 \$'000
Net rental and related income	174,123	192,308
Administrative expenses	(26,775)	(34,630)
Bad debt provision	(3,720)	–
Share based payments	(3,594)	(2,354)
Foreign exchange profits/(losses)	1,223	(15,471)
Share of joint venture profits	2,518	955
Operating profit	143,775	140,808
(Loss)/profit on revaluation	(256,548)	(145,404)
Net finance charge	(92,283)	(93,448)
IFRS (loss)/profit before tax	(205,056)	(98,044)
Tax	12,697	9,855
IFRS loss after tax	(192,359)	(88,189)

The significant movement in the IFRS results for the year is the revaluation loss on property assets net of the related deferred tax credit. This accounts for the disparity between underlying earnings and positive operating cashflows and the large IFRS loss after tax shown above.

### Investment Properties

The completed property investment portfolio had a market value of \$1.36 billion at 31 December 2015 (2014: \$1.61 billion), a fall of 16% in value, driven by the fall in US Dollar equivalent market rents. Combined with the revaluation deficit recognised in 2014, the property investment portfolio value has fallen by 22% over the last 24 months.

Investment property under construction, being additional phases of existing projects not yet commenced, has fallen in value by 18% in US Dollar terms during the year.

### Cash and Debt

Cash flow Summary	2015 \$'000	2014 \$'000
Net cash generated from operating activities	136,152	168,797
Net cash generated/(used) in investing activities	12,868	(98,894)
Net cash used in financing activities	(110,300)	(71,771)
Net increase/(decrease) in cash and cash equivalents	38,720	(1,868)
Foreign exchange movements	(7,812)	(28,073)
Increase/(decrease) in cash	30,908	(29,941)

Operating cash inflows fell by \$33 million during the year. This follows the drop in net operating income, a reduction in rents paid in advance around the year end as tenants became sensitive to the exchange rate on the date of payment of US Dollar pegged leases, and increased tax payments as historic deferred tax assets were fully utilised on some projects.

Cash generated from investing activities increased significantly as construction costs wound down and a retention held of \$25 million on a prior period acquisition was released.

Net cash used in financing activities increased as the prior year included higher debt draws on refinancings to offset debt amortisation. Interest paid during the year totalled \$69 million. Preference coupon paid was \$17 million and the Company purchased \$42 million of its own shares in 2015.

After foreign exchange losses on Rouble and Sterling funds held to service future costs in those currencies, cash generated in the year totalled \$31 million, giving a cash balance of \$202 million at the year end.



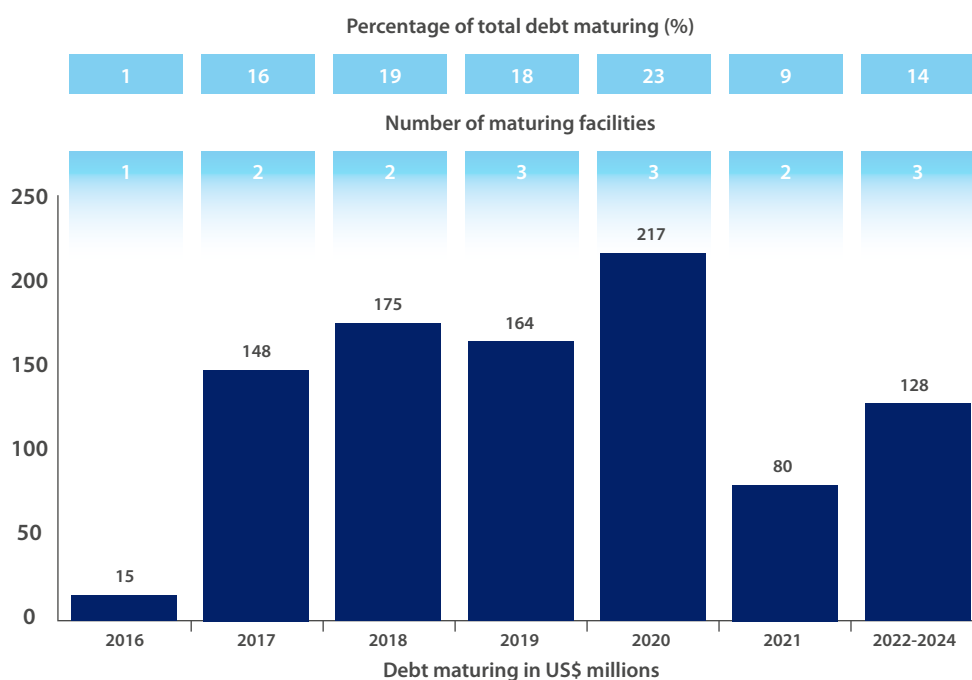
Debt	2015 \$m	2014 \$m
Fixed rate debt	260	220
Debt hedged with swaps	212	222
Debt hedged with caps	456	395
	928	837
Unhedged debt	-	68
	928	905
Unamortised loan origination costs and accrued interest	(9)	(12)
Total debt	919	893
Undrawn facilities	-	89
Weighted average cost of debt	7.26%	6.99%
Weighted average term to maturity	4.0	4.8

In the first half of the year, further draw downs of \$39 million and \$27 million were made on the finance facilities secured on the Noginsk and Nova Riga projects respectively. A new facility of \$15 million secured on our Pulkovo project was also drawn.

The facility secured on our Istra project was rolled over for a two year term and now matures in April 2018. We hope to do the same with the facility secured on the Pushkino project which matures in 2017.

LIBOR on all debt facilities has now been hedged with a mixture of interest rate swaps, caps or fixed instruments. The quantum and number of facilities maturing each year is shown below.

### Debt maturing



The facility secured on the office block in St Petersburg, Constanta, continues on a cash sweep mechanism following a historic potential loan to value breach in December 2012. A delay in rental payments from the sole tenant in 2015 has also caused the facility to breach debt service requirements but no further action has been taken by the bank. All other finance covenants were met at the year end.



## Subsidiaries

The Group's trading subsidiaries have performed well in the year. Raven Mount continues to sell legacy land plots it holds in the UK and the joint venture, Coln, generated a share of profits of \$2.5 million (2014: \$1 million) from sales of plots at the second home site in the Cotswolds.

The third party logistics subsidiary, Roslogistics, is a good example of the impact of foreign exchange on results. In 2014 the company had turnover of Roubles 937 million, which translated to \$24 million at the average exchange rate for the year. In 2015, in a tough market, they have maintained turnover at Roubles 930 million. However, converting at the average exchange rate for the year generates only \$15 million of turnover (see note 4). Following new contract wins at the end of 2015, they are looking to grow their Rouble top line in the current year and have taken additional space at the project in St Petersburg to meet the increased demand.

## Outlook

Despite increasingly difficult trading conditions in US Dollar terms and a net asset value hit by falling asset values, the Group's balance sheet remains robust with high liquidity. Any improvement in economic conditions will translate directly to an improved bottom line.

# RISK REPORT

## Risk Appetite

The Board places significant importance on identifying and managing the risks facing the business and our processes have been suitably tested over the last two years.

Our risk appetite is two tiered. The original decision to focus on the Russian market could be argued to demonstrate a high risk appetite due to the macro economic and political environment we operate in but this is offset by a relatively risk averse approach at the operating level where:

- We have a focus on an undersupplied asset class in one of Europe's largest cities;
- Tenants are a mix of large international and domestic Groups;
- We have minimal speculative development exposure; and
- Our balance sheet is managed conservatively with relatively low gearing, high debt amortisation and Special Purpose Vehicle security structures.

The macro economic environment however has put pressure on our business model, especially following the rapid depreciation in the Rouble exchange rate against the principal currencies at the end of 2014. The effect of this has been discussed elsewhere in the Strategic Report but the outcome is a significantly reduced risk appetite, with our short to medium term objective being the security of and maintenance of cash flow from our existing portfolio in a volatile market.

This is reflected in our viability statement with the manifestation of the risks to the business in the year being significantly more severe than we could have reasonably foreseen or would have sensitised prior to November 2014.

The combination of international sanctions and the recent macro economic upheavals in Russia, together with the introduction of the updated Corporate Governance Code issued by the Financial Reporting Council, has focussed the Board's attention firmly on risk management.

## Risk Management and Internal Controls

The business is of a size and culture where risks are discussed and reviewed, formally and informally, at all levels. The Board is responsible for the management of risk and regularly carries out a robust assessment of the principal risks and uncertainties affecting the business, discusses how these impact operations, performance and solvency and what mitigating actions, if any, can be taken. Executive Board members are actively involved in all day to day operational and decision making processes of the business.

The Audit Committee is responsible for ensuring that the internal control procedures are robust and that risk management processes are appropriate. A fuller explanation of the processes is given in the Audit Committee Report.

At an operational level, weekly meetings are held with the seven heads of department, the two members of Senior Management and two Executive Board members to discuss all business matters including the risk environment. A sub committee of seven of this group, including the two Executive Board members, together with the Company Secretary, form a separate Risk Committee which meets bi-monthly to formally review the Group and Company's risk profile and reports to the Audit Committee twice a year.

The Audit Committee has not identified any significant failings or weaknesses in the internal control and risk assessment procedures during the year but as a result of the monitoring process, improvements have been put in place and further projects have just commenced. These include:

- The introduction of a Company intranet to improve communication across the Group, enhance the social culture and give prominence to regulatory requirements with easy access to Group procedural documents;
- The introduction of a formal property database management system, a project which will be completed during the current financial year; and
- A change in emphasis in the financial reporting information with weekly flash reports, monthly management reports and quarterly forecasts reflecting KPIs relevant to the defensive approach the business is taking.

## Principal Risks and Uncertainties

We have set out in the following table the principal risks and uncertainties that face our business, our view on how those risks have changed during the year and a description of how we mitigate or manage those risks. We have also annotated those risks that have been considered as part of the viability assessment.

At the beginning of 2015 there was uncertainty as to how the effect of low oil prices and the significantly weakened Rouble would permeate to the day to day operations. Following a volatile year, we have greater clarity on the impact on our business and that is reflected in the principal risks that we now focus on.





## Financial Risk

Risk	Impact	Mitigation	Change
<p><b>Oil price and foreign exchange</b> <span style="float: right;">V</span></p> <p>Weak oil prices prevail in the medium term leading to a continued weak Rouble.</p>	<p>The trend towards Rouble-denominated rents will intensify, leading to further falls in US Dollar equivalent income and an increase in the credit risk of those tenants who remain in US Dollar pegged leases.</p> <p>It also exacerbates the slow down in Russian growth and consumer spending. Reduced consumer demand reduces appetite for new lettings, renewal of existing leases and restricts rental growth.</p>	<p>The majority of new leases now being signed are Rouble denominated with Russian inflationary indexation. The US Dollar equivalent of these rents is significantly below those achieved prior to the Rouble depreciation at the end of 2014. Higher indexation gives some compensation against further weakening of exchange rates. We still have a high proportion of US Dollar pegged rents but income will potentially reduce as these mature over the next four to five years if the weak Rouble persists.</p> <p>The logistics market continues to be undersupplied at current levels of consumer demand. A lack of projected investment in new projects has led to market reports forecasting that vacancy levels will remain low, especially in the Moscow Region.</p> <p>A strengthening of the Rouble will have a commensurate increase in US Dollar income.</p>	
<p><b>Interest rates</b> <span style="float: right;">V</span></p> <p>Increases in US LIBOR</p>	<p>Cost of debt increases and Group profitability and debt service cover reduce.</p>	<p>Our variable cost of debt is hedged with the use of swaps and caps on US LIBOR or fixed rate facilities.</p>	
<p><b>Bank covenants</b> <span style="float: right;">V</span></p> <p>The significant drop in market rents impacts on both loan to value ("LTV") and debt service cover ratio ("DSCR") covenants.</p>	<p>The likelihood of debt facility covenant breaches increases.</p>	<p>The majority of debt facilities have a relatively high amortisation profile. There is also a focus on reducing Group debt in parallel with US Dollar pegged leases maturing should weak Rouble exchange rates persist.</p> <p>There is very little recourse to the holding company and no cross collateralisation between projects on events of default.</p>	



## Russian Domestic Risk

Risk	Impact	Mitigation	Change
<p><b>Legal framework</b></p> <p>The legal framework in Russia is in the early stages of its development.</p> <p>This could encourage tenants to attack lease terms where they now perceive those to be unfavourable.</p>	<p>The large volume of new legislation from various state bodies is open to interpretation, puts strain on the judicial system and can be open to abuse.</p> <p>Increased litigation on existing leases in an attempt to renegotiate US Dollar denominated leases or seek early termination of contracts.</p>	<p>We have an experienced in house legal team which now includes a litigation specialist. We use a variety of external legal advisors when appropriate.</p> <p>Our lease agreements have previously been challenged and have proven to be robust. They also stipulate that the arbitration process requires a referral to ICAC rather than the Russian Court system.</p>	
<p><b>Russian taxation</b></p> <p>Russian tax code is changing in line with global taxation trends in areas such as transfer pricing and capital gains tax.</p>	<p>Tax treaties may be renegotiated and new legislation may increase the Group's tax expense.</p>	<p>The key tax treaty for the Group is with Cyprus and this was renegotiated between the two countries during 2013 with no significant impact on the business;</p> <p>Changes in capital gains tax rules have led to a change in our calculation of Adjusted Diluted NAV per share; and</p> <p>Russia remains a relatively low tax jurisdiction with 20% Corporation tax.</p>	

## Personnel Risks

Risk	Impact	Mitigation	Change
<p><b>Key personnel</b></p> <p>Failing to retain key personnel.</p>	<p>Strategy becomes more difficult to flex or implement.</p>	<p>The Remuneration Committee and Executives review remuneration packages against comparable market information where available;</p> <p>Employees have regular appraisals and documented development plans and targets;</p> <p>Incentive schemes are based on measurable annual targets and weighted towards share based rewards. However, the macro economic and political events in Russia may make it difficult to achieve even the lowest of these performance targets; and</p> <p>This has led to the Board and Remuneration Committee to review the current incentive scheme in light of this risk.</p>	



### Russian Political and Economic Risk

Risk	Impact	Mitigation	Change
<p><b>Ukraine and sanctions</b></p> <p>The Minsk agreement is not implemented satisfactorily and sanctions against Russia remain in place for the foreseeable future and are potentially increased.</p>	<p>Continued isolation of Russia from international markets and exacerbation of the slow down in the Russian economy.</p>	<p>It is difficult to mitigate against the worst case scenario if escalation were to close Russia's borders to Western markets. However, we have:</p> <ul style="list-style-type: none"> <li>- Maximised cash reserves at holding company level;</li> <li>- An organisational structure that would allow us to continue to operate the Russian business autonomously if necessary; and</li> <li>- A special purpose vehicle ("SPV") structure that protects the holding company assets (principally cash) in a worst case scenario.</li> </ul> <p>In the more likely scenario that events continue to weigh on the Russian economy in the medium term, we have dealt with specific risks in the other sections.</p>	

Key:

Viability statement risk

Increased risk in the period

Stable risk in the period

# VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 revision to the UK Corporate Governance Code, the Directors have assessed the prospects of the Company and Group over a longer period than the twelve months prescribed for the “Going Concern” review in the financial statements.

Due to the market volatility over the last eighteen months and the significant swings in the Rouble exchange rate, management is currently focussed on a three year time horizon. This reflects market reluctance to enter into longer term contracts at this time. This has also meant a reduction in our weighted average term to maturity on existing leases to 3 years and on bank facilities to 4 years. For this reason the Board has agreed that a three year viability period is appropriate.

Key considerations for the Board have been cash flows and solvency, underlying earnings and the sensitivity of covenants on debt facilities. In addition this year, the key sensitivity of exchange rate movements on Rouble denominated leases has been added.

Actual events over the last two financial years have significantly stretched the boundaries of what was previously modelled as a reasonable “severe and plausible” scenario and this has given the Board added confidence in the Group’s processes and balance sheet strength. The current model now assumes that the market dynamics remain static over the three year forecast period and that all leases switch to Rouble denominated contracts on maturity. The model is then sensitised for those principal risks and uncertainties highlighted earlier in the “Risks and Uncertainties” section, the key sensitivities applied to the Group being:

- Increased vacancy assumptions on lease maturities;
- Further depreciation in the average Rouble exchange rate;
- Increases in US LIBOR and bank facility interest cost over the forecast period; and
- The combined impact of all sensitivities on banking covenants.

Where bank facilities mature in the forecast period it is assumed that the principal will be rolled over for a two year period with no further debt draws assumed.

In the case of the Company’s viability and solvency, the key mitigant is the Group’s special purpose vehicle structure and limited recourse to the holding company.

The Board is also reviewing the Group’s incentive schemes to ensure they are fit for purpose for the retention of key individuals at a challenging time for the business.

Based on the results of the procedures outlined above, the Board of Directors has a reasonable expectation that the Company and Group will be able to continue in operation and meet their liabilities as they fall due over the period of assessment.

Signed for and on behalf of the Board.

**Mark Sinclair**  
Chief Financial Officer  
13 March 2016



# DIRECTORS

## **Richard Jewson (aged 71)**

Non Executive Chairman

Richard Jewson joined Jewson, the timber and building merchant, in 1965 becoming the Managing Director, then Chairman of its holding group, Meyer International plc, from which he retired in 1993. Since then he has served as Non Executive Director and Chairman of a number of public companies. He retired in 2004 after 10 years as Chairman of Savills plc and in 2005, after 14 years as a Non Executive Director and Deputy Chairman of Anglian Water plc. He is currently Chairman of Tritax Big Box REIT Plc, and a Non Executive Director of Temple Bar Investment Trust plc.

He is Chairman of the Nominations Committee and a member of the Remuneration Committee.

## **Anton Bilton (aged 51)**

Executive Deputy Chairman

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. He is a member of the Nominations Committee.

## **Glyn Hirsch (aged 54)**

Chief Executive Officer

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

## **Mark Sinclair (aged 50)**

Chief Financial Officer

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. 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 Raven Russia Property Management Ltd, the former Property Adviser to the Company and joined the Board of Raven Russia in March 2009.

## **Colin Smith (aged 46)**

Chief Operating Officer

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 (aged 68)**

Senior Independent Non Executive Director

Christopher Sherwell is a Guernsey resident and a former Managing Director of Schroders in the Channel Islands. Before joining Schroders, he was Far East Regional Strategist in London and Hong Kong for Smith New Court Securities and prior to that spent 15 years as a journalist, much of them as a foreign correspondent for the Financial Times. He has considerable public company experience and acts as a Non Executive Director on a number of publicly listed investment companies including Baker Steel Resources Trust Ltd and NB Private Equity Partners.

He is Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees.

## **Stephen Coe (aged 50)**

Non Executive Director

Stephen Coe BSc, FCA, a Guernsey resident, is self employed providing Executive and Non Executive services to public and private clients. His current public directorships include European Real Estate Investment Trust Ltd where he acts as Chairman and Weiss Korea Opportunity Fund Limited, Leaf Clean Energy Company and Trinity Capital Ltd where he acts as a Non Executive Director and Chairman of the Audit Committees. 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.

He is Chairman of the Audit Committee and a member of the Remuneration Committee.

## **David Moore (aged 55)**

Non Executive Director

David Moore is a Guernsey resident. He is an advocate of the Royal Court of Guernsey and is currently a consultant with Collas Crill in Guernsey. He is a former partner of Guernsey law firm Mourant Ozannes, where he had practised since 1993 and before that spent 10 years practising in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate and financial matters and is a Non Executive Director of a number of investment, insurance and finance sector-related companies.

He is a member of the Audit and Remuneration Committees.

# CORPORATE GOVERNANCE

## Chairman's foreword

In this section of our Annual Report we explain how the principles of corporate governance have been adopted across the Group. The Board is collectively responsible for upholding high standards of corporate governance and see it as vital to support the delivery of the Group's strategic objectives, and as such, good governance has been embedded within the way we do business. Throughout the year, the Company complied with the provisions of the 2014 UK Corporate Governance Code (the "Code") published by the Financial Reporting Council save for provision B.1.1. This addresses the independence of the Non-Executive Directors which is discussed further on in this report. The 2014 Code saw a number of provisions revised to focus on longer term viability, risk and remuneration. The Board, together with management started a review of how the new provisions would impact the operations of the Group, the Board and its Committees during the latter part of 2014. I am pleased to report that the Company was already undertaking the majority of the activities introduced by the 2014 edition of the Code and with a few minor changes in its activities, fully complied with the revisions to the Code during the year ended 31 December 2015.

**Richard Jewson**

13 March 2016

## Statement of Compliance with the Code

Responsibility for good governance lies with the Board. The Board is ultimately accountable to shareholders for the activities of the Group and remains committed to ensuring the high standards of Code are continually applied across the Group. Copies of the Code are available to download free of charge from the Financial Reporting Council's website ([www.frc.org](http://www.frc.org)). As explained in the introduction, the Board considers that the Company complies fully with the provisions of the Code save for B.1.1 which sets out the requirements for Non-Executive Directors to be considered independent from the Company. Stephen Coe and David Moore have both served on the Board as Non-Executive Directors since the Company's establishment in 2005 therefore the Board has specifically considered their independence. The Board concluded that length of service is not necessarily a complete or accurate measure of a Director's independence, a view the Board feels is shared by its shareholders. In the Board's opinion, both Stephen and David continue to fulfil the requirements as independent Directors.

## Leadership

### The Role of the Board

The Board is collectively charged with governance of the Group, providing leadership and direction for management. The Board is responsible to shareholders for the long term success of the Group whilst ensuring appropriate management and operation in pursuit of the objectives of the Group. The Board sets the Group's strategy, values, standards and culture and ensures the resources and controls are in place to deliver this. A formal schedule of matters reserved solely for consideration by the Board has been adopted, this forms the basis of the Board's core activities.

The Board has also delegated certain aspects to its Audit, Remuneration and Nominations Committees through terms of reference. Terms of reference for each Committee can be found on the Company's website ([www.ravenrussia.com](http://www.ravenrussia.com)). Together, the Committees and the schedule of reserved matters assist the Board in discharging its duties effectively. The Board and its Committees have regular scheduled meetings. An overview of the activities of the Board and its Committees is contained within this report and that of the Audit and Remuneration Committees.

Terms of reference delineating a clear division of responsibilities between the Chairman and Chief Executive are in place and are reviewed on a regular basis. The Chairman is primarily responsible for the effective working of the Board and the Chief Executive for the operational management of the business. This includes development of the Group's strategy and business model, the presentation of this to the Board and ultimately its implementation across the Group.



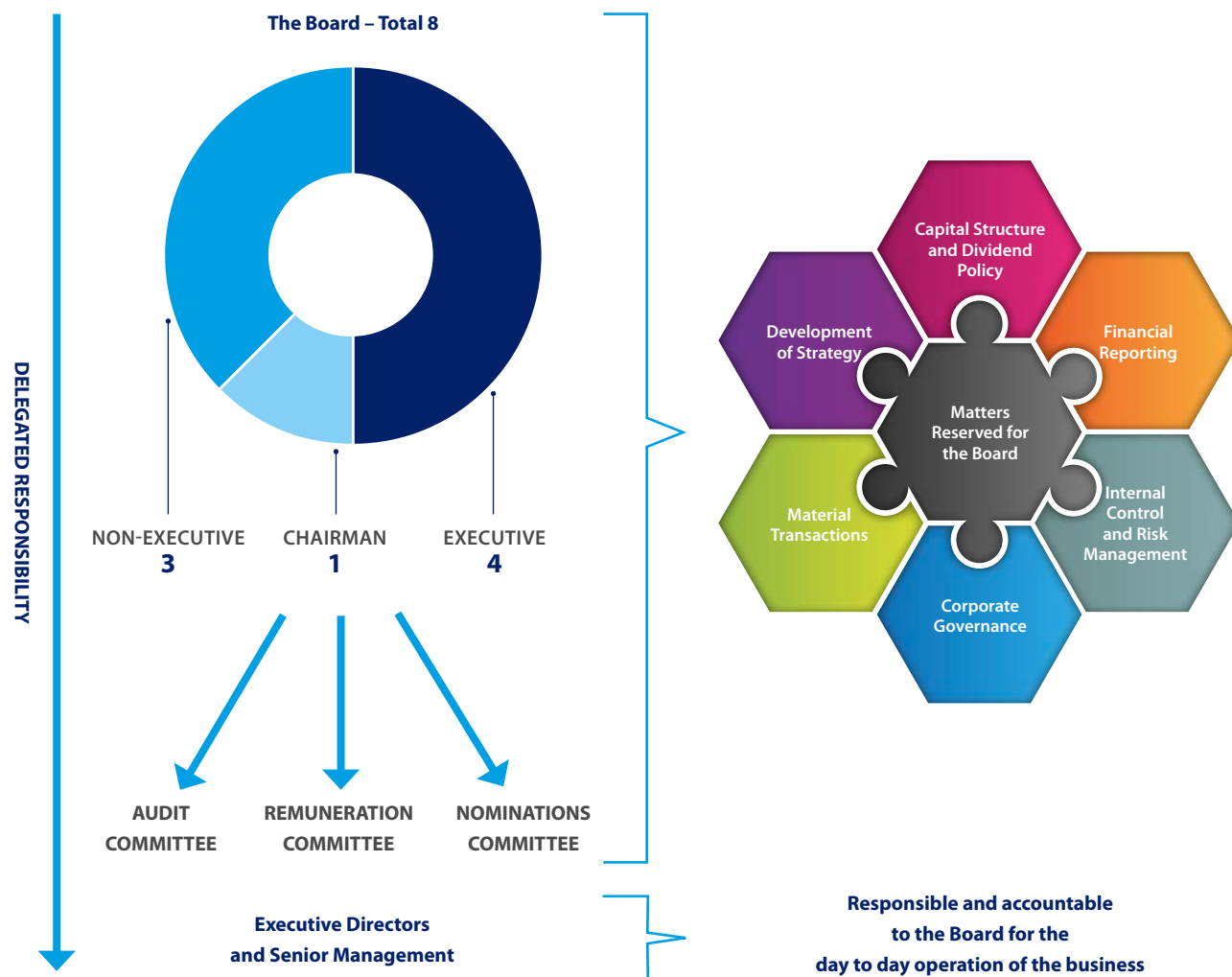
## The Board and its Committees

### Board composition

During the year, the Board comprised eight directors: Non Executive Chairman, Richard Jewson; four Executive Directors; and three Non Executive Directors. The Board considers all of the Non Executive Directors to be independent having given specific consideration to the continued appointment of Stephen Coe and David Moore as mentioned above. The balance of skills and expertise of the Board ensures that no individual or group of individuals dominate the Board's decision making, allowing for independent challenge and rigour to the Board's deliberations.

Christopher Sherwell is the Senior Independent Director of the Company.

Biographies for each director are included elsewhere in this Annual Report.



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. During 2015, there were 15 such committee meetings. Meetings are generally held in Guernsey at the Group'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.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of any board meeting and regular management information. All of the Directors are entitled to have access to independent professional advice at the Company's expense where they deem it necessary to discharge their responsibilities as Directors. On appointment, a Director receives advice from the Company's financial and other professional advisers as to the affairs of the Company and their responsibilities, an estimation of time commitments necessary to undertake the role and a commitment to receive other such training and induction as may be appropriate.



### Attendance at Board or Committee meetings during the year to 31 December 2015

	Board	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson	6	N/A	1	2
A Bilton	6	N/A	1	N/A
G Hirsch	6	N/A	N/A	N/A
M Sinclair	5	N/A	N/A	N/A
C Smith	6	N/A	N/A	N/A
S Coe	6	3	N/A	3
C Sherwell	6	3	1	3
D Moore	5	2	N/A	3
<b>No. of meetings during the year</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>3</b>

(where 'N/A' is shown, the Director listed is not a member of the Committee)

#### Effectiveness

##### Board performance evaluation

The Board undertakes annual performance evaluations of its own and its Committees' activities. These are led by the Chairman and where dealing with his own performance, by the Senior Independent Director.

The performance evaluations for the year ended 2015 were undertaken internally, which included face to face interviews with each of the directors and included group discussions on the themes which arose from the interviews. It was concluded that the performance of the Board, its Committees and individual Directors was effective and the Board has the necessary balance of skills, expertise, independence and knowledge required to direct the business.

The Board and Nominations Committee consider annually the composition of the Board and its Committees with reference to the Group's needs and also the requirements of the Code. In accordance with the Code, all Directors will be put forward for re-election at the Annual General Meeting. Having considered the balance of skills, expertise and performance of the Board, its committees and individual Directors, the Board recommends each Director for re-appointment at the Annual General Meeting.

#### Nominations Committee

The Nominations Committee comprises Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman. The 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, with the necessary balance of skills, expertise, independence and diversity to undertake their roles effectively. The Committee reviews the composition of the Board and its Committees in light of the Code. The Committee agreed that no formal policy will be adopted to meet any diversity targets, including gender, as this could be unfairly prejudicial and bias the opinions and judgements of the Board and its Committees in a selection process with any proposed appointment made on merit and giving due consideration to the existing Board composition.

As reported in the 2014 annual report, the Nominations Committee had considered the appointment of two new Non Executive Directors to refresh the Board, however given the volatile conditions which were evident at the time and continue today, it was agreed by the Committee and supported by the Board that it was not an appropriate time for new members to join the Board. The Committee again considered the constitution of the Board and its committees and agreed that whilst the volatility in market conditions prevail, the experience, historic knowledge and relationships of the current Board will be crucial to see the Group through this time.

#### Diversity

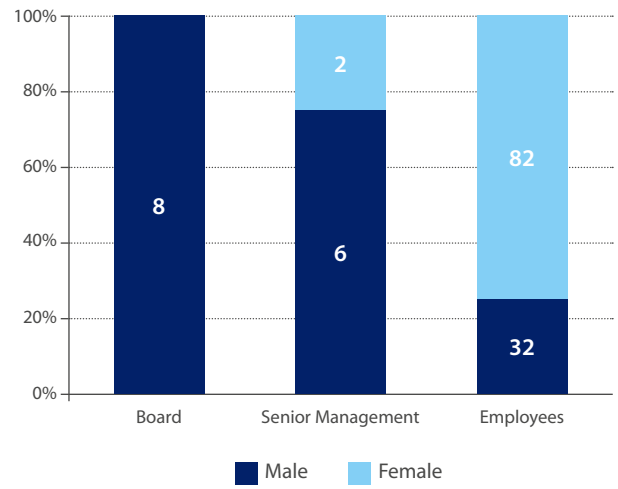
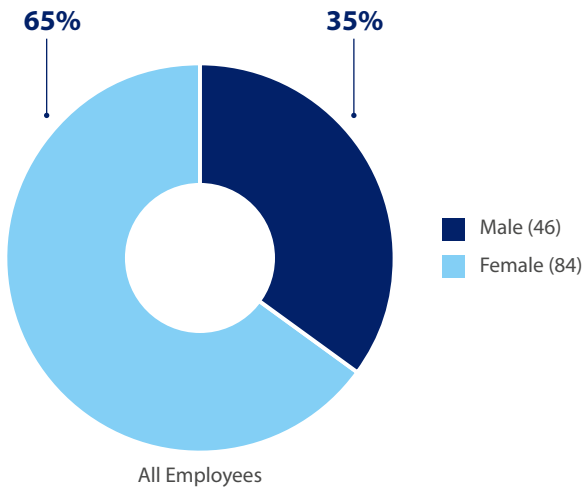
The Nomination Committee consider the experience, background, age and tenure of each individual to contribute to the diversity of the Board, its Committees and the wider Group. When recruiting across the Group, appointments are made on merit, ensuring the best candidates are appointed to support the operating activities of the Group.



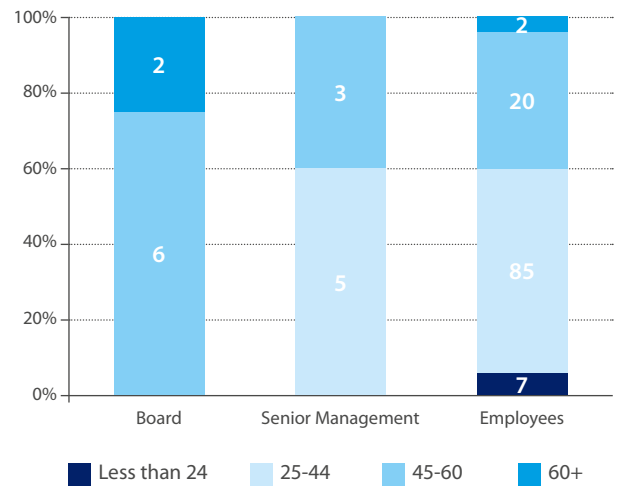
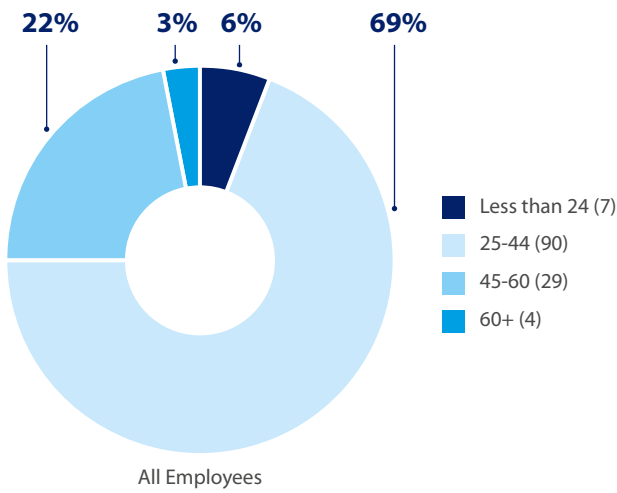


Information about the diversity of the Group's workforce at 31 December 2015 is set out below.

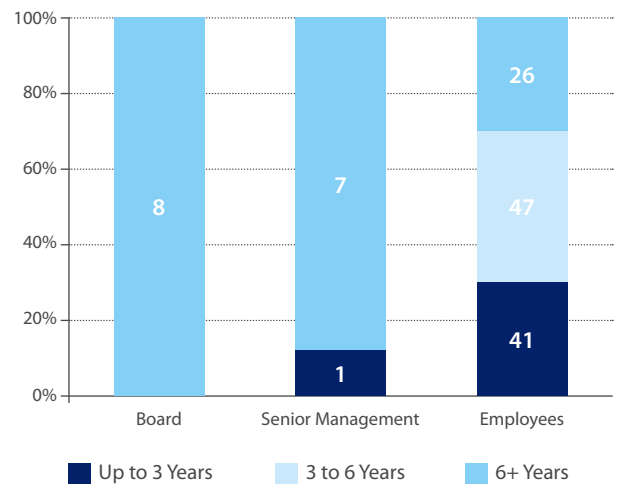
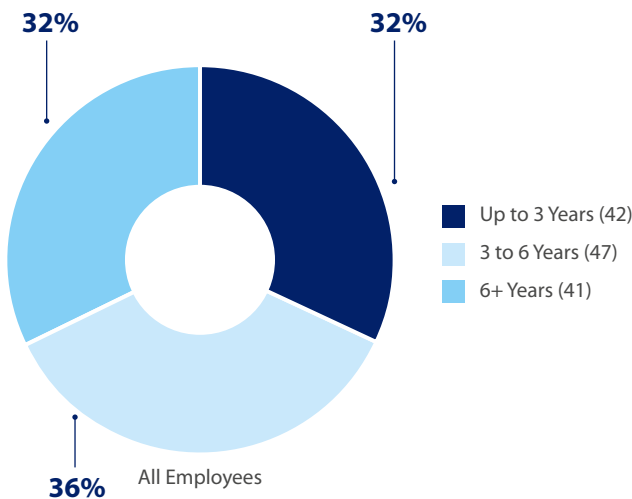
**Gender**



**Age**



**Tenure**



\*Length of service for Board members is from date of appointment.



### Remuneration Committee

The Remuneration Committee comprises Stephen Coe, Richard Jewson, David Moore and Christopher Sherwell, who is Chairman. The Remuneration Committee meets at least once a year to review the performance of Executive Directors and to recommend their remuneration and other benefit packages. The fees of the Non Executive Directors are determined by the Executive Directors. Full details of the activities undertaken by the Committee during the year are included within the Remuneration Report. The Remuneration Report will be subject to an advisory vote at the Annual General Meeting.

### Engagement with Shareholders

The Chief Executive, Executive Deputy Chairman and Chief Financial Officer are the Company's principal spokesmen with investors, fund managers, analysts, the press and other interested parties. The Company's investor relations programme includes formal presentations of the annual and interim results, as well as regular analyst briefings and meetings. The Board receives updates on the Company's investor relations activities including any reports prepared by the Company's brokers, external analyst papers, and details of any shareholder meetings.

The Board believes that sustainable financial performance and delivering on the objectives of the Company are key measures in building trust with the Company's shareholders. To promote a clear understanding of the Company, its objectives and financial results, the Board ensures that information relating to the Company is disclosed in a timely manner and in a format suitable to the shareholders of the Company. The Company's website has been developed to facilitate communication with all shareholders. Communication through these means allows our investors to receive information in a timely and cost effective manner.

The notice of AGM accompanies this report and a separate proxy card is provided for shareholders.



# CORPORATE RESPONSIBILITY

## Corporate responsibility

Corporate responsibility covers many different aspects of business but our primary focus is on the environmental impact of our activities and properties and the social impact in the jurisdictions in which the Group operates. It is the responsibility of the Board to manage the environmental, economic and social impact of the Group's business strategy.

The Board recognises that the way its investment properties are designed, built, managed and occupied can significantly influence their impact on the environment and the community in which they are located and it seeks to manage these issues. Although the Group is not required by statute to provide detailed reports on its environmental impact, the Board considers this an issue that must be monitored and warrants disclosure. In 2013 we started to disclose levels of greenhouse gas emissions, as required by Main Market of the London Stock Exchange. Last year we also included electricity consumption in our offices in Moscow, Cyprus and Guernsey, and business travel.

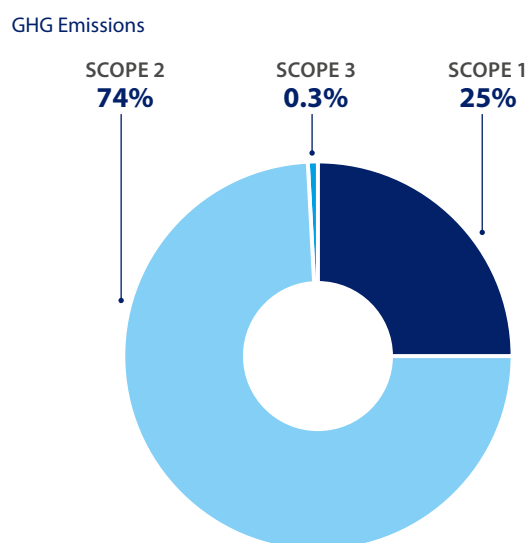
The Board also recognises the social impact of its operations in each of its key jurisdictions, Russia, Guernsey and Cyprus. In Russia, this is particularly evident in the employment opportunities that are created in the communities where the Group's properties are located. Staff are encouraged to participate in community and charitable activities and the Board has established a fund to support local causes or charities, which meet the corporate values of the Group. During 2015 the Group invested \$80,000 in supporting various causes including national and local charities and local community sports groups. No political donations were made during the year.

## Greenhouse Gases

We commissioned Trucost to assist in compiling our report to comply with the Mandatory Greenhouse Gases Reporting Regulations (GHG). Energy consumption information was collated from all thirteen warehouses in the portfolio and our three offices in Moscow, Cyprus and Guernsey. We also collected office car mileage and business travel of the Group's employees to report on Scope 1, Scope 2 and Scope 3 emissions. The report covers 100% by warehouse floor area. This year we report Scope 2 on a dual-reporting basis using location-based and market based approaches in accordance with the GHG Protocol Scope 2 Guidance released in January 2015. Since market-based emission factors are not available to any of our locations, residual emission factors were adopted for offices in Guernsey and Cyprus. For Russia we used location-based emission factors due to unavailability of residual emission factors.

The table below sets out the emissions data collated and the intensity ratio agreed at tonnes per square metre of floor area for the last three years.

Data Point	Units	Quantity 2015	Quantity 2014	Quantity 2013
Scope 1	tonnes CO2e	19,289	20,778	18,138
Scope 2 (location-based)	tonnes CO2e	56,914	56,594	44,589
Scope 2 (market-based)	tonnes CO2e	56,919	n/a	n/a
Scope 1 + 2 Intensity (location-based)	tonnes CO2e / floor space (sqm)	0.05	0.06	0.05
Scope 3	tonnes CO2e	219	342	n/a





### Data collection and methodology protocol

The group used the Greenhouse Gas Protocol methodology for compiling its GHG data, and includes the following material GHG's: CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>. The Group used the following emission conversion factor sources:

- Natural gas: DEFRA 2015 conversion factor for cubic meters natural gas
- Diesel: DEFRA 2015 conversion factor for litres diesel
- LPG: DEFRA 2015 conversion factor for litres LPG
- Office car: DEFRA 2015 conversion factor for kilometres of unknown fuel (average car)
- Purchased electricity: IEA Fuel Combustion (Highlights 2015 Edition) and EIA Foreign Electricity Emission Factors
- District heating: electricity factors were adjusted using the same ratio as between UK electricity, and district heating (from DEFRA 2015 conversion factors for UK electricity, and district heat and steam)

There was a 7% decrease in Scope 1 emissions and 6% increase in Scope 2 emissions from 2014. Compared to 2013, Scope 1 emissions reduced by 6%, whereas Scope 2 emissions increased by 28%. However, a large increase in Scope 2 emission in comparison with 2014 was mainly attributable to the change in conversion factor published by IEA, as underlying electricity consumption grew by only 2% over the same period, reflective of the increased warehouse space in the period.

Although tenants are the end users of the energy consumed, we consider this an important metric to measure. Not only does this make our buildings more attractive to tenants and funders but also the more energy efficient our buildings are the less greenhouse gas production occurs at our sites.

As our relations with key tenants become more established we are working with them to anticipate their requirements, with specifically designed buildings. In the case of energy intensive uses, such as cold storage, this allows a more efficient building to be constructed compared to the reconfiguration of a standard warehouse unit.

Other examples of increased efficiency include adopting low energy lighting in our new warehouses and more energy efficient lighting and air conditioning system in Guernsey office. New developments are being assessed by BREEAM (Building Research Establishment Environmental Assessment Methodology), the worlds longest established and most widely used method of assessing, rating and certifying the sustainability of buildings. Our aim is to reduce the environmental impact of our developments and use the results of BREEAM assessments to provide practical ideas for future and existing development projects.



# LETTER FROM THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I present our report on Directors' remuneration for the year ended 31 December 2015.

## Performance in context

As has been explained elsewhere in the Annual Report, the magnitude of the depreciation of the Rouble exchange rate since November 2014 has fundamentally changed the landscape in which the business operates. The move to Rouble denominated market rents halted all growth plans as the equivalent US Dollar rents plummeted. The business objective is now to secure the cashflows and occupancy of the existing portfolio.

To put the Group's current remuneration plans and incentive scheme into context:

- The remuneration structure and incentive scheme was designed in late 2013, and discussed with the key shareholders in early 2014. The objective was to reward results which fostered a progressive distribution policy. At that time the Rouble:US Dollar exchange rate was 33, around the running average for the previous ten years;
- The crisis in Ukraine came to the fore in early 2014 and the lower limits of the proposed incentive scheme were reduced in an attempt to allow for the uncertainties that could arise out of this event and the subsequent sanctions;
- When the AGM notice was issued in April 2014 the Rouble traded at 36 to the US Dollar;
- At the end of October 2014, the impact of sanctions on the market had been largely digested and the Rouble traded at 44 to the US Dollar. Even with this level of currency depreciation, the business was still focussed on a growth strategy, albeit tempered by events;
- Following the collapse in oil prices in November 2014 however, the Rouble went into free fall, touching 79 to the US Dollar in December 2014, swinging back to 49 in April 2015 and finishing the year at 73. At the time of writing, it is 70 to the US Dollar following a low of over 80 in January 2016.

In such a turbulent market, a remuneration scheme which incentivises management to make decisions in the best interests of the Company requires, at the very least, valid motivational targets. Over the past year it has become apparent that exogenous events can render such targets unattainable putting the focus and cohesion of our executive team at risk. This is because our distinctive shares-only incentive arrangements, with growth driven targets, do not align the management team incentive with the defensive strategy needed currently.

The fact that the Remuneration Committee has lacked discretion under these arrangements is a further complication. On top of this, we remain unable to identify a reliable peer group or appropriate indices for comparing executive rewards whether markets are going up or down. We have undertaken separate projects with Ernst & Young and New Bridge Street in an attempt to find suitable comparators. In both cases the conclusion has been that there are none. We are the only listed investment property group focussed on our niche market. Listed Russian property groups tend to be development-driven and even then have limited available public information. International groups that may invest in our market have diverse portfolios across property type and geographic markets. Our UK listed peers are exposed to different macro economic and market pressures.

The outcome is that we are left with a remuneration approach which will reward growth but has no room for discretion in the face of such fundamental changes in market dynamics as we have seen.

## Performance Outcomes

In this context, performance for the year is above expectations. Underlying profits after tax have reduced by 18% on a drop in NOI of 9.5%. Cash balances have increased by \$31 million to \$202 million although operating cash inflow has dropped from \$169 million to \$136 million in the year. Vacancy has increased from 6% to 18% as a number of weaker businesses (mainly importers) succumbed to the weak currency but the bad debt charge in the year was only \$4 million.



Details of the incentive schemes are given in the Remuneration Policy table and the summary of targets and performance is:

	2015 Performance	Minimum Target
CBLTIS 2015-2017 - Operating cash inflow after interest	\$63million	\$60million

#### Remuneration Decisions

The performance in 2015 means that 34% of the share incentive available for the Executives and Senior Management will be issued. In line with policy, increases in base salaries for Executives have been limited to inflation and no cash bonuses are available.

There were no changes made to the Remuneration Policy in 2015. However, as income is expected to reduce given current market realities, the incentive targets set for 2016 and 2017 are unlikely to be met, even at their minimum levels. We have begun to engage with the key shareholders to discuss this as the Executive and Management team are facing challenges far greater than those they would have confronted when the current incentives were agreed. In the Committee's view, they are making decisions designed to secure the long term value of the business but which are inimical to the reward objectives they have been set. The Committee needs an element of discretion to attempt to correct this, especially given the lack of comparative measurement. Any proposals agreed in outline with the largest shareholders will be presented at the forthcoming AGM for vote.

#### Christopher Sherwell

Chairman  
Remuneration Committee  
13 March 2016



# DIRECTORS' REMUNERATION REPORT

## Introduction

### Composition

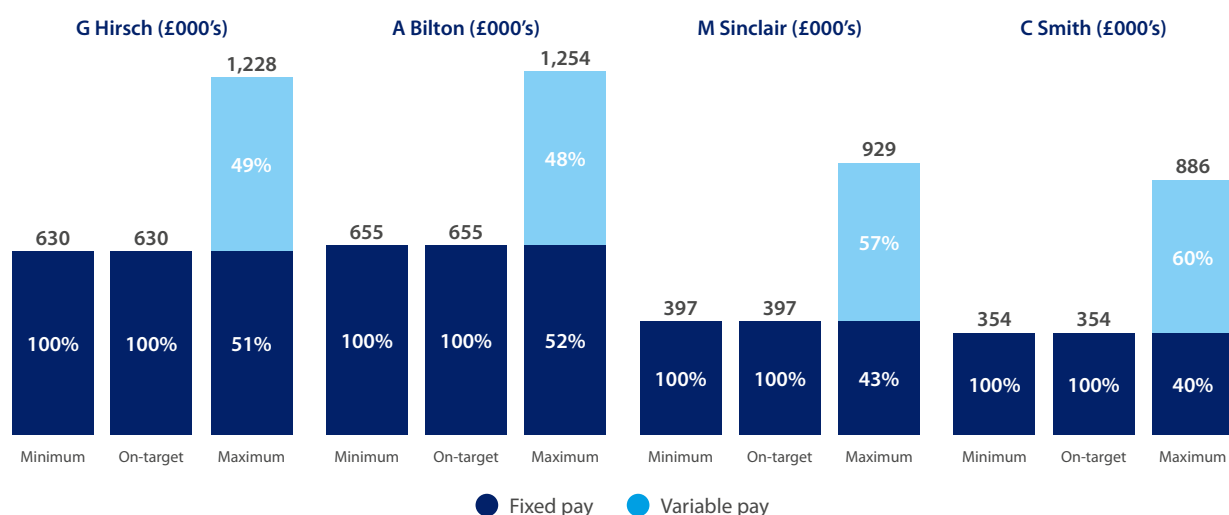
The Remuneration Committee comprises the Board's Non Executive Directors, Stephen Coe, Richard Jewson, David Moore and Christopher Sherwell, who is Chairman.

### Policy

There were no changes to the Group's remuneration policy in the year which was approved by shareholders at the Company's AGM on 20 May 2014. The full text of the policy can be found on the investors page of the Company's website.

### Potential Remuneration for Directors

The bar charts below show the potential remuneration which each Director could receive if performance in 2016 was below target thresholds, if performance was in line with expectations and the maximum that could be received if expectations are exceeded. Share based remuneration is valued at the share price at the date of grant and does not take account of share price appreciation or accrued distributions.



The minimum amount of remuneration is the fixed element comprising basic salary, pension and benefits. On target remuneration assumes nil vesting of the variable remuneration. The maximum remuneration assumes full vesting of the incentive schemes, not including the deferred element.

## Recruitment and Exit Policies

Summary details of the Executive Directors' and Non Executive Directors' service contracts are given later in this report. Recruitment of new Directors would be based on the same terms as the existing service contracts. No additional remuneration would be offered as an incentive to join and the composition of remuneration would be based on the same components as existing Directors.

Exit policies for the elements of remuneration are summarised in the table below:

Component	Good Leaver*	Bad Leaver*	Change of Control
Basic Salary and Benefits	12 months notice period.	No notice period or payment in lieu of notice.	150% of the normal notice provisions for basic salary.
Annual Bonus	Pro rata payment based on the previous year's award, payable at the discretion of the Committee.	No award.	Pro rata payment based on the previous year's award.
CBLTIS	Awards not vested forfeited except in certain circumstances.**	Awards not vested forfeited.	All subsisting awards vest.

\*Bad leaver provisions relate to termination of employment for the reason of gross misconduct including breach of obligation, bankruptcy and disqualification as a director. A good leaver covers all other circumstances.

\*\*If a scheme participant ceases employment due to ill health or disability, redundancy as determined by the Committee or retirement, awards not vested shall continue in effect and vest on the original vesting dates if performance targets are met. The Committee has discretion to reduce awards with reference to the period of time that has elapsed from the date of grant to the date the participant ceases employment.





### Shareholder Views

The view of shareholders is sought prior to any significant change to the Remuneration Policy. Prior to the introduction of the CBLTIS scheme, the views of shareholders holding over 60% of ordinary shares (67% not including Directors) were taken into account prior to formal presentation at the AGM. It was at the insistence of certain shareholders that the deferred element of the CBLTIS was included.

### Annual Report on Remuneration

This report sets out information about the remuneration of the Directors for the year ended 31 December 2015. The information provided in the section entitled Audited Information has been audited by Ernst & Young LLP.

### Audited Information

#### Summary of Remuneration for the Financial Year Ended 31 December 2015

In this section we summarise the total remuneration packages for the Executive Directors. A total remuneration cost is shown for each Director.

The Committee reviews all elements of pay and has discretion to reduce these if thought appropriate. No discretion has been exercised in the year.

2015	Salary and fees £'000	All taxable benefits <sup>(1)</sup> £'000	Cash bonuses £'000	Pensions <sup>(2)</sup> £'000	Subtotal £'000	Shares vesting in the year		Total £'000	Adjusted total <sup>(5)</sup> £'000
						Value at vesting			
						CBLTIS <sup>(4)</sup> £'000	LTIP <sup>(3)</sup> £'000		
G Hirsch	547	21	–	55	623	160	–	783	759
A Bilton	547	46	–	55	648	160	–	808	784
M Sinclair	341	18	–	34	393	142	–	535	514
C Smith	303	17	–	30	350	142	–	492	471

2014	Salary and fees £'000	All taxable benefits <sup>(1)</sup> £'000	Cash bonuses £'000	Pensions <sup>(2)</sup> £'000	Subtotal £'000	Shares vesting in the year		Total £'000	Adjusted total <sup>(5)</sup> £'000
						Value at vesting			
						Old CBLTIS <sup>(4)</sup> £'000	LTIP <sup>(3)</sup> £'000		
G Hirsch	538	23	–	54	615	702	181	1,498	1,190
A Bilton	538	42	–	54	634	702	146	1,482	1,199
M Sinclair	335	17	–	34	386	597	162	1,145	872
C Smith	298	18	–	30	346	390	81	817	653

1. Taxable benefits include health cover and insurance, subscriptions and sports memberships. These are not performance related. They have been calculated based on premiums and subscriptions payable.

2. Pensions are cash payments made to Executive Directors, either directly or to their pension scheme.

3. LTIP share awards have an exercise price of 25p.

4. Valuation at vesting for 2015 assumes the price of the shares at the end of the relevant financial period for the CBLTIS plus accumulated dividends or distributions. The CBLTIS awards are shown in the year of the related performance targets. The 2014 estimated figure has been restated to reflect the actual share price at the date of vesting.

5. In light of the contractual and economic restrictions on disposals of shares received as part of the Group's incentive schemes the total remuneration package has been recalculated using the Company's ordinary share price immediately before the announcement of these results, being the closing price on 11 March 2016.

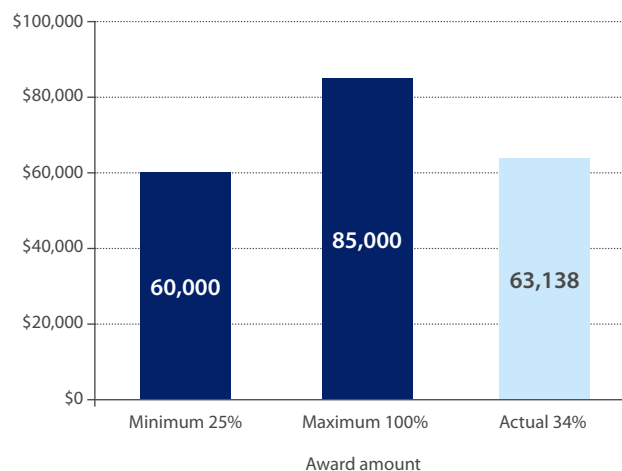
**Combined Bonus and Long Term Incentive Scheme (CBLTIS 2015-2017)**

## Details of CBLTIS Awards for 2015

The operating cash flow after interest result for 2015 compared to target was as follows:

	\$'000
Net cash generated from operating activities	136,152
Interest received	2,909
Bank borrowing costs paid	(69,465)
Dividends paid on preference shares	(17,156)
Bank borrowing costs capitalised	–
<b>Total operating cash flow after interest</b>	<b>52,440</b>
Adjustments for the cash working capital movements:	
Opening rents in advance and rent deposits	65,431
Closing rents in advance and rent deposits	(54,733)
<b>Total cash inflow</b>	<b>63,138</b>

CBLTIS targets for 2015 were:



The table below sets out the directors' interests in the CBLTIS 2012 to 2014 and the CBLTIS 2015 to 2017.

	Contingent awards of ordinary shares					Number that vest on publication of these accounts
	At 1/1/15	Made in the year	Vested in the year	Lapsed in the year	At 31/12/15	
<b>CBLTIS 2012 to 2014</b>						
G Hirsch	1,341,000	–	1,341,000	–	–	–
A Bilton	1,341,000	–	1,341,000	–	–	–
M Sinclair	1,141,000	–	1,141,000	–	–	–
C Smith	756,000	–	756,000	–	–	–
<b>CBLTIS 2015 to 2017</b>						
G Hirsch	–	4,500,000	–	–	4,500,000	387,157
A Bilton	–	4,500,000	–	–	4,500,000	387,157
M Sinclair	–	4,000,000	–	–	4,000,000	344,140
C Smith	–	4,000,000	–	–	4,000,000	344,140

Awards made under the CBLTIS 2015 to 2017 relate to performance over the period to 31 December 2017. The ordinary share price of the Company was 53.2p at the date the awards were granted.



### 2009 Long Term Incentive Plan (LTIP)

This scheme is closed to new participants and no further awards can be made. All employees of the Group were eligible to receive invitations to participate in this plan and the EBT held 10 million ordinary shares reserved for the purpose. The options it granted over these shares vested in three equal tranches, subject to performance criteria, on 24 March 2012, 24 March 2013 and 24 March 2014.

Performance criteria for each tranche were based on meeting a target of total shareholder return of 7.5% over UK RPI in each of the following three year periods, 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.

Dividends rolled up during the vesting period and options granted under this scheme have an exercise price of 25p.

The Directors' interests in this scheme are set out below:

LTIP	Available to exercise at 1/1/15	Vested in year	Exercised in year	Available to exercise at 31/12/15
G Hirsch	1,000,000	–	–	1,000,000
A Bilton	810,811	–	(810,811)	–
M Sinclair	–	–	–	–
C Smith	–	–	–	–

### Interests of Executive and Non Executive Directors in Ordinary Shares, Preference Shares and Warrants

The beneficial interests of the Directors in office at 31 December 2015 in the Ordinary Shares, Preference Shares and Warrants of the Company, both at the beginning and the end of the year, are set out below. There have been no changes to the figures below since 31 December 2015.

Director	Number of Ordinary Shares 31/12/15	Number of Preference Shares 31/12/15	Number of Warrants 31/12/15
R Jewson	261,488	75,460	–
G Hirsch <sup>(1)</sup>	7,909,942	2,143,225	2,292,817
A Bilton <sup>(1)</sup>	47,696,719	5,820,119	11,151,075
M Sinclair <sup>(1)</sup>	3,576,126	720,832	–
C Smith <sup>(1)</sup>	1,443,839	466,891	7,385
C Sherwell	242,755	79,728	–
S Coe	116,289	54,040	–
D Moore	222,501	14,172	–
	<b>61,469,659</b>	<b>9,374,467</b>	<b>13,451,277</b>



Director	Number of Ordinary Shares 31/12/14	Number of Preference Shares 31/12/14	Number of Warrants 31/12/14
R Jewson	286,253	75,460	–
G Hirsch <sup>(1)</sup>	7,786,599	2,143,225	2,292,817
A Bilton <sup>(1)</sup>	54,927,148	8,479,640	11,319,075
M Sinclair <sup>(1)</sup>	3,090,194	726,275	–
C Smith <sup>(1)</sup>	1,054,469	466,891	7,385
C Sherwell	242,755	79,728	–
S Coe	126,030	53,061	–
D Moore	222,501	14,172	–
	<b>67,735,949</b>	<b>12,038,452</b>	<b>13,619,277</b>

(1) Includes ordinary and preference shares and warrants held by trusts or pensions schemes where the individual or close family members are beneficiaries.

### Non Executive Directors

The remuneration of Non Executive Directors is determined by the Executive Board. No Non Executive Director is entitled to any form of performance related remuneration, including share options. Remuneration paid in the year was as follows:

	2015 £'000	2014 £'000
R Jewson	110	110
C Sherwell	48	48
S Coe	48	48
D Moore	46	46
	<b>252</b>	<b>252</b>

The contractual arrangements of the Non Executive Directors for 2016 are:

Non Executive Director	Fees £'000	Appointment date	Unexpired term	Notice period	Contractual termination payment
R Jewson	110	29.06.07	Rolling contract	3 months	No provision for payment on termination
S Coe	48	04.07.05	Rolling contract	3 months	
D Moore	46	04.07.05	Rolling contract	3 months	
C Sherwell	48	01.04.08	Rolling contract	3 months	

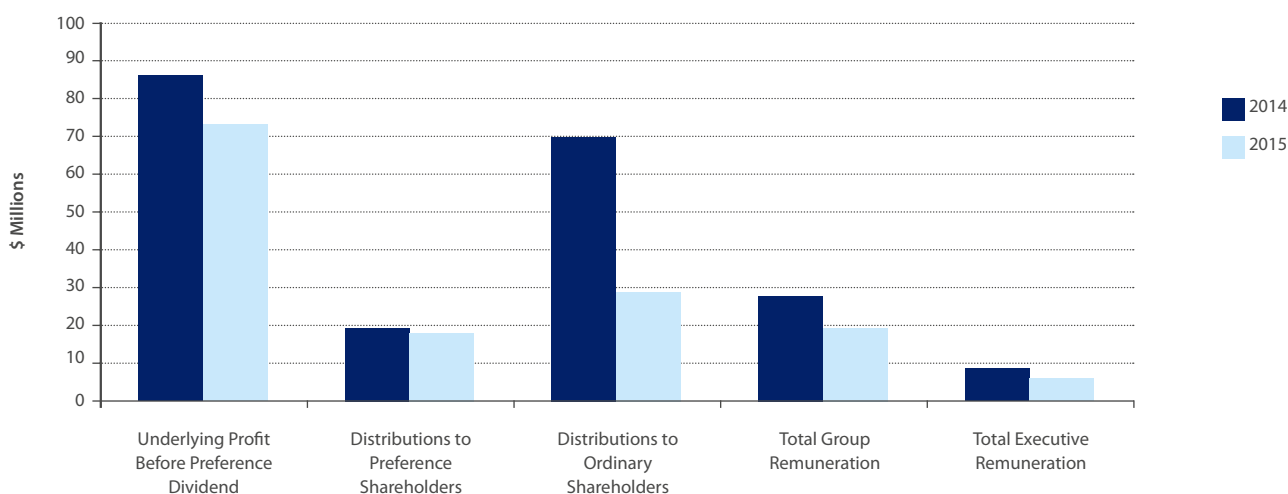
These fees are fixed until 31 December 2016.



### Unaudited Information

#### Relative Spend on Pay

The chart below shows the comparison between total executive remuneration, total Group remuneration, distributions to shareholders, both ordinary and preference and underlying profitability.



Underlying profitability before preference dividends shows the profit from operations after all remuneration and demonstrates how this profit has been distributed to preference and ordinary shareholders. These distributions are then compared to total pay and Directors' pay.

#### Glyn Hirsch's Remuneration Package

The table below summarises Glyn Hirsch's total remuneration over the last seven years.

Previous 7 years CEO package and percentage of total potential to earn

Year	Salary and fees £'000	Cash bonus £'000	Share based bonus £'000	CBLTIS £'000	LTIP £'000	Other benefits and pension £'000	Total £'000	Annual bonus payout against maximum	Long term incentive vesting rates against maximum opportunity %	Adjusted total <sup>(1)</sup> £'000
2015	547	-	-	160	-	76	783	Not Applicable	34%	759
2014	538	-	-	702	163	77	1,480	Not Applicable	100%	1,190
2013	523	-	-	906	169	75	1,673	Not Applicable	100%	1,162
2012	509	-	-	968	138	67	1,682	Not Applicable	100%	1,440
2011	494	250	424	-	-	60	1,228	Committee's Discretion	Not Applicable	1,087
2010	480	-	563	-	-	56	1,099	Committee's Discretion	Not Applicable	844
2009	467	-	698	-	-	55	1,220	Committee's Discretion	Not Applicable	1,036

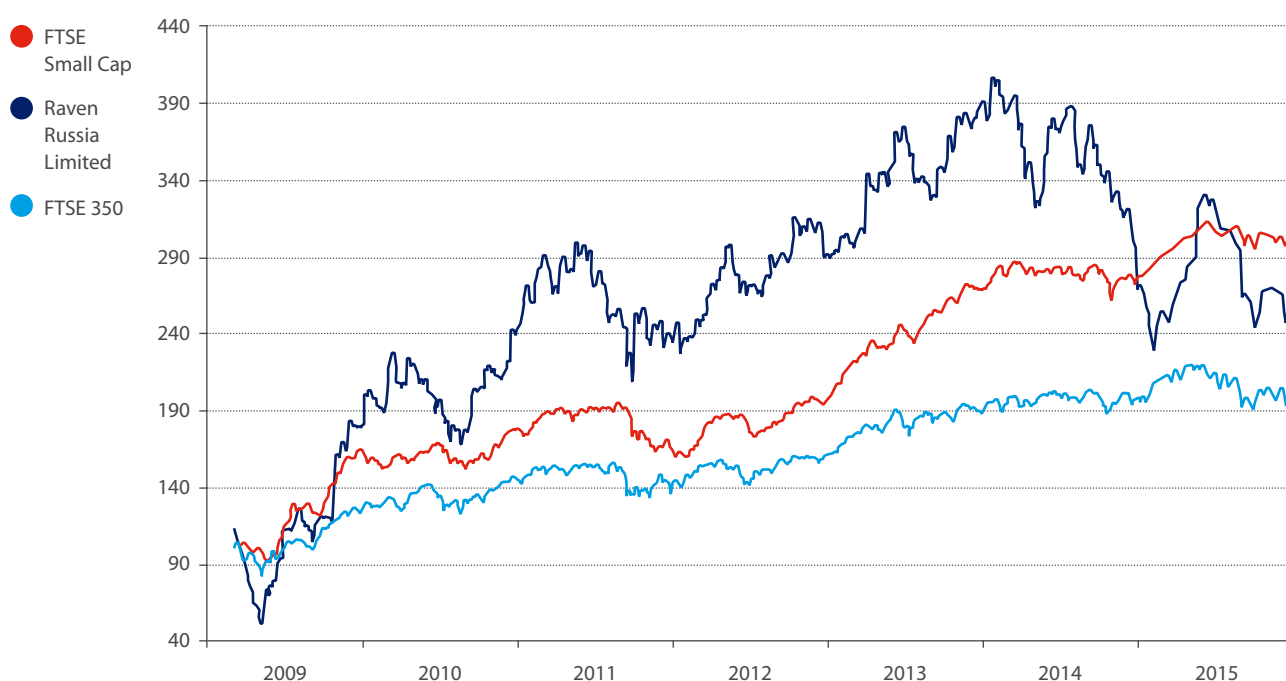
1. Due to the contractual and economic restrictions on disposals of shares received as part of the Group's incentive schemes, to be representative of the current value of the shares received the total remuneration package has been recalculated using the Company's ordinary share price immediately before the announcement of these results, being the closing price on 11 March 2016.

**Percentage increase in remuneration in 2015 compared with remuneration in 2014**

	CEO		
	2015	2014	% change
Salary and Fees	547,000	538,000	1.67%
Taxable benefits	21,025	23,134	-9.12%
Annual bonuses	–	–	–
<b>Totals</b>	<b>568,025</b>	<b>561,134</b>	<b>1.23%</b>

The increase for all employees in the year, on a like for like basis, was 1.74%.

A high percentage of the CEO's and other Executive Directors' remuneration packages are share based.



The graph above shows the performance of the Group's ordinary shares over the last seven years versus FTSE Small Cap and FTSE 350 indices.

The contractual arrangements of the Executive Directors for 2016 are:

Director	Salary £'000	Appointment date	Unexpired term	Notice period	Contractual termination payment
G Hirsch	554	27.11.08	Rolling contract	12 months	Payment of 12 months salary and benefits on termination
A Bilton	554	27.11.08	Rolling contract	12 months	
M Sinclair	345	23.03.09	Rolling contract	12 months	
C Smith	306	14.11.08	Rolling contract	12 months	

At the 2015 Annual General Meeting the Remuneration Report was subject to an advisory vote. The table below sets out the result of the vote.

Resolution	For		Against		Number of votes withheld	Total votes cast
	Number of votes	%	Number of votes	%		
To approve the Remuneration Report	603,779,408	95.82	26,315,961	4.18	91,555	630,095,369

**Christopher Sherwell**

Chairman of the Remuneration Committee

13 March 2016



# AUDIT COMMITTEE REPORT

## **Audit Committee Chairman's Introduction**

Dear Shareholder

I am pleased to present our Audit Committee report for the year ended 31 December 2015. This report sets out the work of the Committee throughout the year.

During the year, the Committee's role continued to be the:

- monitoring of the integrity of the Group's financial statements;
- review of significant areas of judgement included in the financial statements;
- review of the role of the external auditors, including independence and remuneration; and
- monitoring of the quality of the Group's internal controls and risk management functions.

We have also reported to the Board on whether the Committee believes that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy. This includes advising the Board on the viability and going concern statements.

During the year the Committee met with the external auditors, with and without management present, to assess the audit approach, audit independence and the working relationship between the Group auditor and management. We have also met with Jones Lang LaSalle ("JLL"), the Group's appointed independent valuers, to discuss the property portfolio, valuation methodology and more generally, the market conditions in the locations in which the Group operates.

In both cases, we believe that the working relationship is good and that the management approach and estimates are appropriately challenged.

The lead audit partner ends his five year term this year and the Committee has discussed and agreed the transition process to the new lead partner for the forthcoming year.

### **Stephen Coe**

Chairman

Audit Committee

13 March 2016



### The Audit Committee

The Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported. The Committee reviews the annual and interim financial statements, the accounting policies of the Group, key areas of accounting judgement, management information statements, financial announcements, internal control systems, risk management, the continuing appointment of the Group auditor and for the first time this year, the model underpinning the viability statement. It also monitors the whistle blowing policy and procedures for fraud and bribery.

The Committee comprises David Moore, Christopher Sherwell and Stephen Coe, (Chairman). The Chairman is considered to have recent and relevant financial experience for the purposes of the Code. The 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 auditor. The Chairman of the Committee also meets with the external Group auditor without management present.

The Committee met three times during 2015 and addressed:

- The recommendation to the Board to approve the 2014 annual and 2015 interim financial statements following consideration of the key areas of judgement;
- The appropriateness of the current forecast model as the basis for the viability statement;
- The appointment, remuneration and continued independence of the external auditor; and
- The monitoring of the Group's internal control procedures and risk management.

The action taken on these areas is expanded on below.

### External Audit and Valuations

#### External Audit

During the year, the Committee has considered the appointment, compensation, performance and independence of the Group's auditor, Ernst & Young LLP ("EY").

EY was appointed in 2008 following a tender process and this is their eighth year of tenure as Group auditor. The current lead partner has been in place for five years and the appropriate members of the Board and Audit Committee have met with the proposed, new audit partner. It is the view of the Committee that he has the appropriate experience for the role.

The Committee met with the key members of the audit team throughout the year and EY has formally confirmed its continued independence as part of the interim and final financial statements process. The Chairman of the Committee also meets with the lead audit partner outside of the formal meetings to discuss any issues

arising in the course of the audit and to confirm no restrictions on scope are placed on them by management. The Chairman also has regular meetings with the CFO and COO to discuss the audit approach, relationship with auditors and fee structure.

The external auditor prepares a detailed audit plan for the Committee which includes their assessment of the key risks impacting the financial statements. The Committee actively monitors these risks and obtains updates from the external auditor on the status of their procedures covering these risks throughout the year.

Local statutory audits of individual subsidiary companies are also required in the jurisdictions in which the Group operates, being Guernsey, Cyprus, Russia and the UK. EY carry out these audits in Guernsey and Cyprus but trading entities in Russia and the UK are audited locally by Baker Tilly and Crowe Clark Whitehill respectively. The Committee believes that this gives a balance to our overall audit provision and added assurance to the audit process.

#### Non Audit Services

EY LLP has also provided non audit services to the Group where they are determined to be best placed to provide the particular service. The Committee has policies in place for the provision of non audit services and the external auditor will not be permitted to carry out services such as property valuation or accounting services. The non audit services provided are typically assignments, such as a review of the interim financial statements, tax advisory, remuneration benchmarking or transaction advisory services. As shown in note 6(b) to the financial statements, total fees payable to EY in the year to 31 December 2015 amounted to \$1.3 million, of which \$0.2 million was for non audit services.

#### Committee Conclusions

The Committee has recommended a resolution for the re-appointment of EY to be proposed to shareholders at the Annual General Meeting. Proposed EU legislation on audit appointments including the approach to non audit services has been considered and relationships with other suppliers of non audit services have been established.

#### Valuers

As with the external audit process, the Committee monitors the objectivity of the Group's external valuers, Jones Lang LaSalle ("JLL"). We have had open discussion with the valuers during the year on the valuation process and the external auditor has direct access to them as part of the audit process. We also have the opportunity to see comparable valuations of part of the portfolio each year, where independent valuations are required for banking purposes and these are undertaken by other external independent valuers. Meetings were held with the valuers in Moscow during the year and site visits undertaken by members of the Committee.





### Significant Issues Considered by the Audit Committee

In recommending the approval of the 2015 financial statements, the Committee considered the following:

Matter Arising	Action
<p><b>Property Valuations</b></p> <p>Valuations for investment property and investment property under construction are conducted by external valuers. The land bank is carried at Directors' valuation.</p> <p>Valuation movements can have a significant impact on the Group's net asset value.</p>	<p>The Committee discussed the valuation approach with management, the external valuers and the external auditors.</p> <p>The Committee also assesses the continuing independence and objectivity of the valuers. The external auditors have direct access to the external valuer and comment on the key assumptions and movements on property valuations. The Committee considered and compared the views of all of the above together with independent market information available and was satisfied that the judgement used was appropriate. Given the economic situation in Russia at the year end, JLL has included an uncertainty paragraph in their valuation report. The Committee considered the implications of this with the valuers and the auditors and ensured that there was appropriate disclosure in the annual report.</p>
<p><b>Exchange Rate and Credit Risk</b></p> <p>The weak Rouble had a significant effect on the carrying value of the Group's assets.</p> <p>It also increases the Group's credit risk as US Dollar pegged rents become less affordable for tenants.</p>	<p>The Committee discussed the impact of the Rouble depreciation on the Group's business with management and external auditors. It also discussed the audit approach with the external auditors and the impact on the viability and going concern statements. It is satisfied that the annual report and accounts adequately explains the impact of the current economic situation in Russia.</p>
<p><b>Viability Statement</b></p> <p>The period of any viability exercise has to be justified and sensitivities agreed.</p>	<p>The Committee reviewed the reasons for completing a viability period of three years with management and the auditors and also questioned the suitability of the sensitivities applied to the model. It is satisfied that the model reflects a severe but credible scenario and the period under review is appropriate.</p>
<p><b>Internal Control and Risk Management</b></p> <p>The Board has overall responsibility for the systems of internal control and for reviewing their effectiveness throughout the Group. This is a continual process, in accordance with the guidance of the Turnbull Committee on internal controls, that identifies, evaluates and manages the principal risks and uncertainties that may affect the achievement of the Group's strategic objectives. Such a system is designed to manage or reduce the effects of the possible risks to which the Group's activities are subject, rather than providing absolute assurance against material misstatement or loss.</p> <p>Consideration of risks and risk management form an integral part of the Board's deliberations and are key to its decision making processes. There are risks which the Board have no control over. These are mainly overriding external risks such as the wider economic environment, however the impact of such risks and effect that they have on the Group are considered and mitigated to the extent possible. The strategic decisions of the Group are adjusted to address these issues ensuring that threats are reduced and opportunities are exploited.</p>	<p>Key features of the risk management process in place during the year and up to the date of the annual report and financial statements include:</p> <ul style="list-style-type: none"> <li>• A comprehensive system of reporting and business planning;</li> <li>• A defined schedule of matters reserved for the Board;</li> <li>• An organisational structure chart with clearly defined levels of authority and division of responsibilities;</li> <li>• Formal documented policies and procedures throughout the Group;</li> <li>• The close involvement of the Executive Directors and senior management in all aspects of the day-to-day operations, including regular meetings to review all operational aspects of the business and risk management systems;</li> <li>• The Board's review of Group strategy and progress against objectives throughout the year;</li> <li>• A formal whistle blowing policy;</li> <li>• A comprehensive and robust system of financial reporting which includes regular management information, such as budgets, re-forecasts, cash flows, treasury reporting and management accounts with review of financial KPIs; and</li> <li>• A regular assessment of risks within the business at all operational levels.</li> </ul>



The Audit Committee has established a Risk Committee to carry out the review and assessment of risks associated with the business. This Committee comprises Executive Directors and senior management involved in each operating jurisdiction and department of the Group. This engenders a culture of risk assessment within the Group and reinforces the strategic objectives communicated by the Board. During the year ended 31 December 2015, the Risk Committee met four times.

The Risk Committee reports regularly to the Audit Committee on its deliberations and findings. The risks and uncertainties to which the Group is subject are reviewed and considered by the Audit Committee and the Board at regular intervals, particularly with reference to the strategic objectives of the business. The principal risks and uncertainties facing the Group are included elsewhere in the Annual Report.

The Audit Committee has reviewed the effectiveness of these systems of internal control and has reported its findings to the Board throughout the year and up to the date of the Annual Report and financial statements.

Due to its size, structure and the nature of its activities, the Group does not have an internal audit function. The Committee has revisited its previous decision and concluded that there is no need for a separate internal audit function at this time but will continue to keep this matter under review. This view is supported by the Board given the size of the business and the relatively small number of individual assets in the portfolio.



# DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2015.

## Principal activity

The Company is a Guernsey registered company and during the year carried on business as a property investment company.

## Business review

A review of the development of the Group's business during the year, the principal risks and uncertainties facing the Group and its future prospects are included in the Chairman's Message and the Strategic Report which should be read in conjunction with this report.

## Results and dividends

The results for the year are set out in the attached financial statements.

The Company undertook a tender offer as an interim distribution for 1 in every 47 shares at 47p, equivalent to a dividend of 1p per share (2014: distribution of 2.5p by way of a tender offer 1 share in every 30 at 75p). The Directors are recommending a final distribution of 1p by way of a tender offer of 1 share in every 40 at 40p (2014: Distribution of 3.5p by way of a tender offer of 1 share in every 15 at 52p).

## Directors

The Directors, who served throughout the year, were as follows:

Richard Jewson (Non Executive Chairman)  
 Anton Bilton (Executive Deputy Chairman)  
 Glyn Hirsch (Chief Executive Officer)  
 Mark Sinclair (Chief Financial Officer)  
 Colin Smith (Chief Operating Officer)  
 Christopher Sherwell (Senior Independent Non Executive Director)  
 Stephen Coe (Independent Non Executive Director)  
 David Moore (Independent Non Executive Director)

Following the provisions of the UK Corporate Governance Code, all the Directors shall be subject to annual re-appointment by shareholders at the Annual General Meeting of the Company.

Details of the Directors' remuneration and shareholdings are included within the Remuneration Report.

## Substantial shareholdings

The Company has been notified of shareholders, other than Directors, holding 3% or more of the ordinary shares as follows:

### Ordinary Shares of £0.01

Name of holder	Number held 31 December 2015	% of share capital	Number held 25 February 2016	% of share capital
Invesco Asset Management	215,146,927	31.52	215,146,927	31.52
Schroder Investment Management	72,405,379	10.61	72,405,379	10.61
JO Hambro Capital Management	46,846,200	6.86	46,441,054	6.80
Woodford Investment Management	44,818,254	6.57	44,818,254	6.57
Ruffer	20,912,780	3.06	20,912,780	3.06



### Relationship Agreement

In accordance with Listing Rule 9.8.4 (14), the Company can confirm it has entered into a relationship agreement with its principal shareholder, Invesco Asset Management Limited ("Invesco").

On 20 November 2015, the Company entered into a Relationship Agreement with Invesco Asset Management Limited. The principal purpose of which is to ensure that the Company is capable at all times of carrying on its business independently of Invesco. If Invesco (together with its associates and/or those it acts in concert with) ceases to hold 30% of more of the voting rights over the Company's shares, the Relationship Agreement shall terminate.

The Company has and, in so far as it is aware, Invesco and its associates have, complied with the independence provisions set out in the relationship agreement during the period. The ordinary shares controlled by Invesco rank *pari passu* with the other ordinary shares in all respects.

### Purchase of own shares

The Company was granted authority at the 2015 AGM to make market purchases of its own ordinary and preference shares. This authority will expire on 12 August 2016. A resolution will be proposed at the 2016 AGM to renew this authority.

### Auditor

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

### Going Concern

The financial position of the Group, its cash flows, liquidity position and borrowings are described in the Financial Review and the notes to the accompanying financial statements. In addition, in note 34 to the financial statements there is a description of the Group's objectives and policies for managing its capital, financial instruments and hedging activities and its exposure to credit and liquidity risk.

The Board receives monthly updates on future cash flow projections and has regular working capital reports presented, in particular, as part of the half year and full year reporting process. After making appropriate enquiries and examining sensitivities that could give rise to financial exposure, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparation of these financial statements.

### Directors' responsibilities

Guernsey company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group at the end of the year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and IFRS as adopted by the EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Directors' Responsibility Statement**

The Statement of Directors' Responsibilities below has been prepared in connection with the Company's full Annual Report and Accounts for the year ended 31 December 2015.

The Board confirms to the best of its knowledge:

The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;

The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

The Annual Report and Accounts, taken as a whole, are fair balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 13 March 2016 and is signed on its behalf by:

**Mark Sinclair**

Chief Financial Officer

**Colin Smith**

Chief Operating Officer

# INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report to the Members of Raven Russia Limited

### Opinion on the financial statements

In our opinion:

- Raven Russia Limited's Group financial statements (the "financial statements") give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

### What we have audited

Raven Russia Limited's financial statements comprise:

- The Group Balance Sheet as at 31 December 2015
- The Group Income Statement for the year then ended
- The Group Statement of Comprehensive Income for the year then ended
- The Group Statement of Changes in Equity for the year then ended
- The Group Cash Flow Statement for the year then ended
- Related notes 1 to 37 to the Financial Statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Overview of our audit approach

#### Risks of material misstatement

- Impact of uncertainties over the current economic environment in Russia
- Misstatement of the fair value of investment properties and investment properties under construction
- Revenue recognition with respect to rental revenue, service charge income and logistics income
- Going concern including the impact of uncertainties over the current economic and business environment in Russia on cash flow forecasts used to assess going concern.

#### Audit scope

- We performed an audit of the complete financial information of the Russia, United Kingdom and Guernsey components and audit procedures on specific balances for the Cyprus component.
- The components where we performed full or specific audit procedures accounted for 100% of Total assets, Revenue and Loss before tax.

#### Materiality

- Overall Group materiality of \$8m which represents 0.5% of total assets.



### Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
<p><b>Economic and financial uncertainties in Russia and their impact (as described in the Strategic Report)</b></p> <p>The current geopolitical situation remains an important area of focus for the Group and our audit. Continuing political and economic tension between the US, EU and Russia, together with movements in the oil price and foreign exchange rate, have resulted in continuing economic uncertainty, including deterioration of liquidity in Russia's banking sector.</p> <p>There is a risk that the impact of these events on the financial statements has not been adequately considered. In particular the impact on the valuation of investment property and the impact on cash flow forecasts used to assess going concern.</p> <p>Business practice in Russia may differ from business practices in more developed economies. There is a risk that inappropriate inducements may be sought by third parties which may be undetected by the board and management. Areas where inappropriate payments may be made include: payments to secure favourable development land; payments for planning permits; construction payments; payments to resolve ongoing litigations; or payments in connection with the acquisition or disposal of assets.</p>	<p>We performed the following audit procedures around the impact of uncertainties over the current economic environment in Russia:</p> <p>We built an understanding of the current economic environment in Russia through:</p> <ul style="list-style-type: none"> <li>• Discussions with management and EY professionals in Moscow and London;</li> <li>• Performance of press searches in Russia and the UK and reviewing economic forecasts.</li> </ul> <p>We assessed the impact of the uncertainties on the assessment of fair value of investment property and investment property under construction.</p> <p>We assessed the impact of the uncertainties on the future trading and cash flow forecasts and compliance with banking terms and covenants for the Group as part of our review of the assumptions supporting the going concern basis of preparation. Our procedures are described in more detail under the going concern section of this report.</p> <p>We documented our understanding of the areas of the Group's internal control environment that respond to these specific risks.</p> <p>We performed the following audit procedures around the third party inducements:</p> <p>We confirmed our understanding of the controls in place to prevent and detect transactions involving inappropriate inducements.</p> <p>We held fraud discussions with Raven staff at various levels and the audit committee throughout the audit. We enquired with management as to whether they had seen any evidence of fraud, or were aware of whistle blowing or other fraud related matters or instances of non-compliance with laws and regulations.</p> <p>We performed detailed substantive testing on capital expenditure through testing of additions to investment property under construction.</p> <p>We reviewed the cash book of the main operating accounts, reviewed the detailed listing of administration expense, performed journal entry testing and review of significant and unusual transactions to determine whether transactions are made for a valid business purpose and on an arm's length basis.</p>	<p>We have completed the additional procedures we designed in order to respond to the heightened political and economic uncertainty in Russia.</p> <p>We have no significant findings to report from the completion of these procedures.</p> <p>We conclude that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified.</p> <p>We have no significant findings to report from the completion of these procedures.</p>



Risk	Our response to the risk	What we concluded to the Audit Committee
<p><b>Misstatement of the fair value of investment properties and investment properties under construction (as described in the Audit Committee Report and notes 3 and 13 of the financial statements).</b></p> <p>The valuation of investment property and investment property under construction requires significant judgements and estimates by management and the external valuer.</p> <p>The uncertainties over the current economic environment in Russia had an impact on the valuation of the Group's properties. In the current year, as referred to in note 3, JLL have highlighted in their assessment of the fair value of the property portfolio that there is limited transactional evidence and less certainty with regard to valuations and that market values can change rapidly in the current market conditions. Accordingly, they have stated that it has been necessary to make more judgements than is usually required.</p>	<p>We performed the following audit procedures around the valuation of investment properties and investment properties under construction:</p> <p>We confirmed our understanding of the Group's valuation process and controls over data used in the valuation of its property portfolio.</p> <p>We performed testing over source documentation provided by the Group to the external valuer, including lease data.</p> <p>We assessed the competence, capabilities and objectivity of the external valuer.</p> <p>With the support of our Chartered Surveyors in Russia and the UK, we:</p> <ul style="list-style-type: none"> <li>• Challenged the valuation approach and the assumptions made by the external valuer and the directors in performing their valuation of each property. The key assumptions challenged included estimated rental values, yield profile and other assumptions that impact the value which were benchmarked to market data;</li> <li>• We conducted analytical procedures on the movement in valuation of each property compared to the prior year by reference to external market data to evaluate the appropriateness of the valuations adopted by the Group;</li> <li>• We assessed and challenged the judgements made by JLL in light of the valuation uncertainties they highlight in their report in respect of limited transactional evidence and rapidly changing market conditions.</li> </ul> <p>We met with the development director and assessed the forecast costs to complete included in the valuations by obtaining evidence to support these costs. We corroborated the information provided by the development director through valuation review, site visits and cost analysis.</p> <p>We have considered the impact of the current economic environment in Russia on the valuation of properties, including those uncertainties raised by JLL in their valuation report.</p> <p>We assessed the adequacy of the additional disclosures of estimates in note 3 and valuation assumptions in note 13 that were made in accordance with IFRS 13 – <i>Fair Value Measurement</i>.</p>	<p>We have completed our planned audit procedures over the valuation of investment property and investment property under construction.</p> <p>We have no significant findings to report from the completion of these procedures.</p> <p>We conclude that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified.</p> <p>We have concluded that the assessment of fair values performed by JLL and the directors are within an acceptable range and the carrying values of investment property and investment property under construction are fairly stated at 31 December 2015.</p> <p>We have reviewed the disclosure in the financial statements relating to the valuation uncertainty paragraph included by JLL in their valuation report, and confirm that the disclosure is appropriate.</p>





Risk	Our response to the risk	What we concluded to the Audit Committee
<p><b>Revenue recognition (as described in note 2 of the financial statements).</b></p> <p>We have identified the following risks related to the recognition of revenue:</p> <p>Property investment: risk that the rental revenue, and service charge income, is not recorded correctly, including the effect of tenant incentives and contracted rent uplift balances.</p> <p>Roslogistics: risk that the logistics revenue is not recorded in the correct period.</p> <p>For each segment we also identified a risk in connection to fraud and error.</p>	<p>We performed the following audit procedures around revenue recognition:</p> <p>We confirmed our understanding of the controls in place to prevent and detect fraud and errors in revenue recognition.</p> <p>We performed a detailed analytical review of rental, service charge and logistics income based upon quantitative expectations, formed using historical data and our understanding of the changes in the Group's leasing profile during the year.</p> <p>We tested the correct recognition of revenue to underlying agreements (for example, leases) for all revenue streams on a sample basis.</p> <p>For the largest tenants, we performed a press search to assess the risk of default.</p> <p>We obtained and examined the trade receivable ageing to assess the recoverability of receivables by testing subsequent cash receipts and confirming the credit worthiness of the tenants with outstanding rent.</p> <p>We agreed the calculation of the IFRS rent straight-lining adjustment to underlying lease and tenancy data as well as the arithmetical accuracy of the calculation.</p> <p>We performed cut-off procedures on all revenue streams to confirm they had been recorded in the correct period.</p>	<p>As a result of the procedures performed we concluded that revenue has been appropriately recognised in accordance to the Group's accounting policy and IFRS.</p>
<p><b>Going concern (as described in the Directors' Report and note 2 of the financial statements)</b></p> <p>We considered this as an area of audit focus due to the uncertainties over the current economic and financial environment in Russia.</p>	<p>We performed the following audit procedures around the going concern assumption:</p> <p>We reviewed the cash flow forecasts prepared by management to support their going concern conclusion and challenged the appropriateness of the key assumptions (such as vacancy rates, foreign exchange rates, interest rates and the related impact of these on the Group's debt covenants) and considered their reasonableness in the context of other supporting evidence gained from our audit work.</p> <p>We reviewed the sensitivity analysis prepared by management (which flex the key assumptions noted above).</p> <p>We examined loan agreements to confirm that maturity dates and covenants are consistent with those used by management.</p> <p>We performed tests over the forecast compliance with covenants prepared by management by applying negative sensitivities.</p>	<p>As a result of the procedures performed we concluded that the Directors' assessment that the Group will continue to operate as a going concern, is reasonable.</p>



In the prior year, our auditor's report included a risk of material misstatement in relation to litigation in CJSC Toros ("Toros"), the subsidiary company that owns the Pushkino project. As the main claim against Toros was resolved in 2014, the risk was not included in the current year.

### The scope of our audit

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other relevant factors when assessing the level of work to be performed at each entity.

The Group has operations in Russia, Cyprus, the United Kingdom and Guernsey. Our testing is performed on a consolidated basis using thresholds which are determined with reference to the Group performance materiality and the risks of material misstatement identified.

In establishing our overall approach to the Group audit we determined the type of work that needed to be undertaken at each of the components by us, as the Group engagement team, or by component auditors from another EY global network firm operating under our instructions. Audits of the Russia, United Kingdom and Guernsey components, which address all of the material risks of misstatement noted above, were performed by the Group engagement team. The Group audit partner is based in the UK but, since the Group has operations in Russia, the Group audit team includes members from both the UK and Russia. Members of the Group team in both jurisdictions work together as an integrated team throughout the audit process. The Group audit procedures relating to the valuation of investment property and income taxes were also supported by EY Moscow experts.

For the Group entities incorporated in Cyprus, specific scope procedures on cash, intercompany, debt and tax balances were performed by EY Cyprus. We determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The reporting components where we performed audit procedures accounted for 100% of the Group's Loss before tax, Revenue and Total assets for both the current and prior years. For the current year, the full scope components contributed 96% (2014: 86%) of the Group's Loss before tax, 100% (2014: 100%) of the Group's Revenue and 99% (2014: 98%) of the Group's Total assets, with the remainder being addressed by specific scope procedures.

#### Involvement with component teams

During the current year's audit cycle a visit was undertaken by the Group team, including the Group audit partner, to the component team in Cyprus. This visit involved discussing the audit approach with the component team and any issues arising from the work. The Group audit team interacted regularly with the component team

during various stages of the audit, reviewed key working papers and was responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate audit evidence for our opinion on the Group financial statements.

#### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

Based on the comparison we performed of UK listed real estate groups, a balance sheet approach using net assets or total assets is generally used as the basis for setting materiality. There is also evidence of a trend for auditor's to change from profits based to assets based materiality. Accordingly, we have reassessed the basis of materiality for the audit of the year ended 31 December 2015. For 2015 we have used an asset based measure, whereas in 2014 we used an income based measure. We discussed and agreed this change with the Audit Committee and management in May 2015.

Overall materiality for the year ended 31 December 2015 is based on 0.5% of total assets. The basis of materiality reflects the fact that the primary measure of performance for shareholders is a capital measure.

We have assessed overall materiality, in planning the scope of our audit to be \$8.0 million based on 0.5% of total assets (2014: \$2.4 million based on 5% of adjusted profit before tax).

#### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2014: 50%) of our planning materiality, namely \$6.0 million (2014: \$1.7 million). We increased performance materiality to this percentage due to the fact that our understanding of the Group and past experience with the engagement do not indicate a higher risk of misstatements. This is evidenced by the fact that the sum of corrected and uncorrected misstatements noted in prior years' audits was not significant.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the performance materiality allocated to EY Cyprus was \$3.0 million (2014: \$1.7 million).



### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$0.4 million (2014: \$0.17 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The increase in threshold is explained by the change in basis for materiality calculation. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and

adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 2015 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Matters on which we are required to report by exception

<p><b>ISAs (UK and Ireland) reporting</b></p>	<p>We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:</p> <ul style="list-style-type: none"> <li>• materially inconsistent with the information in the audited financial statements; or</li> <li>• apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or</li> <li>• otherwise misleading.</li> </ul> <p>In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.</p>	<p>We have no exceptions to report.</p>
<p><b>Companies (Guernsey) Law, 2008</b></p>	<p>We are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>• proper accounting records have not been kept; or</li> <li>• the financial statements are not in agreement with the accounting records; or</li> <li>• we have not received all the information and explanations we require for our audit.</li> </ul>	<p>We have no exceptions to report.</p>
<p><b>Listing Rules review requirements</b></p>	<p>We are required to review:</p> <ul style="list-style-type: none"> <li>• the directors' statement in relation to going concern, set out on page 63, and longer-term viability, set out on page 39; and</li> <li>• the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.</li> </ul>	<p>We have no exceptions to report.</p>


**Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity**
**ISAs (UK and Ireland)  
reporting**

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

**Nick Gomer**

for and on behalf of Ernst & Young LLP

London

13 March 2016

**Notes:**

1. The maintenance and integrity of the Raven Russia Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# GROUP INCOME STATEMENT

For the year ended 31 December 2015

	Notes	Underlying earnings \$'000	2015 Capital and other \$'000	Total \$'000	Underlying earnings \$'000	2014 Capital and other \$'000	Total \$'000
Gross revenue	4 / 5	219,704	–	219,704	257,596	–	257,596
Property operating expenditure and cost of sales		(45,581)	–	(45,581)	(65,279)	(9)	(65,288)
<b>Net rental and related income</b>		<b>174,123</b>	<b>–</b>	<b>174,123</b>	<b>192,317</b>	<b>(9)</b>	<b>192,308</b>
Administrative expenses	4 / 6	(30,081)	(414)	(30,495)	(26,967)	(7,663)	(34,630)
Share-based payments and other long term incentives	31	–	(3,594)	(3,594)	–	(2,354)	(2,354)
Foreign currency profits / (losses)		1,223	–	1,223	(15,471)	–	(15,471)
<b>Operating expenditure</b>		<b>(28,858)</b>	<b>(4,008)</b>	<b>(32,866)</b>	<b>(42,438)</b>	<b>(10,017)</b>	<b>(52,455)</b>
Share of profits of joint ventures	16	2,518	–	2,518	955	–	955
<b>Operating profit / (loss) before profits and losses on investment property</b>		<b>147,783</b>	<b>(4,008)</b>	<b>143,775</b>	<b>150,834</b>	<b>(10,026)</b>	<b>140,808</b>
Unrealised loss on revaluation of investment property	11	–	(251,198)	(251,198)	–	(135,422)	(135,422)
Unrealised loss on revaluation of investment property under construction	12	–	(5,350)	(5,350)	–	(9,982)	(9,982)
<b>Operating profit / (loss)</b>	4	<b>147,783</b>	<b>(260,556)</b>	<b>(112,773)</b>	<b>150,834</b>	<b>(155,430)</b>	<b>(4,596)</b>
Finance income	7	2,909	1,584	4,493	3,208	2,453	5,661
Finance expense	7	(85,745)	(11,031)	(96,776)	(78,915)	(20,194)	(99,109)
<b>Profit / (loss) before tax</b>		<b>64,947</b>	<b>(270,003)</b>	<b>(205,056)</b>	<b>75,127</b>	<b>(173,171)</b>	<b>(98,044)</b>
Tax	8	(10,389)	23,086	12,697	(8,475)	18,330	9,855
<b>Profit / (loss) for the year</b>		<b>54,558</b>	<b>(246,917)</b>	<b>(192,359)</b>	<b>66,652</b>	<b>(154,841)</b>	<b>(88,189)</b>
Earnings per share:	9						
Basic (cents)				(28.81)			(12.33)
Diluted (cents)				(28.81)			(12.33)
Underlying earnings per share:	9						
Basic (cents)		8.17			9.32		
Diluted (cents)		7.93			8.94		

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The "underlying earnings" and "capital and other" columns are both supplied as supplementary information permitted by IFRS as adopted by the EU. Further details of the allocation of items between the supplementary columns are given in note 9.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.

# GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 \$'000	2014 \$'000
<b>Loss for the year</b>	<b>(192,359)</b>	<b>(88,189)</b>
<b>Other comprehensive income, net of tax</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation on consolidation	(1,753)	(41,010)
<b>Total comprehensive income for the year, net of tax</b>	<b>(194,112)</b>	<b>(129,199)</b>

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.



# GROUP BALANCE SHEET

As at 31 December 2015

	Notes	2015 \$'000	2014 \$'000
<b>Non-current assets</b>			
Investment property	11	1,333,987	1,593,684
Investment property under construction	12	39,129	47,958
Plant and equipment		3,141	4,491
Goodwill	14	2,245	2,375
Investment in joint ventures	16	14,968	17,355
Other receivables	17	6,145	37,042
Derivative financial instruments	19	5,585	6,853
Deferred tax assets	25	25,523	35,766
		<b>1,430,723</b>	<b>1,745,524</b>
<b>Current assets</b>			
Inventory		1,381	1,389
Trade and other receivables	18	50,264	52,623
Derivative financial instruments	19	233	432
Cash and short term deposits	20	202,291	171,383
		<b>254,169</b>	<b>225,827</b>
<b>Total assets</b>		<b>1,684,892</b>	<b>1,971,351</b>
<b>Current liabilities</b>			
Trade and other payables	21	53,384	84,962
Derivative financial instruments	19	2,097	1,253
Interest bearing loans and borrowings	22	104,724	55,252
		<b>160,205</b>	<b>141,467</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	22	814,021	837,429
Preference shares	23	156,558	164,300
Other payables	24	31,653	37,595
Derivative financial instruments	19	1,794	4,153
Deferred tax liabilities	25	55,619	89,118
		<b>1,059,645</b>	<b>1,132,595</b>
<b>Total liabilities</b>		<b>1,219,850</b>	<b>1,274,062</b>
<b>Net assets</b>		<b>465,042</b>	<b>697,289</b>



	Notes	2015 \$'000	2014 \$'000
<b>Equity</b>			
Share capital	26	12,776	13,623
Share premium		224,735	267,992
Warrants	27	1,167	1,195
Own shares held	28	(52,101)	(63,649)
Capital reserve		(210,176)	16,597
Translation reserve		(188,141)	(186,388)
Retained earnings		676,782	647,919
<b>Total equity</b>	29 / 30	<b>465,042</b>	<b>697,289</b>
Net asset value per share (dollars):			
	30		
Basic		0.72	1.01
Diluted		0.70	0.98
Adjusted net asset value per share (dollars):			
	30		
Basic		0.72	1.10
Diluted		0.70	1.06

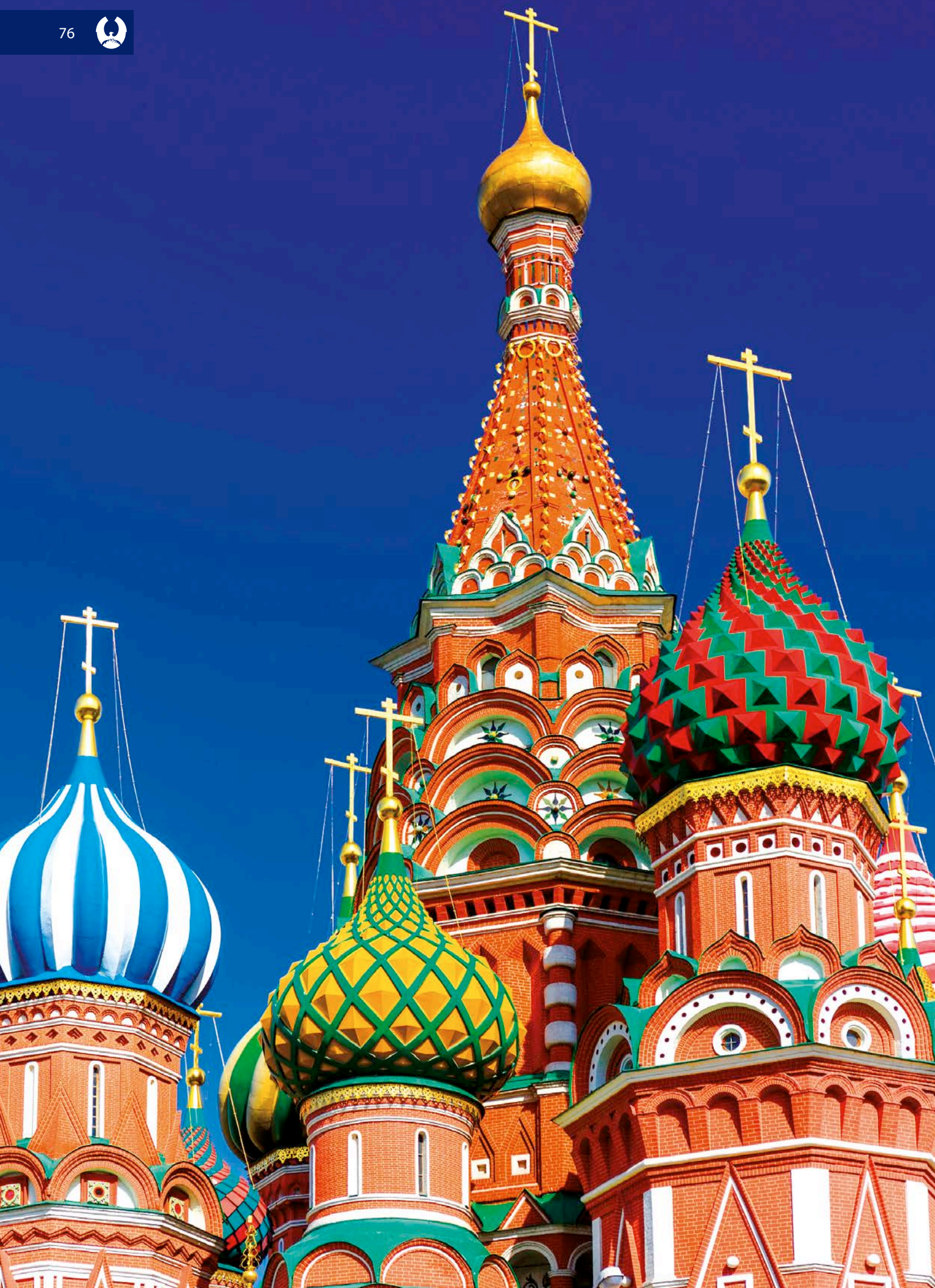
The financial statements were approved by the Board of Directors on 13 March 2016 and signed on its behalf by:

**Mark Sinclair**  
Chief Financial Officer

**Colin Smith**  
Chief Operating Officer

The accompanying notes are an integral part of this statement.





# GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

For the year ended 31 December 2014	Notes	Share Capital \$'000	Share Premium \$'000	Warrants \$'000	Own Shares Held \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>At 1 January 2014</b>		13,876	287,605	1,279	(22,754)	146,392	(145,378)	610,899	891,919
Loss for the year		-	-	-	-	-	-	(88,189)	(88,189)
Other comprehensive income		-	-	-	-	-	(41,010)	-	(41,010)
Total comprehensive income for the year		-	-	-	-	-	(41,010)	(88,189)	(129,199)
Warrants exercised	26 / 27	21	587	(84)	-	-	-	-	524
Own shares acquired	28	-	-	-	(48,636)	-	-	-	(48,636)
Own shares allocated	28	-	-	-	7,141	-	-	(7,011)	130
Ordinary shares cancelled	26 / 28	(274)	(20,200)	-	600	-	-	-	(19,874)
Share-based payments	31	-	-	-	-	-	-	2,425	2,425
Transfer in respect of capital losses		-	-	-	-	(129,795)	-	129,795	-
<b>At 31 December 2014</b>		<b>13,623</b>	<b>267,992</b>	<b>1,195</b>	<b>(63,649)</b>	<b>16,597</b>	<b>(186,388)</b>	<b>647,919</b>	<b>697,289</b>
<b>For the year ended 31 December 2015</b>									
Loss for the year		-	-	-	-	-	-	(192,359)	(192,359)
Other comprehensive income		-	-	-	-	-	(1,753)	-	(1,753)
Total comprehensive income for the year		-	-	-	-	-	(1,753)	(192,359)	(194,112)
Warrants exercised	26 / 27	7	198	(28)	-	-	-	-	177
Own shares acquired	28	-	-	-	(76)	-	-	-	(76)
Own shares allocated	28	-	-	-	7,932	-	-	(9,145)	(1,213)
Ordinary shares cancelled	26 / 28	(854)	(43,455)	-	3,692	-	-	-	(40,617)
Share-based payments	31	-	-	-	-	-	-	3,594	3,594
Transfer in respect of capital losses		-	-	-	-	(226,773)	-	226,773	-
<b>At 31 December 2015</b>		<b>12,776</b>	<b>224,735</b>	<b>1,167</b>	<b>(52,101)</b>	<b>(210,176)</b>	<b>(188,141)</b>	<b>676,782</b>	<b>465,042</b>

The accompanying notes are an integral part of this statement.



# GROUP CASH FLOW STATEMENT

For the year ended 31 December 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(205,056)	(98,044)
Adjustments for:			
Depreciation	6	1,599	2,142
Provision for bad debts	6	3,720	–
Loss on disposal of plant and equipment		–	9
Impairment of goodwill	6 / 14	–	3,082
Share of profits of joint ventures	16	(2,518)	(955)
Finance income	7	(4,493)	(5,661)
Finance expense	7	96,776	99,109
Loss on revaluation of investment property	11	251,198	135,422
Loss on revaluation of investment property under construction	12	5,350	9,982
Foreign exchange (profits) / losses		(1,223)	15,471
Share-based payments and other long term incentives	31	3,594	2,354
		148,947	162,911
(Increase) / decrease in operating receivables		(4,892)	1,267
(Increase) / decrease in other operating current assets		(159)	904
(Decrease) / increase in operating payables		(2,967)	7,677
		140,929	172,759
Receipts from joint ventures		3,954	983
Tax paid		(8,731)	(4,945)
<b>Net cash generated from operating activities</b>		<b>136,152</b>	<b>168,797</b>
<b>Cash flows from investing activities</b>			
Payments for investment property under construction		(20,028)	(105,582)
Refunds of VAT on construction		4,877	4,790
Payments in respect of prior period acquisitions		–	(12,873)
Release of restricted cash		25,392	12,873
Proceeds from sale of plant and equipment		–	42
Purchase of plant and equipment		(755)	(1,625)
Loans repaid		473	273
Interest received		2,909	3,208
<b>Net cash generated from / (used in) investing activities</b>		<b>12,868</b>	<b>(98,894)</b>



	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings		80,944	298,000
Repayment of long term borrowings		(57,787)	(208,553)
Bank borrowing costs paid		(69,465)	(70,979)
Exercise of warrants	26 / 27	177	524
Ordinary shares purchased	26 / 28	(41,906)	(68,928)
Dividends paid on preference shares		(17,156)	(18,225)
Settlement of derivative financial instruments		–	(339)
Premium paid for derivative financial instruments		(5,107)	(3,271)
<b>Net cash used in financing activities</b>		<b>(110,300)</b>	<b>(71,771)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
Opening cash and cash equivalents		171,383	201,324
Effect of foreign exchange rate changes		(7,812)	(28,073)
<b>Closing cash and cash equivalents</b>	20	<b>202,291</b>	<b>171,383</b>

The accompanying notes are an integral part of this statement.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

Raven Russia Limited (the "Company") and its subsidiaries (together the "Group") is a property investment group specialising in commercial real estate in Russia.

The Company is incorporated and domiciled in Guernsey under the provisions of the Companies (Guernsey) Law, 2008. The Company's registered office is at La Vieille Cour, La Plaiderie, St Peter Port, Guernsey GY1 6EH.

The audited financial statements of the Group for the year ended 31 December 2015 were authorised by the Board for issue on 13 March 2016.

## 2. Accounting policies

### Basis of preparation

The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, section 244, not to prepare company financial statements as group financial statements have been prepared for both current and prior periods. The group financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars (\$'000) except where otherwise indicated.

The principal accounting policies adopted in the preparation of the group financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Going concern

The financial position of the Group, its cash flows, liquidity position and borrowings are described in the Financial Review and the notes to these financial statements. After making appropriate enquiries and examining sensitivities that could give rise to financial exposure, the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in the preparation of these financial statements.

### Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("IFRS") and the Companies (Guernsey) Law, 2008.

## Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2015, which had no impact on the financial position or performance of the Group.

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. Of these, the only three thought to have a possible impact on the Group are:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

The Group is currently assessing the impact of these changes on its financial statements and the effect of this, if any, has yet to be determined.

The standards, amendments or revisions are effective for annual periods beginning on or after the dates noted above.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and the special purpose vehicles ("SPVs") controlled by the Company, made up to 31 December each year. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with or ownership of the investee entity and has the ability to affect those returns through its power over the investee.

The Group has acquired investment properties through the purchase of SPVs. In the opinion of the Directors, these transactions did not meet the definition of a business combination as set out in IFRS 3 "Business Combinations". Accordingly the transactions have not been accounted for as an acquisition of a business and instead the financial statements reflect the substance of the transactions, which is considered to be the purchase of investment property and investment property under construction.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of entities acquired to bring the accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

### Joint ventures

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the activities require unanimous consent of the contracting parties for strategic financial and operating decisions.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying value of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Any premium paid for an interest in a joint venture above the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is determined as goodwill. Goodwill relating to a joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of joint ventures is shown on the face of the Income Statement within Operating Profit and represents the profit or loss after tax.

### Revenue recognition

#### (a) Property investment

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Rental increases calculated with reference to an underlying index and the resulting rental income ("contingent rents") are recognised in income as they are determined.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease, together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Income Statement as they arise.

#### (b) Roslogistics

Logistics revenue, excluding value added tax, is recognised as services are provided.

#### (c) Raven Mount

The sale of completed property and land is recognised on legal completion.

### Taxation

The Company is a limited company registered in Guernsey, Channel Islands, and is exempt from taxation. The Group is liable to Russian, UK and Cypriot tax arising on the results of its Russian, UK and Cypriot operations.

The tax expense represents the sum of the tax currently payable and deferred tax.

#### (a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit (or loss) as reported in the Income Statement because it excludes items of income and expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### (b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### (c) Value added tax

Revenue, expenditure, assets and liabilities are recognised net of the amount of value added tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case



the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expenditure item as applicable; and

Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables, as appropriate, in the Balance Sheet.

#### **Investment property and investment property under construction**

Investment property comprises completed property and property under construction held to earn rentals or for capital appreciation or both. Investment property comprises both freehold and leasehold land and buildings.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. The Directors assess the fair value of investment property based on independent valuations carried out by their appointed property valuers or on independent valuations prepared for banking purposes. The Group has appointed Jones Lang LaSalle as property valuers to prepare valuations on a semi-annual basis. Valuations are undertaken in accordance with appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 9th Edition (the "Red Book"). This is an internationally accepted basis of valuation. 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. For the purposes of these financial statements, in order to avoid double counting, the assessed fair value is reduced by the present value of any tenant incentives and contracted rent uplifts that are spread over the lease term and increased by the carrying amount of any liability under a head lease that has been recognised in the balance sheet.

Borrowing costs that are directly attributable to the construction of investment property are included in the cost of the property from the date of commencement of construction until construction is completed.

#### **Leasing (as lessors)**

Leases where the Group does not transfer substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. All of the Group's properties are leased under operating leases and are included in investment property in the Balance Sheet.

#### **Financial assets**

The Group classifies its financial assets into one of the categories discussed below, depending upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

##### **(a) Fair value through profit or loss**

This category comprises only in-the-money derivatives (see financial liabilities policy for out-of-the-money derivatives), which are carried at fair value with changes in the fair value recognised in the Income Statement in finance income or finance expense.

##### **(b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the case of the Group, loans and receivables comprise trade and other receivables, loans, security deposits, restricted cash and cash and short term deposits.

Loans and receivables are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the impairment loss is recognised in administrative expenses. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. Any such reversal of an impairment loss is recognised in the Income Statement.

Cash and short term deposits include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity comprises ordinary shares and warrants.

The Group classifies its financial liabilities into one of the categories listed below.

##### **(a) Fair value through profit or loss**

This category comprises only out-of-the-money derivatives, which are carried at fair value with changes in the fair value recognised in the Income Statement in finance income or finance expense.

##### **(b) Other financial liabilities**

Other financial liabilities include interest bearing loans, trade payables (including rent deposits and retentions under construction contracts), preference shares and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method.

Interest bearing loans and preference shares are initially recorded at fair value net of direct issue costs and subsequently carried at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Income Statement using the effective interest rate method.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Income Statement net of any reimbursement.

### Own shares held

Own equity instruments which are acquired are recognised at cost and deducted from equity. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in retained earnings.

### Share-based payments and other long term incentives

The Group rewards its key management and other senior employees by a variety of means many of which are settled by ordinary or preference shares of the Company, these include the Executive Share Option Schemes and the Combined Bonus and Long Term Incentive Scheme 2015 to 2017.

#### Awards linked to or settled by ordinary shares

These are accounted for as equity-settled transactions in accordance with IFRS 2 Share-based Payment. The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. Fair value is determined by an external valuer, using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions, which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market conditions, non-vesting conditions are taken into account in determining the fair value at grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense that is recognised at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement expense or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. Where all of the conditions are communicated to the recipient of the award at the outset, the Group recognises the share-based payment expense on a graded basis.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

#### Awards linked to or settled by preference shares

These awards are accounted for in accordance with IAS 19 Employee Benefits whereby the Group estimates the cost of awards using the projected unit credit method, which involves estimating the future value of the preference shares at the vesting date and the probability of the awards vesting. The resulting expense is charged to the Income Statement over the performance period and the liability is remeasured at each Balance Sheet date.

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the Company the directors consider this to be Sterling. The presentation currency of the Group is United States Dollars, which the directors consider to be the key currency for the Group's operations as a whole.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Non-monetary assets and liabilities are translated using exchange rates at the date of the initial transaction or when their fair values are reassessed.

#### (c) On consolidation

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each Balance Sheet are translated at the closing rate at the date of the Balance Sheet;
- (ii) income and expenditure for each Income Statement are translated at the average exchange rate prevailing in the period unless this does not approximate the rates ruling at the dates of the transactions in which case they are translated at the transaction date rates; and
- (iii) all resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign entity is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Dividends

Dividends to the Company's ordinary shareholders are recognised when they become legally payable. In the case of interim dividends, this is when declared by the directors. In the case of final dividends, this is when they are approved by the shareholders at an AGM.





### 3. Critical accounting estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### Judgements other than estimates

In the process of applying the Group's accounting policies the following are considered to have the most significant effect on the amounts recognised in the consolidated financial statements:

##### (a) Acquisitions

Properties can be acquired through the corporate acquisition of a subsidiary company. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for the acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and the extent of ancillary services provided by the subsidiary.

When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognised.

##### (b) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

#### Estimates

##### (a) Valuation of investment property and investment property under construction

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable, fair value estimates. In making its estimation the Group considers information from a variety of sources and engages external, professional advisers to carry out third party valuations of its properties. The external valuations are completed in accordance with appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 9th Edition (the "Red Book"). This is an internationally accepted basis of valuation and is consistent with the requirements of IFRS 13. In our market, where transactional activity is minimal, the valuers are required to use a greater degree of estimation or judgement than in a market where comparable transactions are more readily available. For the valuations at 31 December 2015 and 31 December 2014 the valuer has highlighted that as a result of market conditions at the valuation date it was necessary to make more judgements than is normally required.

The significant methods and assumptions used in estimating the fair value of investment property and investment property under construction are set out in note 13, along with detail of the sensitivities of the valuations to changes in the key inputs.

##### (b) Income tax

As part of the process of preparing its financial statements, the Group is required to estimate the provision for income tax in each of the jurisdictions in which it operates. This process involves an estimation of the actual current tax exposure, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Balance Sheet.

Russian tax legislation is subject to varying interpretations and changes, which may occur frequently. The interpretation of legislation that the Group applies to its transactions and activities may be challenged by the relevant regional and federal authorities. Additionally there may be inconsistent interpretation of tax regulations by various authorities, creating uncertainties in the taxation environment in Russia. Fiscal periods remain open to review by the authorities for the three calendar years preceding the years of review and in some circumstances may cover a longer period. Additionally, there have been instances where tax regulations have taken effect retrospectively.

Significant judgement is required in determining the provision for income tax and the recognition of deferred tax assets and liabilities.

### 4. Segmental information

The Group has three operating segments, which are managed and report independently to the Board. These comprise:

- Property Investment - acquire, develop and lease commercial property in Russia
- Roslogistics - provision of warehousing, transport, customs brokerage and related services in Russia
- Raven Mount - sale of residential property in the UK

Financial information relating to Property Investment is provided to the Board on a property by property basis. The information provided is gross rentals, operating costs, net operating income, revaluation gains and losses and where relevant the profit or loss on disposal of an investment property. The individual properties have similar economic characteristics and are considered to be a single reporting segment.

Information about Raven Mount provided to the Board comprises the gross sale proceeds, inventory cost of sales and gross profit, including the share of profits or losses of its joint venture.

Roslogistics is an independently managed business and the Board is presented with turnover, cost of sales and operating profits or losses after deduction of administrative expenses.

Administrative expenses and foreign currency gains or losses are reported to the Board by segment. Finance income and finance expense are not reported to the Board on a segment basis. Sales between segments are eliminated prior to provision of financial information to the Board.

For the Balance Sheet, segmental information is provided in relation to investment property, inventory, cash balances and borrowings. Whilst segment liabilities includes loans and borrowings, segment loss does not include the related finance costs. If such finance costs were included in segment profit or loss, the loss from Property Investment would have increased by \$71,571k (2014: \$67,658k).

(a) Segmental information for the year ended and as at 31 December 2015

Year ended 31 December 2015	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Segment Total \$'000	Central Overhead \$'000	Total \$'000
Gross revenue	202,286	15,267	2,151	219,704	–	219,704
Operating costs / cost of sales	(39,609)	(6,295)	323	(45,581)	–	(45,581)
<b>Net operating income</b>	<b>162,677</b>	<b>8,972</b>	<b>2,474</b>	<b>174,123</b>	<b>–</b>	<b>174,123</b>
<b>Administrative expenses</b>						
Running general and administration expenses	(21,722)	(1,243)	(1,123)	(24,088)	(5,993)	(30,081)
Other acquisition / abortive project costs	1,185	–	–	1,185	–	1,185
Impairment of goodwill	–	–	–	–	–	–
Depreciation	(1,352)	(244)	(3)	(1,599)	–	(1,599)
<b>Share-based payments and other long term incentives</b>	<b>(1,425)</b>	<b>–</b>	<b>–</b>	<b>(1,425)</b>	<b>(2,169)</b>	<b>(3,594)</b>
<b>Foreign currency profits / (losses)</b>	<b>1,227</b>	<b>(4)</b>	<b>–</b>	<b>1,223</b>	<b>–</b>	<b>1,223</b>
	<b>140,590</b>	<b>7,481</b>	<b>1,348</b>	<b>149,419</b>	<b>(8,162)</b>	<b>141,257</b>
Unrealised loss on revaluation of investment property	(251,198)	–	–	(251,198)	–	(251,198)
Unrealised loss on revaluation of investment property under construction	(5,350)	–	–	(5,350)	–	(5,350)
Share of profits of joint ventures	–	–	2,518	2,518	–	2,518
<b>Segment (loss) / profit</b>	<b>(115,958)</b>	<b>7,481</b>	<b>3,866</b>	<b>(104,611)</b>	<b>(8,162)</b>	<b>(112,773)</b>
Finance income						4,493
Finance expense						(96,776)
<b>Loss before tax</b>						<b>(205,056)</b>
<b>As at 31 December 2015</b>						
			Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Total \$'000
<b>Assets</b>						
Investment property			1,333,987	–	–	1,333,987
Investment property under construction			39,129	–	–	39,129
Investment in joint ventures			–	–	14,968	14,968
Inventory			–	–	1,381	1,381
Cash and short term deposits			196,861	691	4,739	202,291
<b>Segment assets</b>			<b>1,569,977</b>	<b>691</b>	<b>21,088</b>	<b>1,591,756</b>
Other non-current assets						42,639
Other current assets						50,497
<b>Total assets</b>						<b>1,684,892</b>
<b>Segment liabilities</b>						
Interest bearing loans and borrowings			918,745	–	–	918,745
<b>Capital expenditure</b>						
Payments for investment property under construction			20,028	–	–	20,028



## NOTES TO THE FINANCIAL STATEMENTS

(a) Segmental information for the year ended and as at 31 December 2014

Year ended 31 December 2014	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Segment Total \$'000	Central Overhead \$'000	Total \$'000
Gross revenue	230,108	24,399	3,089	257,596	–	257,596
Operating costs / cost of sales	(55,567)	(8,606)	(1,115)	(65,288)	–	(65,288)
<b>Net operating income</b>	<b>174,541</b>	<b>15,793</b>	<b>1,974</b>	<b>192,308</b>	<b>–</b>	<b>192,308</b>
<b>Administrative expenses</b>						
Running general and administration expenses	(16,662)	(1,907)	(1,474)	(20,043)	(6,924)	(26,967)
Other acquisition / abortive project costs	(2,439)	–	–	(2,439)	–	(2,439)
Impairment of goodwill	–	(3,082)	–	(3,082)	–	(3,082)
Depreciation	(1,822)	(314)	(6)	(2,142)	–	(2,142)
<b>Share-based payments and other long term incentives</b>	<b>(562)</b>	<b>–</b>	<b>–</b>	<b>(562)</b>	<b>(1,792)</b>	<b>(2,354)</b>
<b>Foreign currency losses</b>	<b>(13,266)</b>	<b>(2,205)</b>	<b>–</b>	<b>(15,471)</b>	<b>–</b>	<b>(15,471)</b>
	<b>139,790</b>	<b>8,285</b>	<b>494</b>	<b>148,569</b>	<b>(8,716)</b>	<b>139,853</b>
Unrealised loss on revaluation of investment property	(135,422)	–	–	(135,422)	–	(135,422)
Unrealised loss on revaluation of investment property under construction	(9,982)	–	–	(9,982)	–	(9,982)
Share of profits of joint ventures	–	–	955	955	–	955
<b>Segment profit / (loss)</b>	<b>(5,614)</b>	<b>8,285</b>	<b>1,449</b>	<b>4,120</b>	<b>(8,716)</b>	<b>(4,596)</b>
Finance income						5,661
Finance expense						(99,109)
<b>Loss before tax</b>						<b>(98,044)</b>
<b>As at 31 December 2014</b>						
	<b>Property Investment \$'000</b>	<b>Roslogistics \$'000</b>	<b>Raven Mount \$'000</b>	<b>Total \$'000</b>		
<b>Assets</b>						
Investment property	1,593,684	–	–	1,593,684		
Investment property under construction	47,958	–	–	47,958		
Investment in joint ventures	–	–	17,355	17,355		
Inventory	–	–	1,389	1,389		
Cash and short term deposits	164,868	618	5,897	171,383		
<b>Segment assets</b>	<b>1,806,510</b>	<b>618</b>	<b>24,641</b>	<b>1,831,769</b>		
Other non-current assets					86,527	
Other current assets					53,055	
<b>Total assets</b>					<b>1,971,351</b>	
<b>Segment liabilities</b>						
Interest bearing loans and borrowings	892,681	–	–	892,681		
<b>Capital expenditure</b>						
Payments for investment property under construction	105,582	–	–	105,582		



## 5. Gross revenue

	2015 \$'000	2014 \$'000
Rental and related income	202,286	230,108
Proceeds from the sale of inventory property	2,151	3,089
Logistics	15,267	24,399
	<b>219,704</b>	<b>257,596</b>

The Group's leases typically include annual rental increases ("contingent rents") based on a consumer price index in Russia, Europe or the USA, which are recognised in income as they arise. Contingent rents included in rental income for the year amounted to \$2,148k (2014: \$2,507k).

Details of the Group's contracted future minimum lease receivables are detailed in note 37.

In 2014 there were no single customers accounting for more than 10% of Group revenues. In 2015 there was one customer of the property investment segment which exceeded this threshold. The Group derived revenue of \$23.6 million from this customer in the year.

## 6. Administrative expenses

(a) Total administrative expenses	2015 \$'000	2014 \$'000
Employment costs	14,607	13,618
Directors' remuneration	3,502	3,698
Bad debts	3,720	–
Office running costs and insurance	4,039	4,032
Travel costs	1,430	1,878
Auditors' remuneration	851	1,006
Abortive project costs	(1,185)	2,439
Impairment of goodwill	–	3,082
Legal and professional	1,430	2,252
Depreciation	1,599	2,142
Registrar costs and other administrative expenses	502	483
	<b>30,495</b>	<b>34,630</b>
	<b>2015 \$'000</b>	<b>2014 \$'000</b>
(b) Fees for audit and other services provided by the Group's auditor		
Audit services	686	807
Audit related assurance services	73	74
	<b>759</b>	<b>881</b>
Other fees:		
Taxation services	12	97
Other services	80	28
	<b>92</b>	<b>125</b>
<b>Total fees</b>	<b>851</b>	<b>1,006</b>

In 2014 the Group engaged Ernst & Young to undertake due diligence for two investment property acquisitions that were under consideration. These transactions were subsequently aborted. Ernst & Young charged fees amounting to \$324k for this work which are included in abortive project costs.

Ernst & Young also provide audit and taxation services for various SPVs that form part of the property operating costs. Charges for the audit of SPVs in the year amounted to \$345k (2014: \$338k) and the fees for taxation services were \$73k (2014: \$82k).



## 7. Finance income and expense

	2015 \$'000	2014 \$'000
<b>Finance income</b>		
<i>Total interest income on financial assets not at fair value through profit or loss</i>		
Income from cash and short term deposits	2,909	3,208
<i>Other finance income</i>		
Change in fair value of open forward currency derivative financial instruments	–	342
Change in fair value of open interest rate derivative financial instruments	1,373	1,292
Change in fair value of foreign currency embedded derivatives	211	–
Profit on maturing interest rate derivative financial instruments	–	119
Profit on maturing forward currency derivative financial instruments	–	700
<b>Finance income</b>	<b>4,493</b>	<b>5,661</b>
<b>Finance expense</b>		
Interest expense on loans and borrowings measured at amortised cost	71,570	67,658
Interest expense on preference shares	18,628	20,012
Total interest expense on financial liabilities not at fair value through profit or loss	90,198	87,670
Change in fair value of open forward currency derivative financial instruments	2,531	4,609
Change in fair value of open interest rate derivative financial instruments	4,047	3,387
Change in fair value of foreign currency embedded derivatives	–	3,443
<b>Finance expense</b>	<b>96,776</b>	<b>99,109</b>

Included in the interest expense on loans and borrowings is \$3.8 million (2014: \$8.1 million) relating to amortisation of costs incurred in originating the loans. Included in the interest expense on preference shares is \$0.6 million (2014: \$0.7 million) relating to the accretion of premiums payable on redemption of preference shares and amortisation of costs incurred in issuing preference shares.

## 8. Tax

	2015 \$'000	2014 \$'000
The tax expense for the year comprises:		
Current taxation	11,151	9,149
Deferred taxation (note 25)		
On the origination and reversal of temporary differences	(22,662)	(4,925)
On unrealised foreign exchange movements in loans	(1,203)	(14,256)
Adjustments recognised in the period for tax of prior periods	17	177
<b>Tax credit</b>	<b>(12,697)</b>	<b>(9,855)</b>

The credit for the year can be reconciled to the loss per the Income Statement as follows:

	2015 \$'000	2014 \$'000
Loss before tax	(205,056)	(98,044)
Tax at the Russian corporate tax rate of 20%	(41,011)	(19,609)
Tax effect of income not subject to tax and non-deductible expenses	44,659	38,760
Tax on dividends and other inter company gains	2,333	1,064
Tax effect of financing arrangements	(30,478)	(123,428)
Movement on unprovided deferred tax	11,783	93,181
Adjustments recognised in the period for current tax of prior periods	17	177
	<b>(12,697)</b>	<b>(9,855)</b>

## 9. Earnings measures

In addition to reporting IFRS earnings the Group adopts the European Public Real Estate Association ("EPRA") earnings measure, as set out in their Best Practice Policy Recommendations document issued in December 2014 and also reports its own underlying earnings measure.

### EPRA earnings

The EPRA earnings measure excludes investment property revaluations and gains or losses on disposal of investment property, intangible asset movements, gains and losses on derivative financial instruments and related taxation.

### Underlying earnings

Underlying earnings consists of the EPRA earnings measure, with additional group adjustments. The Directors consider underlying earnings to be a key performance measure, as this is the measure used by Management to assess the return on holding investment assets for the long term. Adjustments include share-based payments and other long term incentives, the accretion of premiums payable on redemption of preference shares, material non-recurring items, depreciation and amortisation of loan origination costs.



The calculation of basic and diluted earnings per share is based on the following data:

	2015 \$'000	2014 \$'000
<i>Earnings</i>		
<b>Earnings for the purposes of basic and diluted earnings per share being the net loss for the year prepared under IFRS</b>	<b>(192,359)</b>	<b>(88,189)</b>
Adjustments to arrive at EPRA earnings:		
Unrealised loss on revaluation of investment property	251,198	135,422
Unrealised loss on revaluation of investment property under construction	5,350	9,982
Profit on maturing foreign currency derivative financial instruments (note 7)	–	(700)
Profit on maturing interest rate derivative financial instruments (note 7)	–	(119)
Change in fair value of open forward currency derivative financial instruments (note 7)	2,531	4,267
Change in fair value of open interest rate derivative financial instruments (note 7)	2,674	2,095
Change in fair value of foreign currency embedded derivatives (note 7)	(211)	3,443
Movement on deferred tax thereon	(24,562)	(8,205)
<b>EPRA earnings</b>	<b>44,621</b>	<b>57,996</b>
Loss on disposal of plant and equipment	–	9
Impairment of goodwill	–	3,082
Abortive project costs	(1,185)	2,439
Share-based payments and other long term incentives	3,594	2,354
Premium on redemption of preference shares and amortisation of issue costs (note 7)	614	650
Depreciation (note 6a)	1,599	2,142
Amortisation of loan origination costs (note 7)	3,839	8,105
Tax on unrealised foreign exchange movements in loans	1,476	(10,125)
<b>Underlying earnings</b>	<b>54,558</b>	<b>66,652</b>
	<b>2015 No '000</b>	<b>2014 No '000</b>
<i>Number of shares</i>		
<b>Weighted average number of ordinary shares for the purposes of basic EPS (excluding own shares held)</b>	<b>667,758</b>	<b>714,986</b>
Effect of dilutive potential ordinary shares:		
Warrants (note 27)	11,727	17,011
ERS (note 31)	300	325
LTIP (note 31)	2,478	3,832
CBLTIS (note 31)	1,926	9,375
New CBLTIS (note 31)	2,994	–
<b>Weighted average number of ordinary shares for the purposes of diluted EPS (excluding own shares held)</b>	<b>687,183</b>	<b>745,529</b>

	2015 Cents	2014 Cents
<b>EPS basic</b>	<b>(28.81)</b>	<b>(12.33)</b>
Effect of dilutive potential ordinary shares:		
Warrants	–	–
ERS	–	–
LTIP	–	–
CBLTIS	–	–
New CBLTIS	–	–
<b>Diluted EPS</b>	<b>(28.81)</b>	<b>(12.33)</b>
<b>EPRA EPS basic</b>	<b>6.68</b>	<b>8.11</b>
Effect of dilutive potential ordinary shares:		
Warrants	(0.11)	(0.20)
ERS	–	–
LTIP	(0.03)	(0.04)
CBLTIS	(0.02)	(0.10)
New CBLTIS	(0.03)	–
<b>EPRA EPS diluted</b>	<b>6.49</b>	<b>7.78</b>
<b>Underlying EPS basic</b>	<b>8.17</b>	<b>9.32</b>
Effect of dilutive potential ordinary shares:		
Warrants	(0.15)	(0.22)
ERS	–	–
LTIP	(0.03)	(0.05)
CBLTIS	(0.02)	(0.11)
New CBLTIS	(0.04)	–
<b>Underlying EPS diluted</b>	<b>7.93</b>	<b>8.94</b>

## 10. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2014 or an interim dividend for 2015 and instead implemented two tender offer buy backs of ordinary shares.

In the place of a final dividend for 2014 the Company implemented a tender offer buy back of ordinary shares on the basis of 1 in every 15 shares held at a tender price of 52 pence per share, the equivalent of a final dividend of 3.5 pence per share. Instead of an interim dividend for 2015 the Company implemented a tender offer buy back of ordinary shares on the basis of 1 in every 47 shares at a tender price of 47 pence per share, the equivalent of a dividend of 1 pence per share.





## 11. Investment property

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 \$'000	Logistics St Petersburg Level 3 \$'000	Logistics Regions Level 3 \$'000	Office St Petersburg Level 3 \$'000	2015 Total \$'000
Market value at 1 January 2015	1,222,101	170,074	191,576	28,852	1,612,603
Property improvements and movement in completion provisions	(2,768)	(1,194)	114	(266)	(4,114)
Unrealised loss on revaluation	(175,381)	(29,774)	(43,041)	(3,446)	(251,642)
<b>Market value at 31 December 2015</b>	<b>1,043,952</b>	<b>139,106</b>	<b>148,649</b>	<b>25,140</b>	<b>1,356,847</b>
Tenant incentives and contracted rent uplift balances	(16,547)	(5,332)	(1,318)	(1,394)	(24,591)
Head lease obligations (note 24)	1,731	–	–	–	1,731
<b>Carrying value at 31 December 2015</b>	<b>1,029,136</b>	<b>133,774</b>	<b>147,331</b>	<b>23,746</b>	<b>1,333,987</b>
<i>Revaluation movement in the year ended 31 December 2015</i>					
Gross revaluation	(175,381)	(29,774)	(43,041)	(3,446)	(251,642)
Effect of tenant incentives and contracted rent uplift balances	(236)	(433)	1,005	108	444
<b>Revaluation reported in the Income Statement</b>	<b>(175,617)</b>	<b>(30,207)</b>	<b>(42,036)</b>	<b>(3,338)</b>	<b>(251,198)</b>

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 \$'000	Logistics St Petersburg Level 3 \$'000	Logistics Regions Level 3 \$'000	Office St Petersburg Level 3 \$'000	2014 Total \$'000
Market value at 1 January 2014	1,198,986	189,090	217,113	40,922	1,646,111
Transfer from investment property under construction (note 12)	105,553	–	–	–	105,553
Property improvements and movement in completion provisions	(7,667)	312	348	877	(6,130)
Unrealised loss on revaluation	(74,771)	(19,328)	(25,885)	(12,947)	(132,931)
<b>Market value at 31 December 2014</b>	<b>1,222,101</b>	<b>170,074</b>	<b>191,576</b>	<b>28,852</b>	<b>1,612,603</b>
Tenant incentives and contracted rent uplift balances	(16,311)	(4,899)	(2,323)	(1,501)	(25,034)
Head lease obligations (note 24)	6,115	–	–	–	6,115
<b>Carrying value at 31 December 2014</b>	<b>1,211,905</b>	<b>165,175</b>	<b>189,253</b>	<b>27,351</b>	<b>1,593,684</b>
<i>Revaluation movement in the year ended 31 December 2014</i>					
Gross revaluation	(74,771)	(19,328)	(25,885)	(12,947)	(132,931)
Effect of tenant incentives and contracted rent uplift balances	(2,633)	(393)	269	266	(2,491)
<b>Revaluation reported in the Income Statement</b>	<b>(77,404)</b>	<b>(19,721)</b>	<b>(25,616)</b>	<b>(12,681)</b>	<b>(135,422)</b>

\*Classified in accordance with the fair value hierarchy, see note 35. There were no transfers between fair value hierarchy in 2014 or 2015.

The movement in completion provisions for Moscow Logistics in 2014 includes the release of the completion provision in respect of the acquisition of Pushkino upon the conclusion of the litigation inherited with the asset. At 31 December 2015 the Group has pledged investment property with a value of \$1,348 million (2014: \$1,541 million) to secure banking facilities granted to the Group (note 22).

## 12. Investment property under construction

Asset class Location Fair value hierarchy*	Assets under construction			Land Bank				2015 Total \$'000
	Moscow	Regions	Sub-total	Moscow	St Petersburg	Regions	Sub-total	
	Level 3 \$'000	Level 3 \$'000		Level 3 \$'000	Level 3 \$'000	Level 3 \$'000		
Market value at 1 January 2015	34,000	9,500	43,500	–	–	3,216	3,216	46,716
Costs incurred	789	–	789	–	413	283	696	1,485
Effect of foreign exchange rate changes	(2,369)	(1,570)	(3,939)	–	–	(785)	(785)	(4,724)
Transfer between asset classes	–	–	–	–	–	–	–	–
Unrealised loss on revaluation	(4,720)	(630)	(5,350)	–	–	–	–	(5,350)
<b>Market value at 31 December 2015</b>	<b>27,700</b>	<b>7,300</b>	<b>35,000</b>	<b>–</b>	<b>413</b>	<b>2,714</b>	<b>3,127</b>	<b>38,127</b>
Head lease obligations (note 24)	1,002	–	1,002	–	–	–	–	1,002
<b>Carrying value at 31 December 2015</b>	<b>28,702</b>	<b>7,300</b>	<b>36,002</b>	<b>–</b>	<b>413</b>	<b>2,714</b>	<b>3,127</b>	<b>39,129</b>

Asset class Location Fair value hierarchy*	Assets under construction			Land Bank				2014 Total \$'000
	Moscow	Regions	Sub-total	Moscow	St Petersburg	Regions	Sub-total	
	Level 3 \$'000	Level 3 \$'000		Level 3 \$'000	Level 3 \$'000	Level 3 \$'000		
Market value at 1 January 2014	79,535	13,800	93,335	–	3,668	18,963	22,631	115,966
Costs incurred	66,669	58	66,727	–	175	284	459	67,186
Effect of foreign exchange rate changes	(7,032)	(4,908)	(11,940)	–	(1,286)	(7,675)	(8,961)	(20,901)
Transfer between asset classes	–	–	–	–	–	–	–	–
Transfer to investment property (note 11)	(105,553)	–	(105,553)	–	–	–	–	(105,553)
Unrealised profit / (loss) on revaluation	381	550	931	–	(2,557)	(8,356)	(10,913)	(9,982)
<b>Market value at 31 December 2014</b>	<b>34,000</b>	<b>9,500</b>	<b>43,500</b>	<b>–</b>	<b>–</b>	<b>3,216</b>	<b>3,216</b>	<b>46,716</b>
Head lease obligations (note 24)	1,242	–	1,242	–	–	–	–	1,242
<b>Carrying value at 31 December 2014</b>	<b>35,242</b>	<b>9,500</b>	<b>44,742</b>	<b>–</b>	<b>–</b>	<b>3,216</b>	<b>3,216</b>	<b>47,958</b>

\*Classified in accordance with the fair value hierarchy, see note 35. There were no transfers between fair value hierarchy in 2014 or 2015.

	2015 \$'000	2014 \$'000
<i>Revaluation movement in the year</i>		
Unrealised (loss) / profit on revaluation of assets carried at external valuations	(5,350)	931
Unrealised loss on revaluation of assets carried at directors' valuation	–	(10,913)
	<b>(5,350)</b>	<b>(9,982)</b>

No borrowing costs were capitalised in the year (2014: \$2.7 million).

At 31 December 2015 the Group has pledged investment property under construction with a value of \$35.0 million (2014: \$43.5 million) to secure banking facilities granted to the Group (note 22).



### 13. Investment property and investment property under construction - Valuation

It is the Group's policy to carry investment property and investment property under construction at fair value in accordance with IFRS 13 "Fair Value Measurement" and IAS 40 "Investment Property":

- investment property consists of the completed, income producing, portfolio; and
- investment property under construction consists of potential development projects and land bank.

The latter is sub-categorised as:

- assets under construction - current development projects and the value of land on additional phases of existing investment property; and
- land bank - land held for potential development.

For the purposes of IFRS 13 disclosure, we have analysed these categories by the geographical market they are located in being Moscow, St Petersburg and the Regions (the other Russian regional cities). These form distinct markets for valuation purposes as the fundamentals differ in each.

The fair value of the Group's investment property and assets under construction at 31 December 2015 has been arrived at on the basis of market valuations carried out by Jones Lang Lasalle ("JLL"), external valuers to the Group. JLL have consented to the use of their name in these financial statements.

The Group's land bank in St Petersburg and the Regions is valued by the Directors.

#### Valuation process

The executive management team members responsible for property matters determine the valuation policies and procedures for property valuations in consultation with the Chief Executive Officer and Chief Financial Officer.

The Group has four qualified RICS members on the management team, one of whom is the Chairman of RICS in Russia and the CIS. All have relevant valuation and market experience and are actively involved in the valuation process. They also regularly meet with agents and consultants to obtain additional market information.

The effectiveness and independence of the external valuer is reviewed each year. The criteria considered include market knowledge, reputation, independence and professional standards. The Audit Committee also meets the external valuer at least once a year. Executive management and the Directors have determined that the external valuer is experienced in the Russian market and acts as an "External Valuer" as defined in the "RICS Valuation - Professional Standards".

The external valuers perform their valuations in accordance with the "RICS Valuation - Professional Standards", the 2014 Edition (the "Red Book"). This is an internationally accepted basis of valuation and is consistent with the principles of IFRS 13.

For investment properties and assets under construction, the executive team members consult with the external valuers and the valuers then determine:

- whether a property's fair value can be reliably determined;
- which valuation method should be applied for each asset; and
- the assumptions made for unobservable inputs that are used in valuation methods.

The land bank is valued by the Directors. The process followed includes regular site inspections, meetings with local real estate experts, comparison to any local land sale information and comparison to transactions in other regional cities including those where the Group has income producing assets. Updated acquisition appraisals and any indication of value for alternative use are also considered.

Valuations are prepared on a biannual basis. At each valuation date the executive team members review the information prepared by the property department for valuation purposes being submitted to the external valuers. Each property valuation is then reviewed and discussed with the external valuer in detail, adjustments made as necessary and results discussed with the Chief Executive Officer and Chief Financial Officer.

The executive management also present the valuation results to the Audit Committee and hold discussions with the Group's auditors. Both the Audit Committee and the auditors also have discussions with the external valuers.

## Valuation assumptions and key inputs

Class of property	Carrying amount		Valuation technique	Input	Range	
	2015 \$'000	2014 \$'000			2015	2014
<b>Completed investment property</b>						
Moscow - Logistics	1,029,136	1,211,905	Income capitalisation	Long term ERV per sqm for existing tenants	\$90 to \$110	\$110 to \$135
				Short term ERV per sqm for vacant space	\$64 to \$110	\$110 to \$135
				Initial yield	11.2% to 14.9%	11.3% to 12.8%
				Equivalent yield	10.8% to 12.7%	10.5% to 13.7%
				Vacancy rate	13.9% to 100.0%	0.9% to 69.0%
				Passing rent per sqm	\$54 to \$191	\$68 to \$231
St Petersburg - Logistics	133,774	165,175		Income capitalisation	Long term ERV per sqm for existing tenants	\$75
			Short term ERV per sqm for vacant space		\$57 to \$75	\$110
			Initial yield		13.3% to 14.1%	13.0% to 13.8%
			Equivalent yield		12.7% to 13.3%	12.8% to 13.6%
			Vacancy rate		11.7% to 40.0%	0% to 8.4%
			Passing rent per sqm		\$60 to \$146	\$96 to \$129
Regional - Logistics	147,331	189,253	Income capitalisation		Long term ERV per sqm for existing tenants	\$75
				Short term ERV per sqm for vacant space	\$57 to \$75	\$105
				Initial yield	12.2% to 13.1%	14.3% to 14.6%
				Equivalent yield	12.7%	13.0% to 13.3%
				Vacancy rate	13.0% to 21.0%	0.9% to 5.2%
				Passing rent per sqm	\$63 to \$214	\$99 to \$214
St Petersburg - Office	23,746	27,351		Income capitalisation	ERV per sqm	\$235
			Initial yield		15.8%	19.5%
			Equivalent yield		13.0%	13.0%
			Vacancy rate		0%	0%
			Passing rent per sqm		\$294	\$323

Description	Range	
	2015	2014
<b>Other key information</b>		
Moscow - Logistics	Land plot ratio	31% - 65%
	Age of building	1 to 11 years
	Outstanding costs (US\$'000)	6,931
St Petersburg - Logistics	Land plot ratio	51% - 57%
	Age of building	1 to 7 years
	Outstanding costs (US\$'000)	743
Regional - Logistics	Land plot ratio	48% - 61%
	Age of building	6 years
	Outstanding costs (US\$'000)	81
St Petersburg - Office	Land plot ratio	320%
	Age of building	9 years
	Outstanding costs (US\$'000)	53



	Carrying amount		Valuation technique	Input	Range	
	2015 \$'000	2014 \$'000			2015	2014
<b>Investment property under construction</b>						
Moscow - Logistics	28,702	35,242	Comparable	Value per ha (\$m)	\$0.29-\$0.61	\$0.42-\$0.89
Regional - Logistics	7,300	9,500	Comparable	Value per ha (\$m)	\$0.29	\$0.37

The fair value of investment property is determined using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income of the asset divided by the capitalisation (discount) rate. Each income stream from every tenant is valued based on capitalising the contracted rent for the term of the lease, including any fixed increases in rent but excluding any future indexation. Allowance at lease end is made for any potential letting void and an assessment is made of the estimated rental value on re-letting (ERV). These elements are determined based on current market conditions and values.

Assets under construction (development projects) are valued on a residual value basis using the future anticipated costs to complete construction, a provision for letting costs, a letting void period and an assessment of ERV. Depending on the status of the development, and how much of development process has been completed an allowance will also be made for developer's profit.

Assets under construction (additional phases of existing sites) are valued on a comparable basis. The value of these plots is estimated based on comparable transactions in the same market. This approach is based on the principle that a buyer will not pay more for an asset than it will cost to buy a comparable substitute property. The unit of comparison applied is the price per square metre.

All of the above valuations are completed by JLL.

The land bank is valued by the Directors using the comparable basis.

#### Sensitivity analysis of significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolio of investment property are:

- ERV;
- Void period on re-letting;
- Initial yield; and
- Specific to property under development: construction costs, letting void, construction period and development profit.

In preparing their valuations at 31 December 2015 and 31 December 2014, JLL have specifically referred to the uncertainty in the market caused by sanctions and by an oil price that is low compared with recent history. The Rouble exchange rate exhibited both volatility and further weakness, inflation remained a concern and debt is comparatively expensive. Investment in all sectors of the economy is depressed. There is a resulting lack of clarity as to pricing levels and market drivers. JLL comment that prices agreed during negotiation are typically reduced prior to exchange of contracts as purchasers bring to bear their greater negotiating position and ability to complete transactions in an uncertain market. They further say that in this environment, prices and values are going through a period of heightened volatility and as a result there is less certainty with regard to valuations and that market values can change rapidly in the current conditions. Where the numbers of genuine third party, arm's length, transactions are severely limited it is challenging to draw conclusions on current market yields and to accurately assess ERVs where landlord and tenants are continuing to negotiate to find the new equilibrium due to the Rouble devaluation. This corresponds to the Group's experience.

Further significant increases (or decreases) in any of the main inputs to the valuation, being yield, ERV (per sqm p.a.) and letting void, would result in a significantly lower (or higher) fair value measurement.

## 14. Goodwill

	Roslogistics \$'000	Raven Mount \$'000	Total \$'000
Balance at 1 January 2014	5,383	2,523	7,906
Effect of foreign exchange rate changes	(2,301)	(148)	(2,449)
Impairment of goodwill	(3,082)	–	(3,082)
<b>Balance at 31 December 2014</b>	<b>–</b>	<b>2,375</b>	<b>2,375</b>
Effect of foreign exchange rate changes	–	(130)	(130)
<b>Balance at 31 December 2015</b>	<b>–</b>	<b>2,245</b>	<b>2,245</b>

Goodwill acquired through the Raven Mount and Roslogistics business combinations has been allocated for impairment purposes to their operating segments. These represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of goodwill has been determined based on value in use calculations using cash flow projections and project appraisals approved for internal management reporting and discounted at rates appropriate to each of the segments.

## 15. Investment in subsidiary undertakings

The principal subsidiary undertakings of Raven Russia Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of Incorporation	Proportion of ownership interest	
		2015	2014
CJSC Kulon Development	Russia	100%	100%
Fenix LLC	Russia	100%	100%
Petroestate LLC	Russia	100%	100%
EG Logistics LLC	Russia	100%	100%
CJSC Kulon Istra	Russia	100%	100%
Soyuz-Invest LLC	Russia	100%	100%
CJSC Noginsk Vostok	Russia	100%	100%
Resource Economica LLC	Russia	100%	100%
Kulon Spb LLC	Russia	100%	100%
Logopark Don LLC	Russia	100%	100%
Logopark Ob LLC	Russia	100%	100%
Delta LLC	Russia	100%	100%
CJSC Toros	Russia	100%	100%
Dorfin Limited	Cyprus	100%	100%
League LLC	Russia	100%	100%
Roslogistics Holdings (Russia) Limited	Cyprus	100%	100%
Avalon Logistics Company LLC	Russia	100%	100%
Raven Mount Group Limited	England	100%	100%
Raven Russia Property Advisors Limited	England	100%	100%
Raven Russia (Service Company) Limited	Guernsey	100%	100%

The Group's investment property and investment property under construction are held by its subsidiary undertakings.



## 16. Investment in joint ventures

The principal joint venture of the Group is as follows:

Name	Country of Incorporation	Proportion of ownership interest	
		2015	2014
Coln Park LLP	England	50%	50%

Coln Park LLP is the entity through which the Group undertakes its second home development activity in the UK. In addition to Coln Park LLP, the Group has a number of other small joint ventures associated with the second home development activity. The Group's interest in each joint venture has been accounted for using the equity method. None of the Group's joint ventures are individually material. Summarised aggregated financial information of the joint ventures, prepared under IFRS, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are set out below:

Summarised Balance Sheet	2015 \$'000	2014 \$'000
Non-current assets	4,833	5,333
Inventory	16,262	17,030
Cash and short term deposits	2,289	2,120
Other current assets	505	497
Current liabilities	(4,221)	(1,133)
<b>Net assets</b>	<b>19,668</b>	<b>23,847</b>
<b>Investment in joint ventures</b>		
Goodwill on acquisition	5,134	5,431
Share of net assets at 50%	9,834	11,924
<b>Carrying value</b>	<b>14,968</b>	<b>17,355</b>
Carrying value at 1 January	17,355	18,464
Share of profit for the year	2,518	955
Share of distributions paid	(3,954)	(983)
Effect of foreign exchange rate changes	(951)	(1,081)
<b>Carrying value at 31 December</b>	<b>14,968</b>	<b>17,355</b>
<b>Summarised Income Statement</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Gross revenue	18,575	8,779
Cost of sales	(12,628)	(6,026)
Administrative expenses	(943)	(787)
<b>Profit before tax</b>	<b>5,004</b>	<b>1,966</b>
Tax	32	(56)
<b>Profit for the year</b>	<b>5,036</b>	<b>1,910</b>
<b>Group's share of profit for the year</b>	<b>2,518</b>	<b>955</b>

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2015 and 2014. The joint ventures cannot distribute their profits until they obtain the consent from the joint venture partners.

The Group charged its joint ventures \$92k (2014: \$132k) for services rendered to them during the year. The joint ventures recharged certain costs back to the Group that for the year amounted to \$104k (2014: \$178k) of which \$10k (2014: \$11k) was included in payables at the balance sheet date. During the year the Group advanced a loan to Coln Park LLP of \$368k.

**17. Other receivables**

	2015 \$'000	2014 \$'000
Loans receivable	606	1,029
VAT recoverable	3,024	4,907
Security deposits	2,391	4,596
Prepayments and other receivables	124	181
Restricted cash	–	26,329
	<b>6,145</b>	<b>37,042</b>

VAT recoverable arises from the payment of value added tax on construction of investment property, which will be recovered through the offset of VAT paid on future revenue receipts or repayment direct from the taxation authority. VAT recoverable has been split between current and non-current assets based on the Group's assessment of when recovery will occur.

**18. Trade and other receivables**

	2015 \$'000	2014 \$'000
Trade receivables	38,682	36,459
Prepayments	3,149	3,505
Security deposits	2,041	–
VAT recoverable	4,482	10,637
Other receivables	202	778
Tax recoverable	1,708	1,244
	<b>50,264</b>	<b>52,623</b>

**19. Derivative financial instruments**

	2015 \$'000	2014 \$'000
Interest rate derivative financial instruments		
Non-current assets	2,900	5,819
Current assets	12	–
Non-current liabilities	(210)	(1,963)
Current liabilities	(413)	–
Forward currency derivative financial instruments		
Non-current assets	2,685	1,034
Current assets	184	432
Foreign currency embedded derivatives		
Current assets	37	–
Non-current liabilities	(1,584)	(2,190)
Current liabilities	(1,684)	(1,253)

The Group has entered into a series of interest rate derivative financial instruments to manage the interest rate and resulting cash flow exposure from the Group's banking facilities. At 31 December 2015 the instruments have a notional value of \$667 million (2014: \$678 million) and a weighted average fixed or capped rate of 1.51% (2014: 1.49%).

The Group had also entered into a series of forward currency derivative financial instruments to hedge interest payments due to preference shareholders against sterling strengthening. The instruments have a notional amount of \$91.0 million (2014: \$70.4 million), a weighted average capped rate of \$1.6 to £1 (2014: \$1.6 to £1) and quarterly maturities with the final instruments maturing on 18 December 2019 (2014: 21 December 2016).

Several of the Group's leases incorporate collars and caps on US Dollar and Russian Rouble exchange rates. These have been categorised as embedded derivatives and their fair values calculated resulting in the liability disclosed above.





## 20. Cash and short term deposits

	2015 \$'000	2014 \$'000
Cash at bank and on call	84,732	146,054
Short term deposits	117,559	25,329
	<b>202,291</b>	<b>171,383</b>

Cash at bank and on call attracts variable interest rates, whilst short term deposits attract fixed rates but mature and re-price over a short period of time. The weighted average interest rate at the balance sheet date is 1.21% (2014: 1.39%).

## 21. Trade and other payables

	2015 \$'000	2014 \$'000
Trade and other payables	5,196	7,374
Construction payables	3,913	19,477
Advanced rentals	25,801	35,182
Other payables	2,165	9,005
Current tax payable	5,217	3,286
Other tax payable	11,080	10,604
Head leases (note 24)	12	34
	<b>53,384</b>	<b>84,962</b>

## 22. Interest bearing loans and borrowings

	2015 \$'000	2014 \$'000
<b>Bank loans</b>		
Loans due for settlement within 12 months	104,724	55,252
Loans due for settlement after 12 months	814,021	837,429
	<b>918,745</b>	<b>892,681</b>
The Group's borrowings have the following maturity profile:		
On demand or within one year	104,724	55,252
In the second year	162,222	174,646
In the third to fifth years	527,861	406,066
After five years	123,938	256,717
	<b>918,745</b>	<b>892,681</b>

The amounts above include unamortised loan origination costs of \$11.3 million (2014: \$13.3 million) and interest accruals of \$2.3 million (2014: \$1.4 million).



The principal terms of the Group's interest bearing loans and borrowings on a weighted average basis are summarised below:

<b>As at 31 December 2015</b>	<b>Interest Rate</b>	<b>Maturity (years)</b>	<b>\$'000</b>
Secured on investment property and investment property under construction	7.2%	4.0	894,995
Unsecured facility of the Company	7.9%	4.7	23,750
			<b>918,745</b>

<b>As at 31 December 2014</b>	<b>Interest Rate</b>	<b>Maturity (years)</b>	<b>\$'000</b>
Secured on investment property and investment property under construction	6.9%	4.8	863,931
Unsecured facility of the Company	7.9%	5.7	28,750
			<b>892,681</b>

The interest rates shown above are the weighted average cost, including US LIBOR, as at the Balance Sheet dates.

During the year there were the following changes to the Group's financing arrangements:

The remaining \$39 million of the facility secured on the Noginsk project was drawn, as was a further \$27 million on the facility secured on the Nova Riga project.

On 21 August 2015, a two year extension was agreed on the facility secured on the Istra project, extending the maturity to April 2018.

The Group agreed and has drawn down in full a \$15 million facility secured on its Pulkovo project. The facility has a one year term.

The facility secured on the office block in St Petersburg was in breach of its debt service obligations during the year. In accordance with accounting standards, the amount outstanding of \$33 million has been moved to loans due for settlement within 12 months. However, as previously disclosed, this facility has been subject to a full cash sweep since December 2012 following a potential loan to value covenant breach that was subsequently waived. The cash sweep continues and no further action has been taken.

At 31 December the Group had no undrawn loan facilities available (2014: \$89 million).

The Group has entered into hedging arrangements in respect of its exposure to interest rates (note 19). \$212 million (2014: \$222 million) of Group bank borrowings have been swapped into fixed rates with one year remaining (2014: two years) at a weighted average swap rate of 1.44% (2014: 1.44%), \$456 million (2014: \$457 million) capped at 1.55% (2014: 1.52%) for two years (2014: three years) and \$260 million (2014: \$220 million) are fixed rate loans with a weighted average rate of 7.21% (2014: 7.14%) for four years (2014: five years). This gave a weighted average cost of debt to the Group of 7.3% (2014: 7.0%) at the year end.

The Group has entered into a two-year forward dated cap starting in April 2016 to extend the existing Istra hedging arrangement on expiry.



### 23. Preference shares

	2015 \$'000	2014 \$'000
<b>Authorised share capital:</b>		
400,000,000 (2014: 400,000,000) preference shares of 1p each	5,981	5,981
<b>Issued share capital:</b>		
At 1 January	164,300	172,205
Reissued / issued in the year	–	593
Premium on redemption of preference shares and amortisation of issue costs	614	650
Scrip dividends	643	935
Effect of foreign exchange rate changes	(8,999)	(10,083)
<b>At 31 December</b>	<b>156,558</b>	<b>164,300</b>
<b>Number of shares:</b>		
At 1 January	98,012,427	97,379,362
Reissued / issued in the year	–	258,197
Scrip dividends	315,590	374,868
<b>At 31 December</b>	<b>98,328,017</b>	<b>98,012,427</b>
Shares in issue	98,365,066	98,049,476
Held by the Company's Employee Benefit Trusts	(37,049)	(37,049)
<b>At 31 December</b>	<b>98,328,017</b>	<b>98,012,427</b>

The preference shares entitle the holders to a cumulative annual dividend of 12 pence per share.

Preference shares reissued are where the Company's Employee Benefit Trusts transfer preference shares previously acquired or subscribed to employees in accordance with the terms of the CBLTIS (see note 31b).

### 24. Other payables

	2015 \$'000	2014 \$'000
Rent deposits	28,932	30,249
Head leases	2,721	7,323
Other payables	–	23
	<b>31,653</b>	<b>37,595</b>

The Group has leasehold properties that it classifies as investment property and investment property under construction. Minimum lease payments due over the remaining term of the leases totalled \$8.5 million (2014: \$22.3 million) and have a present value at 31 December 2015, as reflected above and in note 21, of \$2.733 million (2014: \$7.357 million).



## 25. Deferred tax

(a) Deferred tax assets	Tax losses \$'000	Other \$'000	Total \$'000
Balance at 1 January 2014	48,402	(310)	48,092
Effect of foreign exchange rate changes	(23,723)	–	(23,723)
Charge for the year	11,104	293	11,397
<b>Balance at 31 December 2014</b>	<b>35,783</b>	<b>(17)</b>	<b>35,766</b>
Effect of foreign exchange rate changes	(7,750)	–	(7,750)
(Charge) / credit for the year	(2,554)	61	(2,493)
<b>Balance at 31 December 2015</b>	<b>25,479</b>	<b>44</b>	<b>25,523</b>

The Group has tax losses in Russia of \$417 million (2014: \$481 million) and tax losses in the UK of \$117 million (2014: \$119 million) for which deferred tax assets have not been recognised. The losses in Russia expire in 10 years (2014: 10 years) whilst the UK losses do not have an expiry date.

(b) Deferred tax liabilities	Accelerated tax allowances \$'000	Revaluation of investment property \$'000	Total \$'000
Balance at 1 January 2014	44,627	70,859	115,486
Effect of foreign exchange rate changes	(18,761)	–	(18,761)
Charge / (credit) for the year	8,002	(15,609)	(7,607)
<b>Balance at 31 December 2014</b>	<b>33,868</b>	<b>55,250</b>	<b>89,118</b>
Effect of foreign exchange rate changes	(7,158)	–	(7,158)
Charge / (credit) for the year	3,435	(29,776)	(26,341)
<b>Balance at 31 December 2015</b>	<b>30,145</b>	<b>25,474</b>	<b>55,619</b>

## 26. Share capital

	2015 \$'000	2014 \$'000
<b>Authorised ordinary share capital:</b>		
1,500,000,000 (2014: 1,500,000,000) ordinary shares of 1p each	27,469	27,469

	2015 \$'000	2014 \$'000
<b>Issued share capital:</b>		
At 1 January	13,623	13,876
Issued in the year for cash on warrant exercises (note 27)	7	21
Repurchased and cancelled in the year	(854)	(274)
<b>At 31 December</b>	<b>12,776</b>	<b>13,623</b>

	2015 Number	2014 Number
<b>Issued share capital:</b>		
At 1 January	737,598,353	753,379,368
Issued in the year for cash on warrant exercises (note 27)	457,589	1,281,506
Repurchased and cancelled in the year	(55,495,566)	(17,062,521)
<b>At 31 December</b>	<b>682,560,376</b>	<b>737,598,353</b>

Of the authorised ordinary share capital at 31 December 2015, 25,008,823 (2014: 25,466,412) are reserved for warrants. Details of own shares held are given in note 28.



## 27. Warrants

	2015 \$'000	2014 \$'000
At 1 January	1,195	1,279
Exercised in the year (note 26)	(28)	(84)
<b>At 31 December</b>	<b>1,167</b>	<b>1,195</b>

	2015 Number	2014 Number
At 1 January	25,466,412	26,747,918
Exercised in the year (note 26)	(457,589)	(1,281,506)
<b>At 31 December</b>	<b>25,008,823</b>	<b>25,466,412</b>

The Company has issued warrants, which entitle each holder to subscribe for ordinary shares in the Company at an exercise price of 25 pence per share. The warrants expire on 25 March 2019.

No warrants have been exercised in the period since 31 December 2015.

## 28. Own shares held

	2015 \$'000	2014 \$'000
At 1 January	(63,649)	(22,754)
Acquired under tender offers	–	(48,095)
Other acquisitions	(76)	(541)
Cancelled	3,692	600
Allocation to satisfy ERS options exercised (note 31a)	258	–
Allocation to satisfy LTIP options exercised (note 31a)	901	1,189
Allocation to satisfy CBLTIS awards vested (note 31b)	6,773	5,952
<b>At 31 December</b>	<b>(52,101)</b>	<b>(63,649)</b>

	2015 Number	2014 Number
At 1 January	49,048,873	22,199,776
Acquired under tender offers	–	35,000,000
Other acquisitions	98,040	449,014
Cancelled	(3,395,130)	(768,220)
Allocation to satisfy ERS options exercised (note 31a)	(237,146)	–
Allocation to satisfy LTIP options exercised (note 31a)	(828,515)	(1,272,447)
Allocation to satisfy CBLTIS awards vested (note 31b)	(6,229,528)	(6,559,250)
<b>At 31 December</b>	<b>38,456,594</b>	<b>49,048,873</b>

Allocations are transfers by the Company's Employee Benefit Trusts to settle bonus awards made in the year, CBLTIS awards that vest and to satisfy ERS and LTIP options exercised in the year following the vesting of the options. The amounts shown for share movements are net of the Trustees' participation in tender offers during the period from grant to exercise. Details of outstanding ERS and LTIP options, which are vested but unexercised, are given in note 31a.



## 29. Equity

The following describes the nature and purpose of each component within equity:

Component	Description and purpose
Share capital	The amount subscribed for ordinary share capital at nominal value.
Share premium	The amount subscribed for ordinary share capital in excess of the nominal value.
Warrants	The consideration attributed to the subscription of warrants less associated costs of issuance.
Own shares held	The cost to the Company of acquiring the own shares held by the Company and its subsidiary undertakings or Employee Benefit Trusts.
Capital reserve	The amount of any capital profits and losses, including gains and losses on the disposal of investment properties (after taxation), increases and decreases in the fair value of investment properties held at each period end, foreign exchange profits and losses on capital items, profits and losses on forward currency financial instruments relating to capital items and deferred taxation on the increase in fair value of investment properties.
Translation reserve	The amount of any gains or losses arising on the retranslation of net assets of overseas operations.
Retained earnings	The amount of any profit or loss for the year after payment of dividend, together with the amount of any equity-settled share-based payments, and the transfer of capital items described above. Retained earnings also includes distributable reserves created when in 2005 and 2006 the Company applied to the Royal Court of Guernsey to cancel its share premium at that time and create a reserve which is distributable.

## 30. Net asset value per share

	2015 \$'000	2014 \$'000
<b>Net asset value</b>	<b>465,042</b>	<b>697,289</b>
Goodwill	(2,245)	(2,375)
Goodwill in joint ventures	(5,134)	(5,431)
Deferred tax on revaluation gains (note 25b)	–	55,250
Unrealised foreign exchange losses on preference shares	4,956	13,955
Fair value of interest rate derivative financial instruments (note 19)	(2,289)	(3,856)
Fair value of embedded derivatives (note 19)	3,231	3,443
Fair value of foreign exchange derivative financial instruments (note 19)	(2,869)	(1,466)
<b>Adjusted net asset value</b>	<b>460,692</b>	<b>756,809</b>
Assuming exercise / vesting of all dilutive potential ordinary shares		
– Warrants (note 27)	9,215	9,927
– ERS (note 31)	–	–
– LTIP (note 31)	1,611	2,099
– CBLTIS (note 31)	–	–
– New CBLTIS (note 31)	–	–
<b>Adjusted fully diluted net asset value</b>	<b>471,518</b>	<b>768,835</b>
	2015	2014
Number of ordinary shares (note 26)	682,560,376	737,598,353
Less own shares held (note 28)	(38,456,594)	(49,048,873)
	644,103,782	688,549,480
Assuming exercise / vesting of all dilutive potential ordinary shares		
– Warrants (note 27)	25,008,823	25,466,412
– ERS (note 31)	75,000	325,000
– LTIP (note 31)	4,372,973	5,383,784
– CBLTIS (note 31)	–	7,401,158
– New CBLTIS (note 31)	2,993,670	–
<b>Number of ordinary shares assuming exercise of all potential ordinary shares</b>	<b>676,554,248</b>	<b>727,125,834</b>



	2015 \$	2014 \$
Net asset value per share	0.72	1.01
Fully diluted net asset value per share	0.70	0.98
Adjusted net asset value per share	0.72	1.10
Adjusted fully diluted net asset value per share	0.70	1.06

As the preference shares are considered to be capital for capital risk management (see note 34d) unrealised foreign exchange movements on these have been adjusted when calculating adjusted NAV per share. Following recent changes in Russian tax legislation the Group now accounts for deferred tax provisions on revaluation gains when calculating adjusted NAV per share. This assumes that assets would be sold on an individual basis rather than a sale of the Group as a whole.

The number of potential ordinary shares is the total number of ordinary shares assuming the exercise of all potential ordinary shares less those not expected to vest.

### 31. Share-based payments and other long term incentives

The Group utilises a number of different Share Schemes to reward and incentivise the Group's executives and senior staff. The Share Schemes operated in the year are as follows:

#### Executive Share Option Schemes ("ESOS")

The Group operates two ESOS, the Employee Retention Scheme ("ERS") and the Long Term Incentive Plan ("LTIP"). Both schemes involved the grant of options over the Company's ordinary shares by the Company's Employee Benefit Trusts. The ERS vested in full on the publication of the audited financial statements of the Company for the year ended 31 December 2010 and the ERS options do not have an exercise price. The LTIP options vested in three equal tranches, subject to performance criteria, on 24 March 2012, 2013 and 2014. The LTIP options have an exercise price of 25p per option and have vested in full. Both the ERS and LTIP schemes are closed and further awards cannot be made under either scheme. Awards made under the ERS and LTIP have been accounted for in accordance with the Group's accounting policy for Share-based payments.

#### Combined Bonus and Long Term Incentive Scheme 2012 to 2014 ("CBLTIS")

During 2012 the Group implemented the CBLTIS and contingent awards were made in respect of 14.3 million ordinary shares and 3.7 million preference shares and which cover the calendar years 2012 to 2014. The awards are subject to performance criteria linked to operating cash income. Awards in respect of ordinary shares are accounted for in accordance with the Group's accounting policy for Share-based payments. Awards to be settled by preference shares do not meet the criteria under IFRS for a share-based payment and are instead accounted for in accordance with IAS 19 - Employee Benefits.

#### Combined Bonus and Long Term Incentive Scheme 2015 to 2017 ("New CBLTIS")

During 2015, the Group implemented the New CBLTIS. Contingent awards were made in respect of 35 million ordinary shares, which cover the calendar years 2015 to 2017. The awards are subject to performance criteria; three quarters of the award have performance conditions linked to operating cash flows and the remainder have a share price target. The awards made have been accounted for in accordance with the Group's accounting policy for share-based payments.

(a) Movements in Executive Share Option Schemes	2015		2014	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the period	5,708,784	24p	7,037,613	24p
Exercised during the year				
– ERS	(250,000)	0p	–	0p
– LTIP	(1,010,811)	25p	(1,328,829)	25p
<b>Outstanding at the end of the period</b>	<b>4,447,973</b>	<b>25p</b>	<b>5,708,784</b>	<b>24p</b>
Represented by:				
– ERS	75,000		325,000	
– LTIP	4,372,973		5,383,784	
	<b>4,447,973</b>		<b>5,708,784</b>	
<b>Exercisable at the end of the period</b>	<b>4,447,973</b>	<b>25p</b>	<b>5,708,784</b>	<b>24p</b>

The weighted average remaining contractual life of options was 2 years (2014: 3 years).



<b>(b) Movements in Combined Bonus and Long Term Incentive Scheme 2012 to 2014 Awards</b>	<b>2015 No. of award shares</b>	<b>2014 No. of award shares</b>
<b>Awards of ordinary shares:</b>		
Outstanding at the beginning of the period	7,401,158	14,201,085
Granted during the year	–	–
Lapsed during the year	–	(45,259)
Vested during the year	(7,401,158)	(6,754,668)
<b>Outstanding at the end of the period</b>	<b>–</b>	<b>7,401,158</b>
<b>Awards of preference shares:</b>		
Outstanding at the beginning of the period	–	314,906
Granted during the year	–	–
Lapsed during the year	–	–
Vested during the year	–	(314,906)
<b>Outstanding at the end of the period</b>	<b>–</b>	<b>–</b>
<b>(c) Movements in Combined Bonus and Long Term Incentive Scheme 2015 to 2017 Awards</b>		
	<b>2015 No. of award shares</b>	<b>2014 No. of award shares</b>
<b>Awards of ordinary shares:</b>		
Outstanding at the beginning of the period	–	–
Granted during the year	34,800,000	–
Lapsed during the year	–	–
Vested during the year	–	–
<b>Outstanding at the end of the period</b>	<b>34,800,000</b>	<b>–</b>
<b>(d) Income Statement charge for the year</b>		
	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Expense attributable to ERS and LTIP awards in prior periods	–	136
Combined Bonus and Long Term Incentive Scheme 2012 to 2014 awards	(39)	2,218
Combined Bonus and Long Term Incentive Scheme 2015 to 2017 awards	3,633	–
	<b>3,594</b>	<b>2,354</b>
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	3,594	2,425
Preference shares (IAS 19 expense)	–	(71)
	<b>3,594</b>	<b>2,354</b>





The fair values at grant of the Combined Bonus and Long Term Incentive Scheme 2015 to 2017 awards were assessed using valuation models. Details of the fair values, models used and key inputs thereto are set out in the table below:

	Tranche with operating cash flow targets	Tranche with share price target
Fair value at grant date	62p	18p
Expected volatility	26%	27%
Risk free rate	1.05%	1.51%
Dividend yield	0%	0%
Model used	Black Scholes	Monte Carlo

### 32. Capital commitments

The Group has committed to fund the construction of certain additional investment property. At 31 December 2015, \$2.6 million of funding was required (2014: \$3.0 million), excluding VAT.

### 33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Further disclosures concerning transactions with the Company's directors are made in the Remuneration Report and note 6. There are no loan balances with directors.

<i>Remuneration of Directors and other key management personnel</i>	2015 \$'000	2014 \$'000
Short term employee benefits	6,287	4,613
Post employment benefits	322	341
Share-based payments and other long term incentives	2,582	2,181
	<b>9,191</b>	<b>7,135</b>

### 34. Financial instruments – risk management

The Group's activities expose it to a variety of financial risks in relation to the financial instruments it uses: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and short term deposits, trade and other payables, borrowings, preference shares and derivative financial instruments.

Risk management parameters are established by the Board on a project by project basis and overseen by management in conjunction with professional advisers. Reports are provided to the Board formally on a weekly basis and also when authorised changes are required.

#### (a) Market risk

##### Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from a variety of currency exposures, primarily with respect to US Dollars, Sterling and Russian Rouble. Foreign exchange risk arises from future commercial transactions (including lease receivables), recognised monetary assets and liabilities and net investments in foreign entities.

The majority of the Group's transactions are denominated in US Dollars, which is also the reporting currency for the Group. The functional currency of the Company is Sterling, however the functional currencies of the Company's subsidiaries vary. The analysis that follows considers the impact of Russian Rouble and Sterling on the Group.

##### Russian Rouble

The rapid depreciation of the Rouble since November 2014 has heightened the Group's currency risk. New leases are now predominantly Rouble denominated rather than pegged to US Dollars, which will increase the Group's foreign currency risk when servicing US Dollar denominated debt.

The Group holds sufficient Rouble currency to cover Rouble denominated overheads and any future construction cost commitments.

The weak Rouble also has an impact on property values as explained in note 13 to the accounts and increased credit risk as explained below.

##### Sterling

The Group's exposure to Sterling is primarily driven by the Sterling denominated preference shares and the related quarterly preference dividends, but also head office costs and ordinary share distributions. Whilst there are no Sterling foreign exchange gains and losses arising in the parent company itself, in preparing the group financial statements these Sterling amounts are translated to the Group's US Dollar presentation currency and the resulting exchange gains and losses are included in the translation reserve.



The table below summarises the currency in which the Group's financial instruments are denominated:

As at 31 December 2015	US Dollar \$'000	Sterling \$'000	Russian Rouble \$'000	Other \$'000	Total \$'000
<b>Non-current assets</b>					
Loans receivable	–	606	–	–	606
Security deposits	2,391	–	–	–	2,391
Derivative financial instruments	2,900	2,685	–	–	5,585
<b>Current assets</b>					
Trade receivables	32,519	6	6,157	–	38,682
Security deposits	2,041	–	–	–	2,041
Derivative financial instruments	49	184	–	–	233
Other current receivables	–	76	126	–	202
Cash and short term deposits	155,996	14,286	28,771	3,238	202,291
	<b>195,896</b>	<b>17,843</b>	<b>35,054</b>	<b>3,238</b>	<b>252,031</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	814,021	–	–	–	814,021
Preference shares	–	156,558	–	–	156,558
Derivative financial instruments	210	–	1,584	–	1,794
Rent deposits	27,366	–	1,126	440	28,932
Other payables	–	–	2,721	–	2,721
<b>Current liabilities</b>					
Interest bearing loans and borrowings	104,724	–	–	–	104,724
Derivative financial instruments	413	–	1,684	–	2,097
Rent deposits	6,676	–	151	–	6,827
Other payables	–	1,814	4,254	22	6,090
	<b>953,410</b>	<b>158,372</b>	<b>11,520</b>	<b>462</b>	<b>1,123,764</b>



As at 31 December 2014	US Dollar \$'000	Sterling \$'000	Russian Rouble \$'000	Other \$'000	Total \$'000
<b>Non-current assets</b>					
Loans receivable	–	1,029	–	–	1,029
Security deposits	4,596	–	–	–	4,596
Restricted cash	10,640	–	15,689	–	26,329
Derivative financial instruments	5,819	1,034	–	–	6,853
<b>Current assets</b>					
Trade receivables	33,116	10	3,333	–	36,459
Derivative financial instruments	–	432	–	–	432
Other current receivables	–	71	703	4	778
Cash and short term deposits	116,502	11,070	38,632	5,179	171,383
	<b>170,673</b>	<b>13,646</b>	<b>58,357</b>	<b>5,183</b>	<b>247,859</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	837,429	–	–	–	837,429
Preference shares	–	164,300	–	–	164,300
Derivative financial instruments	1,963	–	2,190	–	4,153
Rent deposits	28,373	–	1,281	595	30,249
Other payables	23	–	7,323	–	7,346
<b>Current liabilities</b>					
Interest bearing loans and borrowings	55,252	–	–	–	55,252
Derivative financial instruments	–	–	1,253	–	1,253
Rent deposits	8,053	–	14	–	8,067
Other payables	–	2,354	25,600	22	27,976
	<b>931,093</b>	<b>166,654</b>	<b>37,661</b>	<b>617</b>	<b>1,136,025</b>

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated, for example a change in interest rate and a change in foreign currency exchange rates. The Group principally manages foreign currency risk on a project by project basis. The sensitivity analysis prepared by management of foreign currency risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below shows the impact on consolidation if the US Dollar weakened or strengthened by 10% against the Russian Rouble or Sterling, with all other variables in each case remaining constant, then:

	2015 \$'000	2014 \$'000
<b>Post tax profit or loss would change by:</b>		
Russian Rouble	412	1,435
Sterling	10,502	4,358
<b>Net asset value would change by:</b>		
Russian Rouble	2,355	635
Sterling	11,184	7,512

The majority of sterling sensitivity relates to the retranslation of the value of irredeemable preference shares.



Accounting standards also require disclosure of monetary assets and liabilities that are denominated in currencies different from the functional currency of the specific subsidiary or entity in the Group. These are set out in the tables below.

<b>As at 31 December 2015</b>	<b>US Dollar \$'000</b>	<b>Sterling \$'000</b>	<b>Russian Rouble \$'000</b>	<b>Other \$'000</b>
<b>Current assets</b>				
Trade receivables	5,257	–	–	–
Cash and short term deposits	128,769	–	–	2,508
	<b>134,026</b>	<b>–</b>	<b>–</b>	<b>2,508</b>
<b>Current liabilities</b>				
Interest bearing loans and borrowings	5,020	–	–	–
Rent deposits	6,676	–	–	–
	<b>11,696</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	18,466	–	–	–
Rent deposits	27,366	–	–	–
	<b>45,832</b>	<b>–</b>	<b>–</b>	<b>–</b>

<b>As at 31 December 2014</b>	<b>US Dollar \$'000</b>	<b>Sterling \$'000</b>	<b>Russian Rouble \$'000</b>	<b>Other \$'000</b>
<b>Current assets</b>				
Trade receivables	3,070	–	–	–
Cash and short term deposits	72,333	–	–	5,251
	<b>75,403</b>	<b>–</b>	<b>–</b>	<b>5,251</b>
<b>Current liabilities</b>				
Interest bearing loans and borrowings	5,000	–	–	–
Rent deposits	8,053	–	–	–
	<b>13,053</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	23,750	–	–	–
Rent deposits	28,373	–	–	–
	<b>52,123</b>	<b>–</b>	<b>–</b>	<b>–</b>

The Group's interest rate risk arises from long-term borrowings (note 22), which include preference shares issued (note 23). Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at a fixed rate expose the Group to fair value risk. The Group's cash flow and fair value risk is reviewed monthly by the Board. The cash flow and fair value risk is approved monthly by the Board.

The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an on-going basis to verify that the maximum potential impact is within the parameters expected by management. Formal reporting to the Board on cash flows is made on a monthly basis.

To date the Group has sought to fix its exposure to interest rate risk on borrowings through fixed rate debt facilities, the use of a variety of interest rate derivatives and the issue of preference shares at a fixed coupon. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an accumulated unrealised loss of \$10.6 million at 31 December 2015 (2014: loss of \$7.9 million).



Sensitivity analysis on the Group's interest rate borrowings, net of interest bearing deposits, indicate that a 1% increase in LIBOR rates would increase the loss for the year and decrease net assets by \$2.0 million (2014: \$2.2 million). If LIBOR rates were to drop to zero then there would be a decrease in the loss for the year and an increase in net assets of \$2.8 million (2014: increase of \$0.7 million) as the loss on income from cash would be greater than gains on interest expense because of the low LIBOR rates prevailing at this time and the interest rate hedges in place.

### (b) Credit risk

The Group's principal financial assets are cash and short term deposits, trade and other receivables and derivative financial instruments.

Credit risk associated with the Group's trade and other receivables has increased during the year. The Group historically transacted with tenants using US Dollar pegged leases, passing foreign exchange risk on to the tenant in exchange for lower US CPI indexation. The rapid weakening of the Rouble has meant that the foreign exchange risk carried by tenants has increased significantly. This may result in some tenants struggling to meet rental obligations. The Group has policies in place to ensure that rental contracts are made with tenants meeting appropriate Balance Sheet covenants, supplemented by rental deposits or bank guarantees from international banks. No significant doubtful receivables existed at the year end and the amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables concerned. Details of the movements in provision for impairment of trade receivables is provided in the table below.

	2015 \$'000	2014 \$'000
At 1 January	591	377
Charge for the year	3,720	214
Utilised in the year	–	–
Unused amounts reversed	–	–
<b>At 31 December</b>	<b>4,311</b>	<b>591</b>

At 31 December 2015 there were no significant amounts of unimpaired trade receivables that were past due for collection (2014: \$ nil).

The Group has VAT recoverable of \$7.5 million (2014: \$16 million). The timing of recovery of these balances is subject to future revenue receipts and application to the Russian Courts. The Group forecasts the recovery of these balances based upon the timing of future revenue receipts and its experience of successful application to the Russian Courts. No balances are considered past due or impaired at 31 December 2015 (2014: \$ nil) based upon this assessment of the timing of future cash receipts. The Group believes its only exposure is in relation to the timing of recovery.

The credit risk of the Group's cash and short term deposits and derivative financial instruments is limited to the Group's policy of monitoring counterparty exposures.

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board and its advisers seek to have appropriate credit facilities in place on a project by project basis, either from available cash resources or from bank facilities.

Management monitor the Group's liquidity position on a daily basis and formal liquidity reports are issued from all jurisdictions on a weekly basis and are reviewed monthly by the Board, along with cash flow forecasts. A summary table with maturity of financial liabilities is presented below.

All amounts shown are gross undiscounted cash flows.

### Financial liabilities

As at 31 December 2015	Total \$'000	Current \$'000	Year 2 \$'000	Years 3 to 5 \$'000	Years 6 to 10 \$'000
Interest bearing loans and borrowings	1,136,455	167,551	214,778	613,384	140,742
Preference shares	173,977	17,398	17,398	52,193	86,988
Derivative financial instruments	3,891	2,097	284	1,510	–
Head leases	2,083	208	208	625	1,042
Trade and other payables	41,850	12,917	6,521	19,007	3,405
	<b>1,358,256</b>	<b>200,171</b>	<b>239,189</b>	<b>686,719</b>	<b>232,177</b>

**Financial liabilities**

As at 31 December 2014	Total \$'000	Current \$'000	Year 2 \$'000	Years 3 to 5 \$'000	Years 6 to 10 \$'000
Interest bearing loans and borrowings	1,184,565	124,394	234,590	531,967	293,614
Preference shares	183,468	18,347	18,347	55,040	91,734
Derivative financial instruments	5,406	1,253	-	4,153	-
Head leases	5,617	562	562	1,685	2,808
Trade and other payables	66,294	36,044	7,395	14,756	8,099
	<b>1,445,350</b>	<b>180,600</b>	<b>260,894</b>	<b>607,601</b>	<b>396,255</b>

Details of the interest rates applicable to the Group's long term borrowings and preference shares are given in notes 22 and 23. The Group is subject to interest costs in perpetuity in respect of preference shares, which have no contractual maturity date. The table above does not show cash flows beyond 10 years.

The Group monitors its risk to a shortage of funds by forecasting cash flow requirements for future years. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowing facilities, bank loans and equity fund raisings.

**Fair values**

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments in the financial statements.

	2015		2014	
	Carrying Value \$'000	Fair Value \$'000	Carrying Value \$'000	Fair Value \$'000
<b>Non-current assets</b>				
Loans receivable	606	567	1,029	958
Security deposits	2,391	2,391	4,596	4,596
Restricted cash	-	-	26,329	26,329
Derivative financial instruments	5,585	5,585	6,853	6,853
<b>Current assets</b>				
Trade receivables	38,683	38,683	36,459	36,459
Security deposits	2,041	2,041	-	-
Other current receivables	202	202	778	778
Derivative financial instruments	233	233	432	432
Cash and short term deposits	202,291	202,291	171,383	171,383
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	814,021	623,340	837,429	593,480
Preference shares	156,558	184,705	164,300	183,467
Derivative financial instruments	1,794	1,794	4,153	4,153
Rent deposits	28,932	21,999	30,249	22,736
Other payables	2,721	2,721	7,346	7,346
<b>Current liabilities</b>				
Interest bearing loans and borrowings	104,724	104,724	55,252	55,252
Derivative financial instruments	2,097	2,097	1,253	1,253
Rent deposits	6,827	6,827	-	-
Other payables	6,090	6,090	27,977	27,977

The fair values of loans receivable and borrowings have been calculated based on a discounted cash flow model using a discount rate based on the Group's weighted average cost of capital. The valuation technique falls within level 3 of the fair value hierarchy (see note 35 for definition). The fair value of short term deposits, other assets, trade and other receivables, trade and other payables is assumed to approximate to their book values. The fair value of preference shares is assumed to be their last quoted price, which is considered to be level 1 of the fair value hierarchy. The fair value of derivatives is determined by a model with market based inputs.



#### (d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital risk management, the Directors consider both the ordinary and preference shares to be permanent capital of the Company, with similar rights as to cancellation.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, under take tender offers, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in its industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities but excluding provisions, head lease obligations and preference shares, which for capital risk management is considered to be capital rather than debt, less cash and short term deposits. Total capital is calculated as equity, as shown in the balance sheet, plus preference shares and net debt. Where the Group has a net cash position, the gearing ratio will be zero.

	2015 \$'000	2014 \$'000
Non-current liabilities	900,366	960,972
Current liabilities	160,193	141,433
Total borrowings	1,060,559	1,102,405
Less: cash and short term deposits	202,291	171,383
<b>Net debt</b>	<b>858,268</b>	<b>931,022</b>
Equity	465,042	697,289
Preference shares	156,558	164,300
<b>Total capital</b>	<b>1,479,868</b>	<b>1,792,611</b>
<b>Gearing ratio</b>	<b>58.00%</b>	<b>51.94%</b>

### 35. Fair value measurement

The following table provides the fair value measurement hierarchy\* of the Group's assets and liabilities.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
<b>As at 31 December 2015</b>				
<b>Assets measured at fair value</b>				
Investment property	–	–	1,333,987	1,333,987
Investment property under construction	–	–	39,129	39,129
Derivative financial instruments	–	5,818	–	5,818
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	–	3,891	–	3,891
<b>As at 31 December 2014</b>				
<b>Assets measured at fair value</b>				
Investment property	–	–	1,593,684	1,593,684
Investment property under construction	–	–	47,958	47,958
Derivative financial instruments	–	7,285	–	7,285
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	–	5,406	–	5,406



\* Explanation of the fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities that can be accessed at the balance sheet date.

Level 2 - Use of a model with inputs that are directly or indirectly observable market data.

Level 3 - Use of a model with inputs that are not based on observable market data.

The Group's foreign currency derivative financial instruments are call options and are measured based on spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. The Group's interest rate derivative financial instruments comprise swap contracts and interest rate caps. These contracts are valued using a discounted cash flow model and where not cash collateralised consideration is given to the Group's own credit risk.

There have been no transfers between level 1 and level 2 during the year or the prior year.

### 36. Subsequent events

There have been no subsequent events.

### 37. Operating lease arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases, which are discussed in detail in the Strategic Report and note 13. At the Balance Sheet date the Group had contracted with tenants for the following future minimum lease payments:

	2015 \$'000	2014 \$'000
Within one year	136,416	172,108
In the second year	113,410	142,252
In the third to fifth year (inclusive)	208,901	252,843
After five years	59,127	79,540
	<b>517,854</b>	<b>646,743</b>





# ADVISERS

## **Registered Office:**

P.O. Box 522  
Second Floor  
La Vieille Cour  
La Plaiderie  
St. Peter Port  
Guernsey  
GY1 6EH

## **Joint Broker & Joint Financial Adviser:**

Nplus1 Singer Advisory LLP  
One Hanover Street  
London  
W1S 1AX

## **Joint Broker:**

Barclays Bank plc  
5 North Colonnade  
London  
E14 4BB

## **Joint Financial Adviser:**

Kinmont Limited  
5 Clifford Street  
London  
W1S 2LG

## **Principal Bankers:**

Royal Bank of Scotland International  
P.O. Box 62  
2nd Floor  
Royal Bank Place  
1 Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 4BQ

## **UK Solicitors:**

Berwin Leighton Paisner  
Adelaide House  
London Bridge  
London  
EC4R 9HA

## **Guernsey Advocates:**

Carey Olsen  
Carey House  
Les Banques  
St. Peter Port  
Guernsey  
GY1 4BZ

## **Company Secretary:**

Benn Garnham

## **Valuer:**

Jones Lang LaSalle  
2 Letnikovskaya St.  
Bldg. 1  
Business centre Vivaldi Plaza  
Moscow

## **Registrars:**

Capita Registrars (Guernsey) Limited  
Mont Crevelt House  
Bulwer Avenue  
St. Sampson  
Guernsey  
GY2 4LH

## **UK Transfer Agent:**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## **Independent Auditors:**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF



# ENQUIRIES

**Raven Russia Limited****Tel: + 44 (0) 1481 712955**

Anton Bilton  
Glyn Hirsch

---

**Novella Communications****Tel: +44 (0) 203 151 7008**

Tim Robertson  
Ben Heath

---

**Nplus1 Singer****Tel: +44 (0) 20 7496 3000**

Corporate Finance - James Maxwell / Liz Yong  
Sales - Alan Geeves / James Waterlow

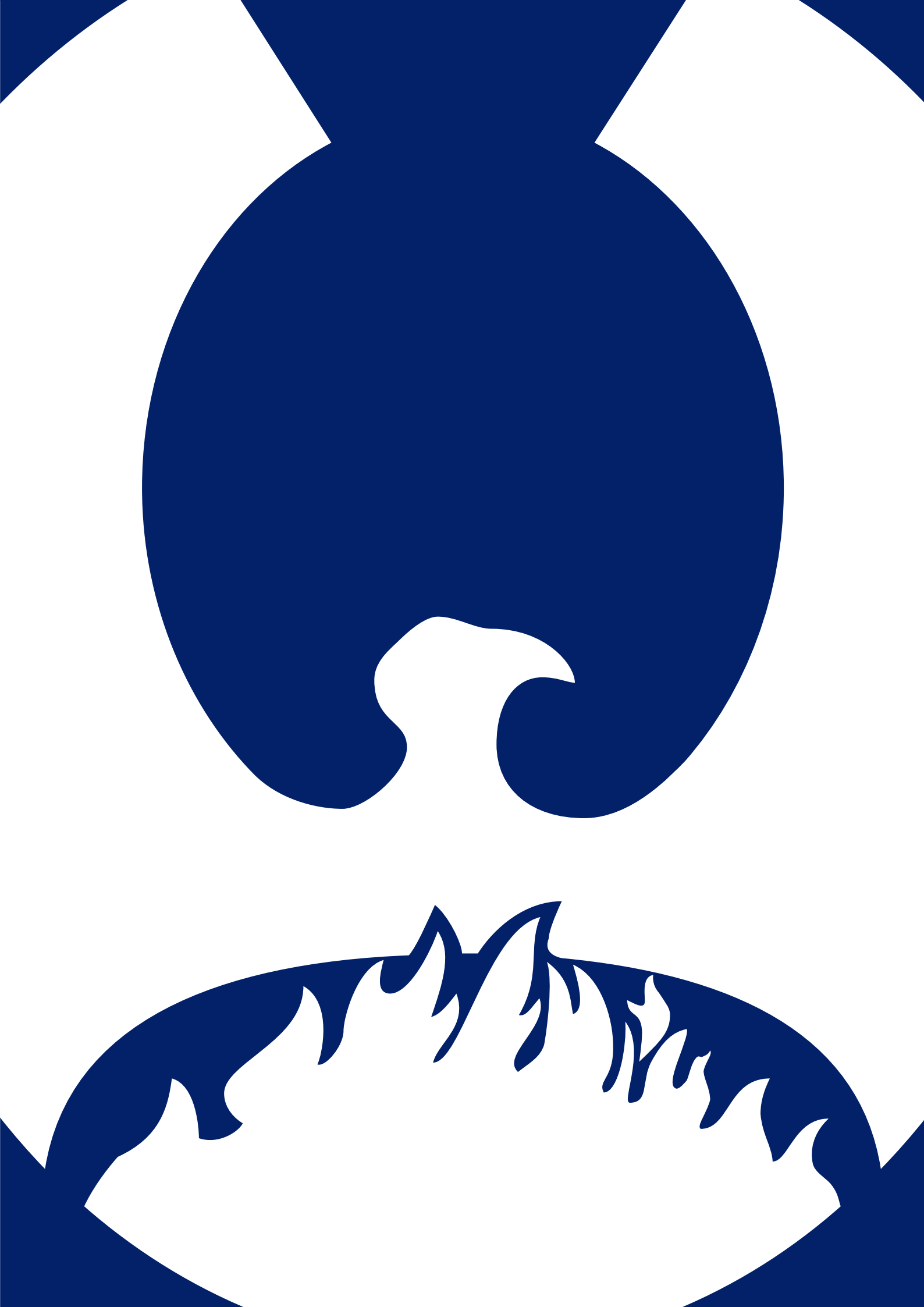
---

**Barclays Bank Plc****Tel: +44 (0) 20 7623 2323**

Tom Boardman / Tom Macdonald

---







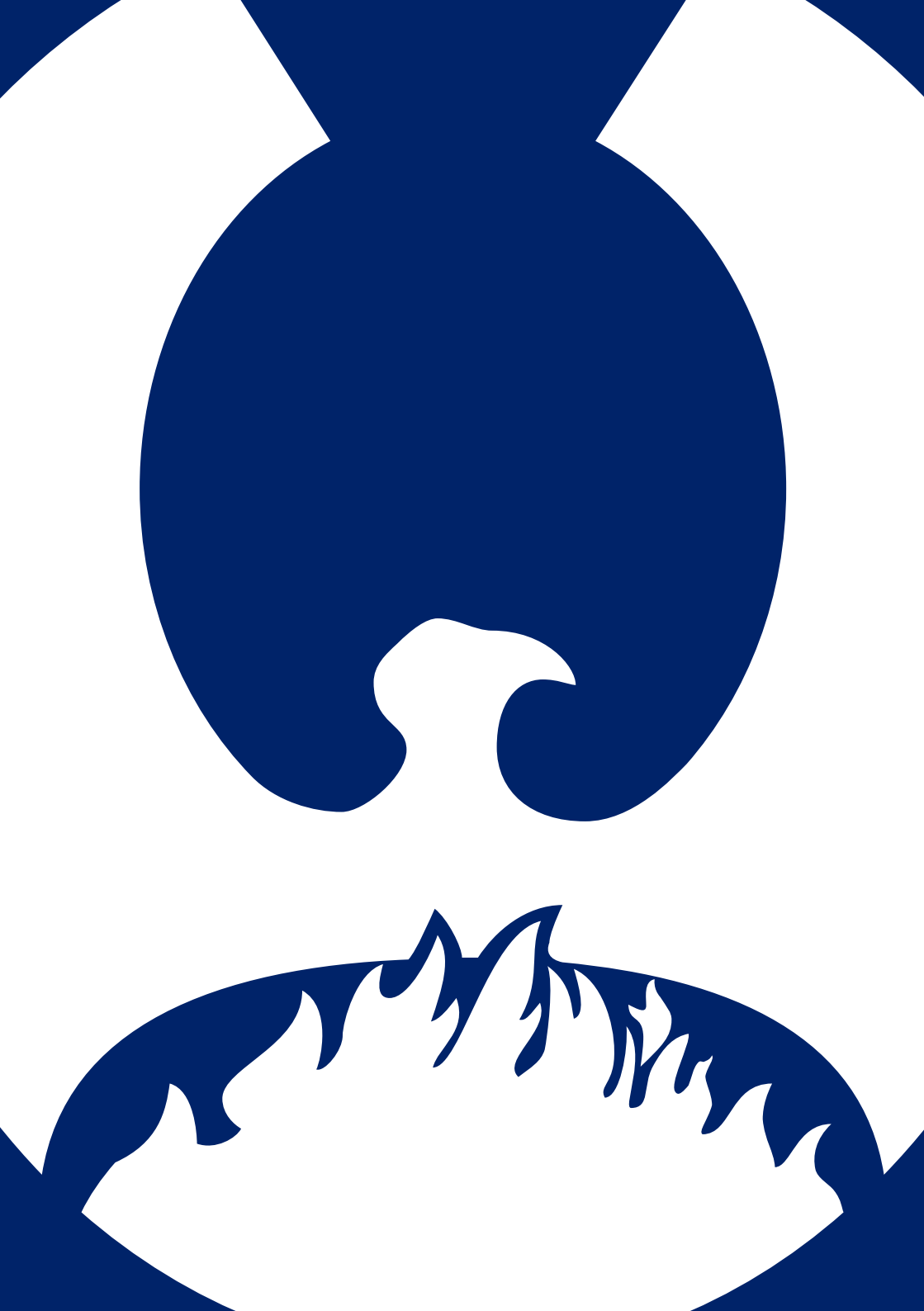
**RAVEN RUSSIA LIMITED**  
**[www.ravenrussia.com](http://www.ravenrussia.com)**

**Registered Office**  
**P.O. Box 522, Second Floor, La Vieille Cour, La Plaiderie, St. Peter Port, Guernsey, GY1 6EH**



**RAVEN RUSSIA LIMITED**

**2015 Interim Report**





**RAVEN RUSSIA LIMITED**  
**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

# CONTENTS

	PAGE
Highlights	2
Chairman's Message	3
Chief Executive's Review	4
Corporate Governance	6
Independent Review Report	8
Condensed Unaudited Group Income Statement	9
Condensed Unaudited Group Statement of Comprehensive Income	10
Condensed Unaudited Group Balance Sheet	11
Condensed Unaudited Group Statement of Changes in Equity	12
Condensed Unaudited Group Cash Flow Statement	13
Notes to the Condensed Unaudited Group Financial Statements	14





# HIGHLIGHTS

- IFRS loss after tax of \$20.6 million (30 June 2014: profit of \$45.3 million);
- Underlying earnings after tax down 10% to \$34.5 million;
- Revaluation deficit on property portfolio of \$51 million;
- Investment portfolio 89% let;
- Cash balance of \$247 million today;
- Basic underlying earnings per share down 4% to 5.04 cents;
- Adjusted diluted net asset value per share down 4% to 102 cents;
- Proposed distribution of 1p by way of tender offer buy back of 1 in 47 shares at 47p.

**Glyn Hirsch CEO said,** "We have adopted a defensive strategy in the light of the difficult economic conditions we are facing. Our emphasis is on cash-flow and long term security."

## Financial Summary

<b>Income Statement for the 6 months ended:</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
Net rental and related income (\$m)	95.45	97.78
Revaluation (deficit) / surplus (\$m)	(50.77)	20.44
IFRS (loss) / earnings after tax (\$m)	(20.61)	45.27
Underlying earnings after tax (\$m)	34.48	38.22
IFRS basic EPS (cents)	(3.01)	6.21
Underlying basic EPS (cents)	5.04	5.24
Distribution per share (pence)	1.00	2.50

<b>Balance Sheet at:</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Investment property market value (\$m)	1,551	1,613
Adjusted diluted NAV per share (\$)	1.02	1.06
IFRS diluted NAV per share (\$)	0.95	0.98

## Letting Summary

The completed logistics portfolio of 1.5 million sqm is 89% let. The table below shows the progress on the renegotiation and extension of near term lease maturities in the six months to 30 June 2015.

<b>Maturities, '000 sqm</b>	<b>2015</b>	<b>2016</b>	<b>2017-2018</b>	<b>2019-2023</b>
Maturities at 1 January 2015	140	323	309	564
Renegotiated and extended	79	84	13	-
To be negotiated	11	205	296	564
Vacated, of which:	50	34	-	-
Re-let	-	15	-	-
Still vacant	50	19	-	-



# CHAIRMAN'S MESSAGE

The six months ended 30 June 2015 have remained challenging operationally although we have generated underlying profits of \$34.5 million (30 June 2014: \$38.2 million) in the period. Given the continuing sanctions and poor economic conditions caused by the weak oil price and Rouble, this is a satisfactory result.

We continue to negotiate with tenants and have made good progress on the extension of leases maturing in 2015 and 2016. We are currently 89% let and we have a free cash balance of \$247 million at today's date.

However, we recognise that the impact of the various macroeconomic events over the last 12 months is not yet fully reflected in our results.

We are acting on the basis that a low oil price and Rouble is the "new normal". We are ensuring that we remain in a strong financial position to deal with the inevitable impact on earnings and cash flow this would have over the coming 18 months.

In light of this and reflecting our continuing cautious stance, we intend to distribute the equivalent of 1p per share (30 June 2014: 2.5p per share) by way of a tender offer buy back of 1 in 47 shares at 47p per share.

The executive and management teams continue to do all that they can to secure the long term income from the portfolio in a turbulent market and, with the oil price and the Rouble continuing to fall this week, it is unlikely that we will see any respite in the coming year.

**Richard Jewson**

Chairman

26 August 2015



# CHIEF EXECUTIVE'S REVIEW

## Results

The first half of the year has been frustrating. Our underlying results have reduced by 10% in the period but this has been a significant achievement given all of the economic factors acting against us.

Our IFRS loss after tax for the six months was \$20.6 million (30 June 2014: profit of \$45.3 million) following an unrealised loss on revaluation of investment properties of \$50.8 million (30 June 2014: surplus of \$20.4 million). The value of our completed investment portfolio has fallen, principally as a result of weaker market rents driven by the weak Rouble.

Underlying earnings after tax for the six months to 30 June 2015 were \$34.5 million (30 June 2014: \$38.2 million) giving basic underlying earnings per share of 5.0 cents (30 June 2014: 5.2 cents). Net operating and related income was \$95.5 million (30 June 2014: \$97.8 million). Income from investment properties remained stable at \$90 million (30 June 2014: \$89.1 million) but the contribution from our subsidiaries declined from \$8.7 million to \$5.5 million.

The completed portfolio comprises 1.5 million square metres ("sqm") of space and is 89% let, generating annualised net operating income of \$188 million at 30 June 2015 (30 June 2014: \$192 million). The reduction in annualised net operating income reflects the rebasing of maturing leases in the period to the current lower market rental levels.

Our focus continues to be on the renegotiation of near term, maturing leases. The majority of the 140,000sqm of leases maturing in 2015 and 37% of the 323,000sqm maturing in 2016 had been renegotiated by 30 June 2015. This resulted in 84,000sqm of additional vacant space, 15,000sqm of which had been re-let by 30 June 2015.

Most of the remaining maturities in 2016 relate to six tenants and we are in discussion with all of these on renewal terms. Letters of intent have been signed on the extension of a further 28,000sqm of 2016 maturities since 30 June 2015.

As I said at the year end, we will continue to work with tenants who have longer lease maturities and may be in difficulties as a result of the Rouble depreciation but who also recognise it is a reciprocal arrangement. All lease negotiations also have to be undertaken in the context of existing banking covenants.

We are, in limited circumstances, contracting with tenants in Roubles for lease extensions where this is balanced by other contractual terms such as lease length, annual indexation and tenant covenant. At 30 June 2015, 7% of the warehouse portfolio had annualised net operating income denominated in Roubles with Rouble linked annual indexation. The average Rouble rent for these leases is 5,000 Roubles per sqm with a minimum weighted average indexation of 8% per annum. A further 7% is denominated in US Dollars but with Rouble caps and collars.

The weighted average term of the Rouble leases is just over two years, allowing a rebase to US Dollars if the market has stabilised at maturity. The majority of caps run for one year.

The effect of all of these negotiations is not yet properly reflected in our results but will impact as our average rent moves towards current market levels on lease maturities. The drop in oil price and further decline in the Rouble in the last week does not help matters.

We are not currently engaged in any construction, we had 166,000sqm of vacant space at 30 June 2015, 52,000sqm of which is new space completed at Nova Riga in Moscow at the end of last year.

Fully diluted adjusted net asset value per share has decreased from 106 cents at 31 December 2014 to 102 cents. Cash balances at 30 June 2015 were \$221 million and are \$247 million at today's date (representing 36 cents per share).



## Financing

During the six months to 30 June 2015, the Group has drawn on existing facilities secured on the Nova Riga and Noginsk projects, generating a further \$66 million of funds. The weighted average cost of debt remains at 7% (31 December 2014: 7%) and the weighted average term to maturity on debt was 4.3 years at 30 June 2015 (31 December 2014: 4.8 years).

Since 30 June 2015, a facility agreement for a two year extension on borrowings secured on the Istra project has been signed, extending the maturity to April 2018. This accounts for \$125 million of the bank loans due for settlement within 12 months at 30 June 2015. Similar discussions are underway on the facility secured on the Pushkino project, maturing in April 2017, which would extend the maturity to April 2019.

The facility secured on the Konstanta office asset in St Petersburg remains on cash sweep as explained in note 9 to the Interim Results.

## Foreign exchange

As the Rouble exchange rate with the US Dollar began and ended the six month period at similar levels, there was no significant movement in foreign exchange in balance sheet terms. In comparison to the first six months of 2014, the significant drop in the average Rouble rate has reduced the US Dollar equivalent income of Roslogistics, the Group's wholly owned subsidiary, with contribution in the period dropping from \$7.2 million to \$4.1 million due solely to the exchange rate movement.

The increase in Rouble denominated rents has also changed our foreign exchange risk profile. However the link to Russian CPI for indexation purposes gives some protection against further Rouble weakening during the lease term. A strengthening of the Rouble over the lease term would generate commensurate upside.

## Cash flow

With no significant construction costs, the release of \$25 million of restricted cash on the conclusion of the litigation against CJSC Toros and the additional funds drawn on existing bank facilities, the Group generated \$46 million of cash in the period. This was after \$32 million of shares bought back and cancelled and \$9 million of preference share coupon paid.

## Tender offer

We propose to distribute income by way of a tender offer buy back and intend to pay the equivalent of 1p per share by way of an offer of 1 in 47 shares at 47p (30 June 2014: 2.5p by way of an offer of 1 in 30 shares at 75p). Shareholders will be permitted to over tender if they so wish. This will result in a maximum cash distribution of \$10.9 million (30 June 2014: \$30.5 million) at today's exchange rate.

## Outlook

We have adopted a defensive strategy in the light of the difficult economic conditions we are facing. Our emphasis is on cash flow and long term security.

Our business is proving resilient to these difficult conditions, whilst rents remain depressed. We still believe that there exists a structural under supply of quality logistics property in Russia and the retail sector continues to expand.

Despite the difficult market, we have high occupancy levels, high cash balances and secure financing. We are confident that when market conditions stabilise we will be able to capitalise on our market leading position and re-establish our forward momentum.

## Glyn Hirsch

Chief Executive Officer

26 August 2015



# CORPORATE GOVERNANCE

## **Principal risks and uncertainties**

Internal controls and an effective risk management regime are integral to the Group's continued operation. The assessment of risks faced by the Group is set out in the Risk Report on pages 34 to 39 of the Group's 2014 Annual Report. The principal risks and uncertainties to which the Group is subject have remained consistent with those at the 2014 year end, dominated by the impact of oil prices on the Rouble exchange rate. The recent downward pressure on oil prices with the rapid depreciation of the Rouble since 30 June 2015 increases credit risk for the Group and will apply further pressure to market rental levels.

A summary of the principal risks and uncertainties are as follows:

### **Russian Political and Economic Risks**

#### ***Oil Price***

The global economy operates in a low oil price environment for the medium term with the related impact on the Rouble exchange rate and infrastructure investment, extending the slow down in the Russian economy.

#### ***Ukraine***

The situation in Ukraine is not resolved peaceably or escalates resulting in increased isolation of Russia from international markets and increased sanctions which exacerbate the slow down in the Russian economy.

### **Financial Risks**

#### ***Foreign Exchange***

A continued weakening of the Rouble against the US Dollar leading to pressure on market rents, a reduction in the Group's US Dollar denominated earnings, heightened credit risk and a further reduction in the carrying value of assets.

#### ***Bank Financing and Costs***

Reduced access to funding and potential increases in funding costs hinders the Group's ability to refinance maturing facilities. Reduced income and asset values driven by a weak Rouble increases the risk of covenant breaches.

#### ***Treasury***

Sanctions precipitate the introduction of currency controls and restrict the flow of funds into and out of Russia.

### **Property Investment**

#### ***Tenant Demand***

A slow down in Russian growth and consumer spending will impact demand for new lettings, renewal of existing leases, restrict rental growth and reduce asset values.

### **Russian Domestic Risk**

#### ***Legal and Taxation Frameworks***

The Russian legal and taxation frameworks are still developing with large volumes of new legislation being open to interpretation and abuse.



### **Going concern**

The financial position of the Group, its cash flows, liquidity and borrowings are described in the Chief Executive's Review and the accompanying financial statements and related notes. During the period the Group had, and continues to hold, substantial cash and short term deposits and is generating underlying profits. As a consequence, the Directors believe the Group is well placed to manage its business risks.

After making enquiries and examining major areas that could give rise to significant financial exposure, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue its operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in the preparation of the accompanying interim financial statements.

### **Directors' Responsibility Statement**

The Board confirms to the best of its knowledge:

The condensed financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the half year report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The names and functions of the Directors of Raven Russia Limited are disclosed in the 2014 Annual Report of the Group.

This responsibility statement was approved by the Board of Directors on the 26 August 2015 and is signed on its behalf by

**Mark Sinclair**

Chief Financial Officer

**Colin Smith**

Chief Operating Officer



# INDEPENDENT REVIEW REPORT TO RAVEN RUSSIA LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the Interim Results report for the six months ended 30 June 2015 which comprises the Condensed Unaudited Group Income Statement, the Condensed Unaudited Group Statement of Comprehensive Income, the Condensed Unaudited Group Statement of Changes in Equity, the Condensed Unaudited Group Balance Sheet, the Condensed Unaudited Group Cash Flow Statement and the related notes 1 to 17. We have read the other information contained in the Interim Results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

## **Directors' Responsibilities**

The Interim Results report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Results report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Results report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

## **Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Results report based on our review.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Results report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## **Ernst & Young LLP**

London

26 August 2015

# CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015			Six months ended 30 June 2014		
		Underlying earnings \$'000	Capital and other \$'000	Total \$'000	Underlying earnings \$'000	Capital and other \$'000	Total \$'000
Gross revenue	2	118,289	–	118,289	132,274	–	132,274
Property operating expenditure and cost of sales		(22,838)	–	(22,838)	(34,491)	–	(34,491)
<b>Net rental and related income</b>	<b>2</b>	<b>95,451</b>	<b>–</b>	<b>95,451</b>	<b>97,783</b>	<b>–</b>	<b>97,783</b>
Administrative expenses	3	(17,567)	(17)	(17,584)	(15,433)	(1,059)	(16,492)
Share-based payments and other long term incentives	15d	–	(3,280)	(3,280)	–	(1,186)	(1,186)
Foreign currency profits / (losses)		1,974	–	1,974	(2,337)	–	(2,337)
<b>Operating expenditure</b>		<b>(15,593)</b>	<b>(3,297)</b>	<b>(18,890)</b>	<b>(17,770)</b>	<b>(2,245)</b>	<b>(20,015)</b>
Share of profits of joint ventures		717	–	717	306	–	306
<b>Operating profit / (loss) before profits and losses on investment property</b>		<b>80,575</b>	<b>(3,297)</b>	<b>77,278</b>	<b>80,319</b>	<b>(2,245)</b>	<b>78,074</b>
Unrealised (loss) / profit on revaluation of investment property	6	–	(51,901)	(51,901)	–	1,608	1,608
Unrealised profit on revaluation of investment property under construction	7	–	1,128	1,128	–	18,830	18,830
<b>Operating profit / (loss)</b>	<b>2</b>	<b>80,575</b>	<b>(54,070)</b>	<b>26,505</b>	<b>80,319</b>	<b>18,193</b>	<b>98,512</b>
Finance income	4	1,636	1,965	3,601	1,672	1,098	2,770
Finance expense	4	(42,280)	(5,904)	(48,184)	(38,938)	(4,431)	(43,369)
<b>Profit / (loss) before tax</b>		<b>39,931</b>	<b>(58,009)</b>	<b>(18,078)</b>	<b>43,053</b>	<b>14,860</b>	<b>57,913</b>
Tax		(5,448)	2,919	(2,529)	(4,831)	(7,811)	(12,642)
<b>Profit / (loss) for the period</b>		<b>34,483</b>	<b>(55,090)</b>	<b>(20,607)</b>	<b>38,222</b>	<b>7,049</b>	<b>45,271</b>
Earnings per share:	5						
Basic (cents)				(3.01)			6.21
Diluted (cents)				(3.01)			5.99
Underlying earnings per share:	5						
Basic (cents)		5.04			5.24		
Diluted (cents)		4.90			5.05		

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The "underlying earnings" and "capital and other" columns are both supplied as supplementary information permitted by IFRS as adopted by the EU. Further details of the allocation of items between the supplementary columns are given in note 5.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.





# CONDENSED UNAUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
<b>(Loss) / profit for the period</b>	<b>(20,607)</b>	<b>45,271</b>
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	(953)	(616)
<b>Total comprehensive income for the period, net of tax</b>	<b>(21,560)</b>	<b>44,655</b>

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.

# CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2015

	Notes	30 June 2015 \$'000	31 December 2014 \$'000
<b>Non-current assets</b>			
Investment property	6	1,528,340	1,593,684
Investment property under construction	7	49,929	47,958
Plant and equipment		4,339	4,491
Goodwill		2,355	2,375
Investment in joint ventures		16,871	17,355
Other receivables		9,184	37,042
Derivative financial instruments		8,348	6,853
Deferred tax assets		33,024	35,766
		<b>1,652,390</b>	<b>1,745,524</b>
<b>Current assets</b>			
Inventory		1,427	1,389
Trade and other receivables		48,686	52,623
Derivative financial instruments		605	432
Cash and short term deposits		220,912	171,383
		<b>271,630</b>	<b>225,827</b>
<b>Total assets</b>		<b>1,924,020</b>	<b>1,971,351</b>
<b>Current liabilities</b>			
Trade and other payables		56,853	84,962
Derivative financial instruments		1,989	1,253
Interest bearing loans and borrowings	9	208,377	55,252
		<b>267,219</b>	<b>141,467</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	723,214	837,429
Preference shares	10	166,354	164,300
Other payables		32,267	37,595
Derivative financial instruments		1,914	4,153
Deferred tax liabilities		86,013	89,118
		<b>1,009,762</b>	<b>1,132,595</b>
<b>Total liabilities</b>		<b>1,276,981</b>	<b>1,274,062</b>
<b>Net assets</b>		<b>647,039</b>	<b>697,289</b>
<b>Equity</b>			
Share capital	11	12,998	13,623
Share premium		235,347	267,992
Warrants	12	1,193	1,195
Own shares held	13	(53,923)	(63,649)
Capital reserve		(28,255)	16,597
Translation reserve		(187,341)	(186,388)
Retained earnings		667,020	647,919
<b>Total equity</b>		<b>647,039</b>	<b>697,289</b>
Net asset value per share (US dollars):	14		
Basic		0.99	1.01
Diluted		0.95	0.98
Adjusted net asset value per share (US dollars):	14		
Basic		1.06	1.10
Diluted		1.02	1.06

The accompanying notes are an integral part of this statement.



# CONDENSED UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

Notes	Share Capital \$'000	Share Premium \$'000	Warrants \$'000	Own Shares Held \$'000	Capital Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>At 1 January 2014</b>	<b>13,876</b>	<b>287,605</b>	<b>1,279</b>	<b>(22,754)</b>	<b>146,392</b>	<b>(145,378)</b>	<b>610,899</b>	<b>891,919</b>
Profit for the period	-	-	-	-	-	-	45,271	45,271
Other comprehensive income	-	-	-	-	-	(616)	-	(616)
Total comprehensive income for the period	-	-	-	-	-	(616)	45,271	44,655
Warrants exercised	4	104	(15)	-	-	-	-	93
Own shares acquired	-	-	-	(38,447)	-	-	-	(38,447)
Own shares allocated	-	-	-	6,909	-	-	(6,909)	-
Share-based payments	15d	-	-	-	-	-	1,258	1,258
Transfer in respect of capital profits	-	-	-	-	16,065	-	(16,065)	-
<b>At 30 June 2014</b>	<b>13,880</b>	<b>287,709</b>	<b>1,264</b>	<b>(54,292)</b>	<b>162,457</b>	<b>(145,994)</b>	<b>634,454</b>	<b>899,478</b>
<b>At 1 January 2015</b>	<b>13,623</b>	<b>267,992</b>	<b>1,195</b>	<b>(63,649)</b>	<b>16,597</b>	<b>(186,388)</b>	<b>647,919</b>	<b>697,289</b>
Loss for the period	-	-	-	-	-	-	(20,607)	(20,607)
Other comprehensive income	-	-	-	-	-	(953)	-	(953)
Total comprehensive income for the period	-	-	-	-	-	(953)	(20,607)	(21,560)
Warrants exercised	11 / 12	1	15	(2)	-	-	-	14
Own shares acquired	13	-	-	(76)	-	-	-	(76)
Ordinary shares cancelled	11 / 13	(626)	(32,660)	-	2,746	-	-	(30,540)
Own shares allocated	13	-	-	7,056	-	-	(8,424)	(1,368)
Share-based payments	15d	-	-	-	-	-	3,280	3,280
Transfer in respect of capital losses	-	-	-	-	(44,852)	-	44,852	-
<b>At 30 June 2015</b>	<b>12,998</b>	<b>235,347</b>	<b>1,193</b>	<b>(53,923)</b>	<b>(28,255)</b>	<b>(187,341)</b>	<b>667,020</b>	<b>647,039</b>

The accompanying notes are an integral part of this statement.

# CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(18,078)	57,913
Adjustments for:			
Depreciation	3	946	1,059
Provision for bad debts	3	2,486	-
Share of profits of joint ventures		(717)	(306)
Finance income	4	(3,601)	(2,770)
Finance expense	4	48,184	43,369
Loss/(profit) on revaluation of investment property	6	51,901	(1,608)
Profit on revaluation of investment property under construction	7	(1,128)	(18,830)
Foreign exchange (profits)/losses		(1,974)	2,337
Share-based payments and other long term incentives	15d	3,280	1,186
		81,299	82,350
Receipts from joint ventures		1,349	-
(Increase)/decrease in operating receivables		(436)	4,902
(Increase)/decrease in other operating current assets		(16)	25
Decrease in operating payables		(9,269)	(4,352)
		72,927	82,925
Tax paid		(3,194)	(2,916)
<b>Net cash generated from operating activities</b>		<b>69,733</b>	<b>80,009</b>
<b>Cash flows from investing activities</b>			
Payments for investment property under construction		(12,260)	(53,757)
Refunds of VAT on construction		5,058	2,454
Release of restricted cash		25,392	-
Proceeds from sale of plant and equipment		-	70
Purchase of plant and equipment		(531)	(988)
Loans repaid		290	34
Interest received		1,636	1,672
<b>Net cash generated from / (used in) investing activities</b>		<b>19,585</b>	<b>(50,515)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings		65,944	61,741
Repayment of long term borrowings		(28,006)	(24,058)
Bank borrowing costs paid		(34,934)	(34,292)
Exercise of warrants		14	93
Ordinary shares purchased		(31,984)	(38,447)
Dividends paid on preference shares		(8,938)	(9,439)
Settlement of derivative financial instruments		(3,999)	507
Premium paid for derivative financial instruments		(855)	-
<b>Net cash used in financing activities</b>		<b>(42,758)</b>	<b>(43,895)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>46,560</b>	<b>(14,401)</b>
Opening cash and cash equivalents		171,383	201,324
Effect of foreign exchange rate changes		2,969	1,369
<b>Closing cash and cash equivalents</b>		<b>220,912</b>	<b>188,292</b>

The accompanying notes are an integral part of this statement.



# NOTES TO THE CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 1. Basis of accounting

### Basis of preparation

The condensed unaudited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards adopted for use in the European Union ("IFRS") and have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting."

The condensed financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2014.

### Significant accounting policies

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2014.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2015, which did not have any effect on the financial performance, financial position or disclosures in the financial statements of the Group.

The Group has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

## 2. Segmental information

The Group has three operating segments, which are managed and report independently to the Board of Directors. These comprise:

Property investment - acquire, develop and lease commercial property in Russia;

Roslogistics - provision of warehousing, transport, customs brokerage and related services in Russia; and

Raven Mount - sale of residential property in the UK.



## (a) Segmental information for the six months ended and as at 30 June 2015

For the six months ended 30 June 2015	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Segment Total \$'000	Central Overhead \$'000	Total \$'000
Gross revenue	109,905	7,699	685	118,289	–	118,289
Operating costs / cost of sales	(19,876)	(2,928)	(34)	(22,838)	–	(22,838)
<b>Net operating income</b>	<b>90,029</b>	<b>4,771</b>	<b>651</b>	<b>95,451</b>	<b>–</b>	<b>95,451</b>
<b>Administrative expenses</b>						
Running general and administration expenses	(13,781)	(699)	(601)	(15,081)	(2,486)	(17,567)
Other acquisition / abortive project costs	929	–	–	929	–	929
Depreciation	(812)	(132)	(2)	(946)	–	(946)
Share-based payments and other long term incentives	(1,979)	–	–	(1,979)	(1,301)	(3,280)
Foreign currency profits	1,797	177	–	1,974	–	1,974
	<b>76,183</b>	<b>4,117</b>	<b>48</b>	<b>80,348</b>	<b>(3,787)</b>	<b>76,561</b>
Unrealised loss on revaluation of investment property	(51,901)	–	–	(51,901)	–	(51,901)
Unrealised profit on revaluation of investment property under construction	1,128	–	–	1,128	–	1,128
Share of profits of joint ventures	–	–	717	717	–	717
<b>Segment profit</b>	<b>25,410</b>	<b>4,117</b>	<b>765</b>	<b>30,292</b>	<b>(3,787)</b>	<b>26,505</b>
Finance income						3,601
Finance expense						(48,184)
<b>Loss before tax</b>						<b>(18,078)</b>

As at 30 June 2015	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Total \$'000
<b>Assets</b>				
Investment property	1,528,340	–	–	1,528,340
Investment property under construction	49,929	–	–	49,929
Investment in joint ventures	–	–	16,871	16,871
Inventory	–	–	1,427	1,427
Cash and short term deposits	213,098	1,479	6,335	220,912
<b>Segment assets</b>	<b>1,791,367</b>	<b>1,479</b>	<b>24,633</b>	<b>1,817,479</b>
Other non-current assets				57,250
Other current assets				49,291
<b>Total assets</b>				<b>1,924,020</b>
<b>Segments liabilities</b>				
Interest bearing loans and borrowings	931,591	–	–	931,591
<b>Capital expenditure</b>				
Payments for investment property under construction	12,260	–	–	12,260



## (b) Segmental information for the six months ended 30 June 2014

	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Segment Total \$'000	Central Overhead \$'000	Total \$'000
Gross revenue	119,113	13,012	149	132,274	–	132,274
Operating costs / cost of sales	(30,057)	(4,421)	(13)	(34,491)	–	(34,491)
<b>Net operating income</b>	<b>89,056</b>	<b>8,591</b>	<b>136</b>	<b>97,783</b>	<b>–</b>	<b>97,783</b>
<b>Administrative expenses</b>						
Running general and administration expenses	(9,398)	(1,175)	(978)	(11,551)	(3,882)	(15,433)
Other acquisition/ abortive project costs	–	–	–	–	–	–
Depreciation	(924)	(131)	(4)	(1,059)	–	(1,059)
Share-based payments and other long term incentives	(305)	–	–	(305)	(881)	(1,186)
Foreign currency losses	(2,203)	(134)	–	(2,337)	–	(2,337)
	<b>76,226</b>	<b>7,151</b>	<b>(846)</b>	<b>82,531</b>	<b>(4,763)</b>	<b>77,768</b>
Unrealised profit on revaluation of investment property	1,608	–	–	1,608	–	1,608
Unrealised loss on revaluation of investment property under construction	18,830	–	–	18,830	–	18,830
Share of profits of joint ventures	–	–	306	306	–	306
<b>Segment profit / (loss)</b>	<b>96,664</b>	<b>7,151</b>	<b>(540)</b>	<b>103,275</b>	<b>(4,763)</b>	<b>98,512</b>
Finance income						2,770
Finance expense						(43,369)
<b>Profit before tax</b>						<b>57,913</b>

## (c) Segmental information as at 31 December 2014

As at 31 December 2014	Property Investment \$'000	Roslogistics \$'000	Raven Mount \$'000	Total \$'000
<b>Assets</b>				
Investment property	1,593,684	–	–	1,593,684
Investment property under construction	47,958	–	–	47,958
Investment in joint ventures	–	–	17,355	17,355
Inventory	–	–	1,389	1,389
Cash and short term deposits	164,868	618	5,897	171,383
<b>Segment assets</b>	<b>1,806,510</b>	<b>618</b>	<b>24,641</b>	<b>1,831,769</b>
Other non-current assets				86,527
Other current assets				53,055
<b>Total assets</b>				<b>1,971,351</b>
<b>Segments liabilities</b>				
Interest bearing loans and borrowings	892,681	–	–	892,681
<b>Capital expenditure</b>				
Payments for investment property under construction	105,582	–	–	105,582



### 3. Administrative expenses

	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
Employment costs	9,154	8,170
Directors' remuneration	1,760	1,872
Bad debts	2,486	–
Office running costs and insurance	2,139	2,124
Travel costs	901	999
Auditors' remuneration	343	569
Abortive project costs	(929)	–
Legal and professional	560	1,483
Depreciation	946	1,059
Registrar costs and other administrative expenses	224	216
	<b>17,584</b>	<b>16,492</b>

### 4. Finance income and expense

	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
<b>Finance Income</b>		
<i>Total interest income on financial assets not at fair value through profit or loss</i>		
Income from cash and short term deposits	1,636	1,672
<i>Other finance income</i>		
Change in fair value of open forward currency derivative financial instruments	–	256
Change in fair value of open interest rate derivative financial instruments	557	335
Change in fair value of foreign currency embedded derivatives	1,408	–
Profit on maturing forward currency derivative financial instruments	–	507
<b>Finance Income</b>	<b>3,601</b>	<b>2,770</b>
<b>Finance Expense</b>		
Interest expense on loans and borrowings measured at amortised cost	35,085	31,076
Interest expense on preference shares	9,278	10,137
Total interest expense on financial liabilities not at fair value through profit or loss	44,363	41,213
Change in fair value of open forward currency derivative financial instruments	848	–
Change in fair value of open interest rate derivative financial instruments	2,973	2,156
<b>Finance expense</b>	<b>48,184</b>	<b>43,369</b>





## 5. Earnings measures

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
<i>Earnings</i>		
<b>Earnings for the purposes of basic and diluted earnings per share being the profit for the period prepared under IFRS</b>	<b>(20,607)</b>	<b>45,271</b>
Adjustments to arrive at EPRA earnings:		
Unrealised loss / (profit) on revaluation of investment property	51,901	(1,608)
Unrealised profit on revaluation of investment property under construction	(1,128)	(18,830)
Profit on maturing foreign currency derivative financial instruments	–	(507)
Change in fair value of open forward currency derivative financial instruments	848	(256)
Change in fair value of open interest rate derivative financial instruments	2,416	1,821
Change in fair value of foreign currency embedded derivatives	(1,408)	–
Movement on deferred tax thereon	(3,054)	8,402
<b>Adjusted EPRA earnings</b>	<b>28,968</b>	<b>34,293</b>
Abortive project costs		
	(929)	–
Share-based payments and other long term incentives		
	3,280	1,186
Premium on redemption of preference shares and amortisation of issue costs		
	317	348
Depreciation		
	946	1,059
Amortisation of loan origination costs		
	1,766	1,927
Tax charge on unrealised foreign exchange movements in loans		
	135	(591)
<b>Underlying earnings</b>	<b>34,483</b>	<b>38,222</b>
<i>Number of shares</i>		
<b>Weighted average number of ordinary shares for the purpose of basic EPS (excluding own shares held)</b>	<b>683,750</b>	<b>729,556</b>
Effect of dilutive potential ordinary shares:		
Warrants	12,310	17,882
ERS	298	325
LTIP	2,566	4,370
CBLTIS 2012	3,885	3,980
CBLTIS 2015	–	–
<b>Weighted average number of ordinary shares for the purposes of diluted EPS (excluding own shares held)</b>	<b>702,809</b>	<b>756,113</b>



	Six months ended 30 June 2015 Cents	Six months ended 30 June 2014 Cents
<b>EPS basic</b>	<b>(3.01)</b>	<b>6.21</b>
Effect of dilutive potential ordinary shares:		
Warrants	–	(0.15)
ERS	–	–
LTIP	–	(0.04)
CBLTIS 2012	–	(0.03)
CBLTIS 2015	–	–
<b>Diluted EPS</b>	<b>(3.01)</b>	<b>5.99</b>
<b>EPRA EPS basic</b>	<b>4.24</b>	<b>4.70</b>
Effect of dilutive potential ordinary shares:		
Warrants	(0.08)	(0.11)
ERS	–	–
LTIP	(0.02)	(0.03)
CBLTIS 2012	(0.02)	(0.02)
CBLTIS 2015	–	–
<b>EPRA diluted EPS</b>	<b>4.12</b>	<b>4.54</b>
<b>Underlying EPS basic</b>	<b>5.04</b>	<b>5.24</b>
Effect of dilutive potential ordinary shares:		
Warrants	(0.09)	(0.13)
ERS	–	–
LTIP	(0.02)	(0.03)
CBLTIS 2012	(0.03)	(0.03)
CBLTIS 2015	–	–
<b>Underlying diluted EPS</b>	<b>4.90</b>	<b>5.05</b>

## 6. Investment property

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 \$'000	Logistics St Petersburg Level 3 \$'000	Logistics Regions Level 3 \$'000	Office St Petersburg Level 3 \$'000	Total \$'000
Market value at 1 January 2015	1,222,101	170,074	191,576	28,852	1,612,603
Transfer from investment property under construction (note 7)	–	–	–	–	–
Property improvements and movement in completion provisions	(6,877)	(2,238)	(127)	(125)	(9,367)
Unrealised loss on revaluation	(26,690)	(13,196)	(11,010)	(1,645)	(52,541)
<b>Market value at 30 June 2015</b>	<b>1,188,534</b>	<b>154,640</b>	<b>180,439</b>	<b>27,082</b>	<b>1,550,695</b>
Tenant incentives and contracted rent uplift balances	(15,966)	(5,075)	(1,990)	(1,363)	(24,394)
Head lease obligations	2,039	–	–	–	2,039
<b>Carrying value at 30 June 2015</b>	<b>1,174,607</b>	<b>149,565</b>	<b>178,449</b>	<b>25,719</b>	<b>1,528,340</b>
<b>Revaluation movement in the period ended 30 June 2015</b>					
Gross revaluation	(26,690)	(13,196)	(11,010)	(1,645)	(52,541)
Effect of tenant incentives and contracted rent uplift balances	345	(176)	333	138	640
<b>Revaluation reported in the Income Statement</b>	<b>(26,345)</b>	<b>(13,372)</b>	<b>(10,677)</b>	<b>(1,507)</b>	<b>(51,901)</b>



Asset class Location Fair value hierarchy*	Logistics	Logistics	Logistics	Office	Total \$'000
	Moscow	St Petersburg	Regions	St Petersburg	
	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	
Market value at 1 January 2014	1,198,986	189,090	217,113	40,922	1,646,111
Transfer from investment property under construction (note 7)	105,553	–	–	–	105,553
Property improvements and movement in completion provisions	(7,667)	312	348	877	(6,130)
Unrealised loss on revaluation	(74,771)	(19,328)	(25,885)	(12,947)	(132,931)
<b>Market value at 31 December 2014</b>	<b>1,222,101</b>	<b>170,074</b>	<b>191,576</b>	<b>28,852</b>	<b>1,612,603</b>
Tenant incentives and contracted rent uplift balances	(16,311)	(4,899)	(2,323)	(1,501)	(25,034)
Head lease obligations	6,115	–	–	–	6,115
<b>Carrying value at 31 December 2014</b>	<b>1,211,905</b>	<b>165,175</b>	<b>189,253</b>	<b>27,351</b>	<b>1,593,684</b>

\*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2014 or 2015.

At 30 June 2015 the Group has pledged investment property with a value of \$1,503 million (31 December 2014: \$1,541 million) to secure banking facilities granted to the Group (note 9).

## 7. Investment property under construction

Asset class Location Fair value hierarchy*	Assets under construction			Land Bank			Total \$'000
	Moscow	Regions	St Petersburg	Regions	Sub-total	Sub-total \$'000	
	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000		
Market value at 1 January 2015	34,000	9,500	43,500	–	3,216	3,216	46,716
Costs incurred	341	2	343	28	183	211	554
Effect of foreign exchange rate changes	138	91	229	–	46	46	275
Transfer between asset classes	–	–	–	–	–	–	–
Transfer to investment property (note 6)	–	–	–	–	–	–	–
Unrealised profit / (loss) on revaluation	1,821	(693)	1,128	–	–	–	1,128
<b>Market value at 30 June 2015</b>	<b>36,300</b>	<b>8,900</b>	<b>45,200</b>	<b>28</b>	<b>3,445</b>	<b>3,473</b>	<b>48,673</b>
Head lease obligations	1,256	–	1,256	–	–	–	1,256
<b>Carrying value at 30 June 2015</b>	<b>37,556</b>	<b>8,900</b>	<b>46,456</b>	<b>28</b>	<b>3,445</b>	<b>3,473</b>	<b>49,929</b>



Asset class Location Fair value hierarchy*	Assets under construction			Land Bank			Total \$'000
	Moscow Level 3 \$'000	Regions Level 3 \$'000	Sub-total \$'000	St Petersburg Level 3 \$'000	Regions Level 3 \$'000	Sub-total \$'000	
Market value at 1 January 2014	79,535	13,800	93,335	3,668	18,963	22,631	115,966
Costs incurred	66,669	58	66,727	175	284	459	67,186
Effect of foreign exchange rate changes	(7,032)	(4,908)	(11,940)	(1,286)	(7,675)	(8,961)	(20,901)
Transfer between asset classes	-	-	-	-	-	-	-
Transfer to investment property (note 6)	(105,553)	-	(105,553)	-	-	-	(105,553)
Unrealised profit / (loss) on revaluation	381	550	931	(2,557)	(8,356)	(10,913)	(9,982)
<b>Market value at 31 December 2014</b>	<b>34,000</b>	<b>9,500</b>	<b>43,500</b>	<b>-</b>	<b>3,216</b>	<b>3,216</b>	<b>46,716</b>
Head lease obligations	1,242	-	1,242	-	-	-	1,242
<b>Carrying value at 31 December 2014</b>	<b>35,242</b>	<b>9,500</b>	<b>44,742</b>	<b>-</b>	<b>3,216</b>	<b>3,216</b>	<b>47,958</b>

\*Classified in accordance with the fair value hierarchy

	Six months ended 30 June 2015 \$'000	Six months ended 30 June 2014 \$'000
<b>Revaluation movement in the period</b>		
Unrealised profit on revaluation of assets carried at external valuations	1,128	18,830
Unrealised loss on revaluation of assets carried at Directors' valuation	-	-
	<b>1,128</b>	<b>18,830</b>

No borrowing costs were capitalised in the period (31 December 2014: \$2.7 million).

At 30 June 2015 the Group has pledged investment property under construction with a value of \$45.2 million (31 December 2014: \$43.5 million) to secure banking facilities granted to the Group (note 9).



## 8. Valuation assumptions and key inputs

Class of property	Carrying amount		Valuation Technique	Input	Range	
	30 June 2015 \$'000	31 December 2014 \$'000			30 June 2015	31 December 2014
<b>Completed investment property</b>						
Moscow - Logistics	1,174,607	1,211,905	Income capitalisation	ERV per sqm	\$100 to \$110	\$110 to \$135
				Initial yield	11.3% to 12.8%	11.3% to 12.8%
				Equivalent yield	11.8% to 12.5%	10.5% to 13.7%
				Vacancy rate	1.1% to 100.0%	0.9% to 69.0%
				Passing rent per sqm	\$46 to \$247	\$68 to \$231
St Petersburg - Logistics	149,565	165,175	Income capitalisation	ERV per sqm	\$100	\$110
				Initial yield	13.0% to 13.3%	13.0% to 13.8%
				Equivalent yield	12.9% to 13.5%	12.8% to 13.6%
				Vacancy rate	7.5% to 40.0%	0% to 8.4%
				Passing rent per sqm	\$83 to \$132	\$96 to \$129
Regional - Logistics	178,449	189,253	Income capitalisation	ERV per sqm	\$95	\$105
				Initial yield	13.9% to 14.4%	14.3% to 14.6%
				Equivalent yield	12.5% to 13.3%	13.0% to 13.3%
				Vacancy rate	2.1% to 5.3%	0.9% to 5.2%
				Passing rent per sqm	\$76 to \$214	\$99 to \$214
St Petersburg - Office	25,719	27,351	Income capitalisation	ERV per sqm	\$235	\$235
				Initial yield	18.5%	19.5%
				Equivalent yield	13.0%	13.0%
				Vacancy rate	0%	0%
				Passing rent per sqm	\$327	\$323

Other key information	Description	Range	
		30 June 2015	31 December 2014
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	0 to 11 years	0 to 10 years
	Outstanding costs (US\$'000)	7,073	9,131
St Petersburg - Logistics	Land plot ratio	51% - 57%	51% - 57%
	Age of building	1 to 7 years	0 to 6 years
	Outstanding costs (US\$'000)	1,848	1,573
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	6 years	5 years
	Outstanding costs (US\$'000)	235	-
St Petersburg - Office	Land plot ratio	320%	320%
	Age of building	9 years	8 years
	Outstanding costs (US\$'000)	-	400



Investment property under construction	Carrying amount		Valuation Technique	Input	Range	
	30 June 2015 \$'000	31 December 2014 \$'000			30 June 2015	31 December 2014
Moscow - Logistics	37,556	35,242	Comparable	Value per ha (\$m)	\$0.59 - \$0.81	\$0.42 - \$0.89
Regional - Logistics	8,900	9,500	Comparable	Value per ha (\$m)	\$0.35	\$0.37

In preparing their valuations at 30 June 2015, JLL have again made reference to the uncertainty caused in the market by the low oil price, weak rouble and continuing sanctions. This was the case at 31 December 2014 and the impact of this on the valuation process is set out more fully in note 13 of the 2014 Annual Report.

## 9. Interest bearing loans and borrowings

	30 June 2015 \$'000	31 December 2014 \$'000
<b>Bank loans</b>		
Loans due for settlement within 12 months	208,377	55,252
Loans due for settlement after 12 months	723,214	837,429
	<b>931,591</b>	<b>892,681</b>
The Group's borrowings have the following maturity profile:		
On demand or within one year	208,377	55,252
In the second year	159,540	174,646
In the third to fifth years	303,710	406,066
After five years	259,964	256,717
	<b>931,591</b>	<b>892,681</b>

The amounts above include unamortised loan origination costs of \$12.2 million (31 December 2014: \$13.3 million) and interest accruals of \$1.3 million (31 December 2014: \$1.4 million).

The principal terms of the Group's interest bearing loans and borrowings on a weighted average basis are summarised below:

	Interest Rate	Maturity (years)	\$'000
<b>As at 30 June 2015</b>			
Secured on investment property and investment property under construction	7.0%	4.3	905,341
Unsecured facility of the Company	7.9%	5.2	26,250
			<b>931,591</b>
<b>As at 31 December 2014</b>			
Secured on investment property and investment property under construction	6.9%	4.8	863,931
Unsecured facility of the Company	7.9%	5.7	28,750
			<b>892,681</b>

The interest rates shown above are the weighted average cost, including US LIBOR, as at the Balance Sheet dates.

During the period, the remaining \$39 million of the facility secured on the Noginsk project was drawn and a further \$27 million on the facility secured on the Nova Riga project.

On 21 August 2015, a two year extension on the facility secured on the Istra project was signed, extending the maturity to April 2018.



The facility secured on the office asset in St Petersburg was in technical breach of its debt service covenant ratio in the first quarter of the year due to the average Rouble / US dollar exchange rate for the period. In accordance with accounting standards, the outstanding amount of \$33 million has been moved to loans due for settlement within twelve months. However, as previously disclosed, the facility has been on a full cash sweep since December 2012 following a potential loan to value covenant breach that was subsequently waived. The cash sweep continues and no further action has been taken.

## 10. Preference shares

	30 June 2015 \$'000	31 December 2014 \$'000
<b>Authorised share capital:</b>		
400,000,000 preference shares of 1p each	5,981	5,981
	2015 \$'000	2014 \$'000
At 1 January	164,300	172,205
Reissued/issued in the period/year	–	593
Premium on redemption of preference shares and amortisation of issue costs	328	650
Scrip dividends	315	935
Effect of foreign exchange rate changes	1,411	(10,083)
<b>At 30 June/31 December</b>	<b>166,354</b>	<b>164,300</b>
	2015 Number	2014 Number
<b>Issued share capital:</b>		
At 1 January	98,012,427	97,379,362
Reissued/issued in the period/year	–	258,197
Scrip dividends	140,023	374,868
<b>At 30 June/31 December</b>	<b>98,152,450</b>	<b>98,012,427</b>
Shares in issue	98,189,499	98,049,476
Held by the Company's Employee Benefit Trusts	(37,049)	(37,049)
<b>At 30 June/31 December</b>	<b>98,152,450</b>	<b>98,012,427</b>



## 11. Share capital

	30 June 2015 \$'000	31 December 2014 \$'000
<b>Authorised share capital:</b>		
1,500,000,000 ordinary shares of 1p each	27,469	27,469
	2015 \$'000	2014 \$'000
<b>Issued share capital:</b>		
At 1 January	13,623	13,876
Issued in the period / year for cash on warrant exercises	1	21
Repurchased and cancelled in the period / year	(626)	(274)
<b>At 30 June / 31 December</b>	<b>12,998</b>	<b>13,623</b>
	2015 Number	2014 Number
<b>Issued share capital:</b>		
At 1 January	737,598,353	753,379,368
Issued in the period / year for cash on warrant exercises	37,438	1,281,506
Repurchased and cancelled in the period / year	(40,657,415)	(17,062,521)
<b>At 30 June / 31 December</b>	<b>696,978,376</b>	<b>737,598,353</b>

Of the authorised ordinary share capital at 30 June 2015, 25.4 million (31 December 2014: 25.5 million) ordinary shares are reserved for warrants.

Details of own shares held are given in note 13.





## 12. Warrants

	2015 \$'000	2014 \$'000
At 1 January	1,195	1,279
Exercised in the period / year	(2)	(84)
<b>At 30 June / 31 December</b>	<b>1,193</b>	<b>1,195</b>

	2015 Number	2014 Number
At 1 January	25,466,412	26,747,918
Exercised in the period / year	(37,438)	(1,281,506)
<b>At 30 June / 31 December</b>	<b>25,428,974</b>	<b>25,466,412</b>

In the period since 30 June 2015, 250,000 warrants have been exercised.

## 13. Own shares held

	2015 \$'000	2014 \$'000
At 1 January	(63,649)	(22,754)
Acquired under a tender offer	–	(48,095)
Other acquisitions	(76)	(541)
Cancelled	2,746	600
Allocation to satisfy ERS options exercised (note 15a)	77	–
Allocation to satisfy LTIP options exercised (note 15a)	206	1,189
Allocation to satisfy CBLTIS 2012 awards vesting (note 15b)	6,773	5,952
<b>At 30 June / 31 December</b>	<b>(53,923)</b>	<b>(63,649)</b>

	2015 Number	2014 Number
At 1 January	49,048,873	22,199,776
Acquired under tender offers	–	35,000,000
Other acquisitions	98,040	449,014
Cancelled	(2,525,209)	(768,220)
Allocation to satisfy ERS options exercised (note 15a)	(70,912)	–
Allocation to satisfy LTIP options exercised (note 15a)	(189,096)	(1,272,447)
Allocation to satisfy CBLTIS 2012 awards vesting (note 15b)	(6,229,528)	(6,559,250)
<b>At 30 June / 31 December</b>	<b>40,132,168</b>	<b>49,048,873</b>

Allocations are transfers by the Company's Employee Benefit Trusts to satisfy bonus awards made in the period, ERS and LTIP options exercised in the period and the vesting of CBLTIS 2012 awards. The amounts shown for share movements are net of the Trustees' participation in tender offers during the period from grant to exercise. Details of outstanding ERS and LTIP options, which are vested but unexercised, are given in note 15a.


**14. Net asset value per share**

	30 June 2015 \$'000	31 December 2014 \$'000
Net asset value	647,039	697,289
Goodwill	(2,355)	(2,375)
Goodwill in joint venture	(5,478)	(5,431)
Deferred tax on revaluation gains	49,329	55,250
Unrealised foreign exchange losses on preference shares	15,366	13,955
Fair value of interest rate derivative financial instruments	(2,295)	(3,856)
Fair value of embedded derivatives	2,035	3,443
Fair value of foreign exchange derivative financial instruments	(4,791)	(1,466)
<b>Adjusted net asset value</b>	<b>698,850</b>	<b>756,809</b>
Assuming exercise of potential ordinary shares		
– Warrants (note 12)	9,998	9,927
– ERS (note 15)	–	–
– LTIP (note 15)	2,038	2,099
– CBLTIS 2012 (note 15)	–	–
– CBLTIS 2015 (note 15)	–	–
<b>Adjusted fully diluted net asset value</b>	<b>710,886</b>	<b>768,835</b>
	<b>30 June 2015 Number</b>	<b>31 December 2014 Number</b>
Number of ordinary shares (note 11)	696,978,376	737,598,353
Less own shares (note 13)	(40,132,168)	(49,048,873)
	656,846,208	688,549,480
Assuming exercise of all potential ordinary shares		
– Warrants (note 12)	25,428,974	25,466,412
– ERS (note 15)	250,000	325,000
– LTIP (note 15)	5,183,784	5,383,784
– CBLTIS 2012 (note 15)	–	7,401,158
– CBLTIS 2015 (note 15)	8,115,857	–
<b>Number of ordinary shares assuming exercise of potential ordinary shares</b>	<b>695,824,823</b>	<b>727,125,834</b>
	<b>30 June 2015 \$</b>	<b>31 December 2014 \$</b>
Net asset value per share	0.99	1.01
Diluted net asset value per share	0.95	0.98
Adjusted net asset value per share	1.06	1.10
Adjusted diluted net asset value per share	1.02	1.06

The number of potential ordinary shares is the total number of ordinary shares assuming the exercise of all potential ordinary shares less those not expected to vest.



## 15. Share-based payments and other long term incentives

### (a) Movements in Executive Share Option Schemes

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	5,708,784	24p	7,037,613	24p
Exercised during the period				
– ERS	(75,000)	0p	–	–
– LTIP	(200,000)	25p	(1,100,001)	25p
<b>Outstanding at the end of the period</b>	<b>5,433,784</b>	<b>24p</b>	<b>5,937,612</b>	<b>24p</b>
Represented by				
– ERS	250,000		325,000	
– LTIP	5,183,784		5,612,612	
	<b>5,433,784</b>		<b>5,937,612</b>	
<b>Exercisable at the end of the period</b>	<b>5,433,784</b>	<b>24p</b>	<b>5,937,612</b>	<b>24p</b>

### (b) Movements in Combined Bonus and Long Term Incentive Scheme 2012 Awards

	Six months ended 30 June 2015	Six months ended 30 June 2014
	Number of award shares	Number of award shares
<b>Awards of Ordinary shares</b>		
Outstanding at the beginning of the period	7,401,158	14,201,085
– Granted during the period	–	–
– Lapsed during the period	–	–
– Vested during the period	(7,401,158)	(6,754,668)
<b>Outstanding at the end of the period</b>	<b>–</b>	<b>7,446,417</b>
<b>Awards of Preference shares</b>		
Outstanding at the beginning of the period	–	314,906
– Granted during the period	–	–
– Lapsed during the period	–	–
– Vested during the period	–	(314,906)
<b>Outstanding at the end of the period</b>	<b>–</b>	<b>–</b>

## (c) Movements in Combined Bonus and Long Term Incentive Scheme 2015 Awards

	Six months ended 30 June 2015 Number of award shares	Six months ended 30 June 2014 Number of award shares
<b>Awards of Ordinary shares</b>		
Outstanding at the beginning of the period	–	–
– Granted during the period	34,800,000	–
– Lapsed during the period	–	–
– Vested during the period	–	–
<b>Outstanding at the end of the period</b>	<b>34,800,000</b>	<b>–</b>

## (d) Income statement charge for the period

	30 June 2015 \$'000	30 June 2014 \$'000
Combined Bonus and Long Term Incentive Scheme 2015 awards	3,320	–
Combined Bonus and Long Term Incentive Scheme 2012 awards	(40)	1,048
Expense attributable to ERS and LTIP awards in prior periods	–	138
	<b>3,280</b>	<b>1,186</b>
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	3,280	1,258
Preference shares (IAS 19 expense)	–	(72)
	<b>3,280</b>	<b>1,186</b>

**16. Ordinary dividends**

The Company did not declare a final dividend for the year ended 31 December 2014 (2013: none) and instead implemented a tender offer buy back for ordinary shares on the basis of 1 in every 15 shares held and a tender price of 52p per share, the equivalent of a final dividend of 3.5p per share (2013: 1 in every 28 shares at 85p per share, the equivalent of 3p per share).



## 17. Financial instruments

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at the Balance Sheet date:

	30 June 2015		31 December 2014	
	Carrying Value \$'000	Fair Value \$'000	Carrying Value \$'000	Fair Value \$'000
<b>Non-current assets</b>				
Loans receivable	759	711	1,029	958
Security deposits	4,432	4,432	4,596	4,596
Restricted cash	–	–	26,329	26,329
Derivative financial instruments	8,348	8,348	6,853	6,853
<b>Current assets</b>				
Trade receivables	38,287	38,287	36,459	36,459
Other current receivables	959	959	778	778
Derivative financial instruments	605	605	432	432
Cash and short term deposits	220,912	220,912	171,383	171,383
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	723,214	545,872	837,429	593,480
Preference shares	166,354	213,103	164,300	183,467
Derivative financial instruments	1,914	1,914	4,153	4,153
Rent deposits	28,920	23,611	30,249	22,736
Other payables	3,347	3,347	7,346	7,346
<b>Current liabilities</b>				
Interest bearing loans and borrowings	208,377	208,377	55,252	55,252
Derivative financial instruments	1,989	1,989	1,253	1,253
Other payables	9,445	9,445	27,977	27,977

### Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
<b>As at 30 June 2015</b>				
<b>Assets measured at fair value</b>				
Investment property	–	–	1,528,340	1,528,340
Investment property under construction	–	–	49,929	49,929
Derivative financial instruments	–	8,953	–	8,953
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	–	3,903	–	3,903

### As at 31 December 2014

<b>Assets measured at fair value</b>				
Investment property	–	–	1,593,684	1,593,684
Investment property under construction	–	–	47,958	47,958
Derivative financial instruments	–	7,285	–	7,285
<b>Liabilities measured at fair value</b>				
Derivative financial instruments	–	5,406	–	5,406



Level 1 – Quoted prices in active markets for identical assets or liabilities that can be accessed at the balance sheet date.

Level 2 – Use of a model with inputs that are directly or indirectly observable market data.

Level 3 – Use of a model with inputs that are not based on observable market data.

The Group's foreign currency derivative financial instruments are call options and are measured based on spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. The Group's interest rate derivative financial instruments comprise swap contracts and interest rate caps. These contracts are valued using a discounted cash flow model and where not cash collateralised consideration is given to the Group's own credit risk.



# ENQUIRIES

**Raven Russia Limited****Tel: + 44 (0) 1481 712955**

Anton Bilton  
Glyn Hirsch

---

**Novella Communications****Tel: +44 (0) 203 151 7008**

Tim Robertson  
Ben Heath

---

**Nplus1 Singer****Tel: +44 (0) 20 7496 3000**

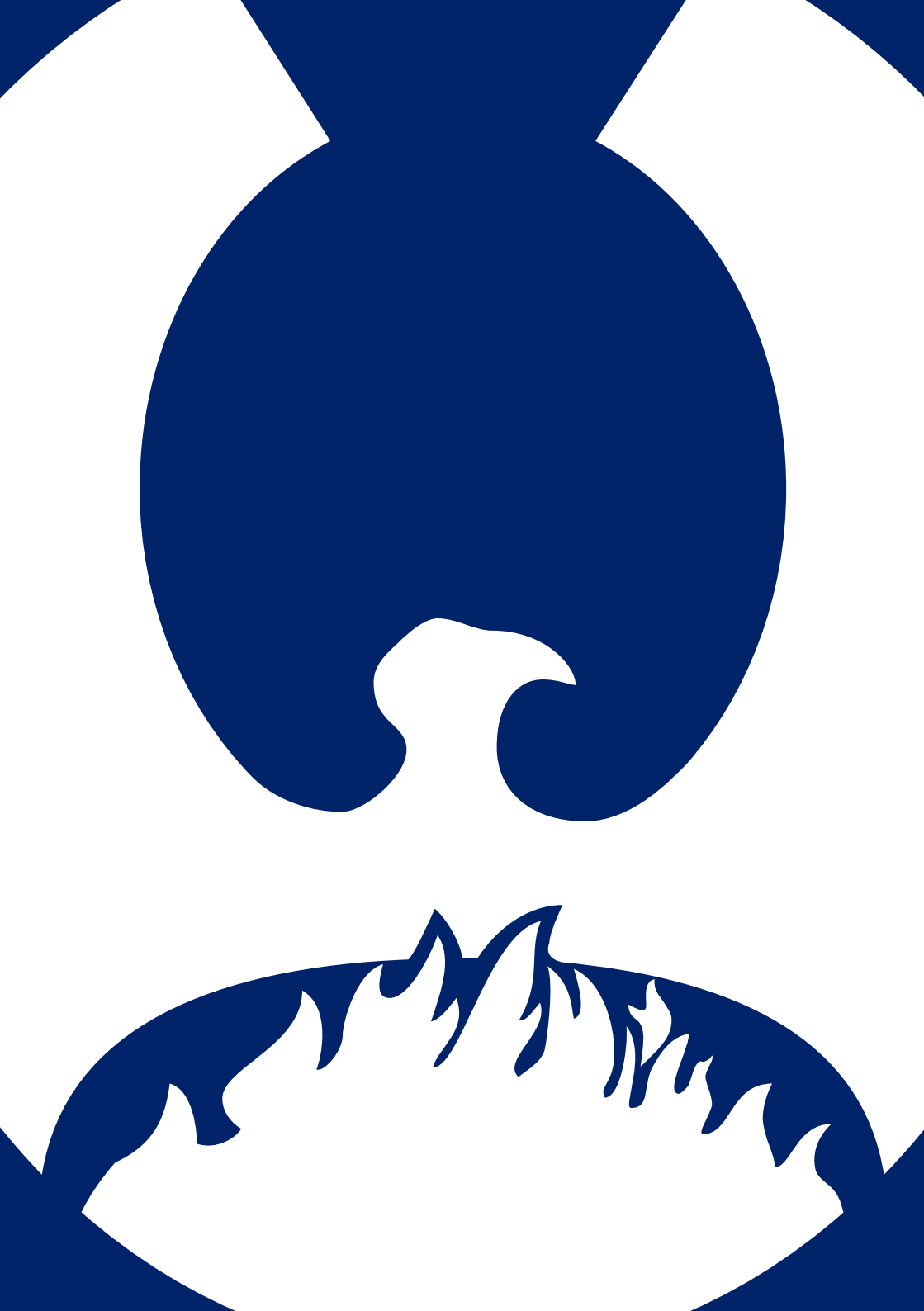
Corporate Finance - James Maxwell  
Sales - Alan Geeves / James Waterlow

---

**Barclays Bank Plc****Tel: +44 (0) 20 7623 2323**

Tom Boardman / Tom Macdonald

---







**RAVEN RUSSIA LIMITED**

**[www.ravenrussia.com](http://www.ravenrussia.com)**

**Registered Head Office**

**P.O. Box 522, Second Floor, La Vieille Cour, La Plaiderie, St. Peter Port, Guernsey, GY1 6EH**

**Registered Number: 43371**

**THE COMPANIES (GUERNSEY) LAW, 2008  
as amended**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF INCORPORATION**

of

**RAVEN RUSSIA LIMITED**

(adopted on 25 March 2009 pursuant to a Special Resolution passed on 24 March 2009, and further amended by Special Resolutions passed on the 01 September 2009, 16 April 2010, 16 May 2011, 7 May and 23 December 2013)

## CONTENTS

Preliminary .....	1
1 Interpretation.....	1
2 Share capital .....	8
3 Rights attached to shares.....	21
4 Authority to allot relevant securities .....	21
5 Offers to shareholders to be on a pre-emptive basis .....	21
6 Consideration to be valued before allotment.....	23
7 Power to pay commission and brokerage .....	24
8 Power to increase, consolidate, sub-divide and cancel share capital.....	24
9 Power to issue redeemable shares .....	26
10 Power to purchase own shares, warrants and options.....	26
11 Power to provide financial assistance .....	26
12 Power to reduce capital.....	26
14 Trusts not recognised .....	31
Variation of rights .....	31
15 Variation of class rights .....	31
Share certificates .....	32
16 Issue of certificates .....	32
17 Charges for and replacement of certificates.....	32
Lien on shares .....	33
18 Lien on partly paid shares .....	33
19 Enforcement of lien .....	33
Calls on shares .....	34
20 Calls .....	34
21 Interest on calls.....	34
22 Sums treated as calls .....	35
23 Power to differentiate .....	35
24 Payment of calls in advance .....	35
Forfeiture of shares.....	35
25 Notice of unpaid calls.....	35
26 Forfeiture following non-compliance with notice .....	36
27 Power to annul forfeiture or surrender .....	36
28 Disposal of forfeited or surrendered shares .....	36
29 Arrears to be paid notwithstanding forfeiture or surrender .....	37
Untraced members.....	37
30 Sale of shares of untraced members .....	37
31 Application of proceeds of sale .....	38
32 Right to suspend posting of notices .....	39
Transfer of shares.....	39
33 Right to transfer shares .....	39
34 Transfer of certificated shares .....	39
35 Transfer of uncertificated shares .....	39
36 Power to refuse registration of transfers of certificated shares.....	44
37 Power to refuse registration of transfers of uncertificated shares.....	44
38 Other provisions on transfers .....	44
39 Notice of refusal of transfer.....	45
40 Closure of register .....	45
41 Renunciations of allotment .....	45
Transmission of shares.....	46
42 Transmission on death.....	46
43 Election of person entitled by transmission.....	46
44 Rights of person entitled by transmission .....	46

Uncertificated shares.....	47
45      Uncertificated shares – general powers.....	47
46      Disclosure of interests in shares .....	49
General meetings.....	54
47      Annual general meetings.....	54
48      General meetings .....	54
49      Convening of general meetings .....	54
50      Orderly conduct of meetings .....	54
Notice of general meetings .....	57
51      Length and form of notice .....	57
52      Amendments to resolutions .....	58
53      Omission or non-receipt of notice .....	59
Proceedings at general meetings.....	59
54      Quorum .....	59
55      Chairman .....	60
56      Directors entitled to attend and speak .....	60
57      Adjournment .....	60
58      Method of voting and demand for poll .....	61
59      Taking a poll .....	62
60      Continuance of business after demand for poll .....	62
61      Chairman’s casting vote .....	62
Votes of members.....	63
62      Voting rights .....	63
63      Representation of corporations.....	63
64      Voting rights of joint holders .....	63
65      Voting rights of members incapable of managing their affairs.....	63
66      Voting rights suspended where sums overdue .....	64
67      Objections to admissibility of votes .....	64
68      Written Resolutions .....	64
Proxies 65	
69      Proxies.....	65
70      Form of proxy .....	66
71      Deposit of proxy .....	66
72      Notice of revocation of proxy.....	69
Directors 70	
73      Number of directors.....	70
75      Directors need not be members.....	70
76      Age of directors.....	70
Appointment, retirement and removal of directors .....	70
77      Appointment of directors by the Company in general meeting .....	70
78      Separate resolutions for appointment of each director .....	71
79      The board’s power to appoint directors .....	71
80      Retirement of directors .....	71
81      Selection of directors to retire by rotation .....	71
82      Removal of directors.....	72
83      Vacation of office of director .....	72
84      Executive directors .....	73
Alternate directors .....	74
85      Power to appoint alternate directors .....	74
Remuneration, expenses and pensions .....	75
86      Remuneration of directors .....	75
87      Special remuneration .....	75
88      Expenses .....	75
89      Pensions and other benefits .....	75
90      Directors’ and officers’ liability insurance .....	76
Powers of the board.....	76
91      General powers of the board to manage Company’s business.....	76

92	Power to act notwithstanding vacancy .....	77
93	Power to borrow money .....	77
	Delegation of board's powers .....	77
94	Committees and Delegation .....	77
95	Local boards .....	77
96	Powers of attorney .....	78
97	President .....	78
98	Designation as "director" or "executive director" .....	79
	Directors' interests .....	79
99	Directors' interests and voting .....	79
	Proceedings of the board .....	84
100	Board meetings .....	84
102	Notice of board meetings .....	84
103	Quorum .....	85
104	Chairman or deputy chairman to preside .....	85
105	Competence of meetings .....	85
106	Voting .....	85
107	Telephone and video conference meetings .....	85
108	Resolutions in writing .....	86
109	Validity of Acts of directors in spite of formal defect .....	86
110	Minutes .....	87
	Secretary 87	
111	Secretary .....	87
	Seal 87	
112	Seal .....	87
	Authentication of documents .....	88
113	Authentication of documents .....	88
	Dividends 88	
114	Declaration of dividends by the Company .....	88
115	Fixed and interim dividends .....	88
116	Calculation and currency of dividends .....	89
117	Method of payment .....	89
118	Dividends not to bear interest .....	90
119	Calls or debts may be deducted from dividends .....	90
120	Unclaimed dividends etc. ....	91
121	Uncashed dividends .....	91
122	Dividends in specie .....	91
123	Scrip dividends .....	92
	Capitalisation of reserves .....	93
124	Capitalisation of reserves .....	93
125	Capitalisation of reserves and employees' share schemes .....	94
	Record dates .....	95
126	Fixing of record dates .....	95
	Accounts 96	
127	Accounts and Reports .....	96
	Notices 96	
128	Notices in writing .....	96
129	Service of notices .....	96
130	Notice by advertisement .....	98
131	Evidence of service .....	98
132	Record date for service .....	99
133	Notices given by electronic communication .....	99
134	Addresses of members .....	100
135	Service of notice on person entitled by transmission .....	101
	Destruction of documents .....	101
136	Destruction of documents .....	101
	Winding-up .....	102

137	Directors' power to wind up .....	102
138	Powers to Distribute in Specie .....	102
	Indemnity.....	103
139	Indemnity of Officers .....	103

THE COMPANIES (GUERNSEY) LAWS, 2008  
as amended

A COMPANY LIMITED BY SHARES

ARTICLES OF INCORPORATION

of

RAVEN RUSSIA LIMITED

(adopted on 25 March 2009 pursuant to a Special Resolution passed on 24 March 2009)

**Preliminary**

**1 Interpretation**

1.1 In these Articles, unless the contrary intention appears:

1.1.1 the following definitions apply:

*accounts* means either individual accounts prepared in accordance with Section 243 of the Law or consolidated accounts prepared in accordance with Section 244 of the Law;

*address* in relation to a notice or other communication in writing, a postal address and, in relation to a notice or other communication in electronic form, any number or address used for the purposes of sending or receiving documents or information by electronic means;

*Articles* these articles of incorporation, as from time to time altered;

*Associated Company* any holding company or subsidiary of a company or any subsidiaries of any holding company of a company ("holding company" and "subsidiary" as defined in Section 531 of the Law provided that, notwithstanding Sections 531(6) and 531(7) of the Law and for all purposes, a body corporate may be regarded as a

	holding company or a subsidiary if it is an overseas company);
<i>board</i>	the board of directors for the time being of the Company;
<i>business day</i>	a day (except Saturday or Sunday) on which banks in the City of London and Guernsey are open for business;
<i>certificate</i>	any certificate, instrument or other document of, or evidencing title to units, of a Guernsey security;
<i>certificated</i>	in relation to a share, that title to the share is recorded on the register as being held in certificated form;
<i>clear days</i>	in relation to the period of a notice or other communication, that period excluding the day when the notice or other communication is given or deemed to be given and the day for which it is given or on which it is to take effect;
<i>committee</i>	a committee of the board;
<i>Company</i>	means Raven Russia Limited (registered number: 43371);
<i>company</i>	any body corporate;
<i>CREST Guernsey Requirements</i>	Rule 8 and such other rules and requirements of EUI as may be applicable to issuers from time to time as specified in the CREST Manual;
<i>CREST Guernsey security</i>	a class of Guernsey securities issued by a Guernsey issuer admitted to the CREST UK system under Rule 8 of the CREST Rules;
<i>CREST Manual</i>	the compendium of documents entitled "CREST Manual" issued by EUI from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CCSS Operations Manual and the CREST Glossary of Terms;



<i>CREST Rules</i>	means section 4 of the CREST Manual;
<i>CREST UK system</i>	the facilities and procedures for the time being of the relevant system of which EUI has been approved as Operator pursuant to the UK Regulations;
<i>dematerialised instruction</i>	an instruction sent or received by means of the CREST UK system;
<i>director</i>	a director for the time being of the company;
<i>DTR 5</i>	Chapter 5 of the Disclosure and Transparency Rules as published by the Financial Services Authority of the United Kingdom from time to time;
<i>electronic form</i>	has the meaning to it in Section 526 of the Law;
<i>electronic means</i>	has the meaning to it in Section 526 of the Law;
<i>employees' share scheme</i>	a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of:- <ul style="list-style-type: none"> <li>(a) the bona fide directors, employees, consultants or former directors, employees or consultants of the Company or any Associated Company of the Company; or</li> <li>(b) the spouses, civil partners, surviving spouses, surviving civil partners or children or step children under the age of 18 of such directors, employees or consultants or former directors, employees or consultants;</li> </ul>
<i>equity securities</i>	relevant shares in the Company (other than a bonus share) or a right to subscribe for, or to convert securities into, relevant shares in the Company and the term "equity security" shall be construed accordingly;
<i>EUI</i>	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) incorporated in England and Wales

under number 2878738 and whose registered office at the date of adoption of these Articles is at 33 Cannon Street, London, EC4M 5SB;

<i>Fixed Amount</i>	£1.00;
<i>Guernsey issuer</i>	an issuer of Guernsey securities which is incorporated in Guernsey and wishes a class of its securities to be admitted, or a class of whose securities have been admitted, for settlement by means of the CREST UK system in accordance with Rule 8 of the CREST Rules;
<i>Guernsey security</i>	a share in a company incorporated in Guernsey under the Law (or corresponding laws previously in force) and such other securities (if any) as EUI may from time to time specify in the CREST Manual;
<i>holder</i>	in relation to any share, the member whose name is entered in the register as the holder of that share;
<i>instruction</i>	includes an instruction, election, acceptance or any other message of any kind;
<i>interest in a security</i>	any legal or beneficial interest or right in relation to a security including:  (a) an absolute or contingent right to acquire a security created, allotted or issued or to be created, allotted or issued; and  (b) the interests or rights of a person for whom a security is held by a custodian or depository;
<i>Law</i>	the Companies (Guernsey) Law, 2008, as amended;
<i>London Stock Exchange</i>	London Stock Exchange PLC or other principal stock exchange in the United Kingdom for the time being;
<i>Main Meeting Place</i>	as defined in Article 50.4.1;
<i>office</i>	the registered office for the time being of the Company;

<i>Ordinary Shares</i>	the ordinary shares of 1 pence each in the capital of the Company;
<i>ordinary resolution</i>	a resolution passed by a simple majority in accordance with Section 176 of the Law;
<i>paid up</i>	paid up or credited as paid up;
<i>person entitled by transmission</i>	a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the register;
<i>Preference Shares</i>	the 12% cumulative redeemable preference shares of 1 pence each in the capital of the Company;
<i>register</i>	the register of members of the company kept pursuant to the Law comprising, in respect of certificated shares, the issuer register of members and, in respect of uncertificated shares, the Operator's register of members;
<i>registered address</i>	in relation to a member, the most recent address of that member recorded in the register;
<i>relevant shares</i>	shares in the Company other than Preference Shares or: <ul style="list-style-type: none"> <li>(i) any other shares which, as respects to dividends and capital, carry a right to participate only up to a specified amount in a distribution; and</li> <li>(ii) shares which are held by a person who acquired them in pursuance of an employees' share scheme or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme or, in the case of shares held by the Company as treasury shares, are to be transferred in pursuance of such a scheme;</li> </ul>

<i>relevant employee shares</i>	means shares of the Company which would be relevant shares but for the fact that they are held by a person who acquired them in pursuance of an employees' share scheme;
<i>seal</i>	any common seal of the Company or any official seal or securities seal which the Company may have or be permitted to have under the Statutes;
<i>secretary</i>	the secretary of the Company or, if there are joint secretaries, any of the joint secretaries and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary of the Company;
<i>securities</i>	shares, stock, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000, rights under a depository receipt within the meaning of paragraph 4 of Schedule 2 to the United Kingdom Criminal Justice Act 1993, and other securities of any description, and interests in a security;
<i>special resolution</i>	a resolution passed by a majority of not less than 75% in accordance with Section 178 of the Law;
<i>Sponsor</i>	a company, person or firm admitted by EUI to act as sponsor under the CREST Rules;
<i>Statutes</i>	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;
<i>uncertificated</i>	in relation to a share, that title to the share is recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
<i>uncertificated unit of a security</i>	a unit of a Guernsey security title to which is recorded on the relevant register of securities as being held in

uncertificated form, and title to which may be transferred by means of the CREST UK system; and '*certificated unit of a security*' means a unit of a security which is not an uncertificated unit;

*unit of a security* the smallest possible transferable unit of the security (for example a single share);

*UK Listing Authority* the competent authority for the purposes of Part VI of the United Kingdom's Financial Services and Markets Act 2000;

*UK Regulations* the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), as amended from time to time;

*waiver resolution* a resolution passed by a majority of not less than 90% in accordance with Section 179 of the Law;

*warrants* a warrant to subscribe for 1 Ordinary Share in the Company at 25 pence per Ordinary Share created pursuant to a warrant instrument adopted by the Company on 24 March 2009;

*United Kingdom* the United Kingdom of Great Britain and Northern Ireland; and

*year* a period of 12 months.

1.1.2 any other words or expressions defined in the Law (as in force on the date of adoption of these Articles) or the Interpretation (Guernsey) Law 1948 have the same meaning in these Articles;

1.1.3 words importing the singular number include the plural number and vice versa, words importing the masculine gender include the feminine gender and words importing persons include bodies corporate and unincorporated associations;

1.1.4 any reference to writing includes a reference to any method of representing or reproducing words in a legible and non-transitory form;

1.1.5 any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the company)

or any similar expression includes a reference to it being executed in any other manner which has the same effect as if it were executed under seal; and

- 1.1.6 local time in Guernsey shall be used for the purpose of determining business days and the times of day for open and close of business.
- 1.2 Subject to the provisions of the Statutes a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under these Articles.
- 1.3 Headings to these Articles are inserted for convenience only and shall not affect their construction.
- 1.4 The standard articles prescribed pursuant to Section 16(2) of the Law shall be excluded in their entirety.
- 1.5 Any reference to a share shall, where the board has resolved to allot and issue fractions of shares, include such fractions.
- 1.6 In the event of any conflict between these Articles and the mandatory provisions of the Law, the latter shall prevail.
- 1.7 Where a Section of the Law is referred to and that Section is amended or renumbered or supplemented, then the reference shall be deemed to refer to the such Section as amended, renumbered or supplemented.

#### **1A Amendments/Business**

- 1A.1 The Company's Memorandum of Association (the "**Memorandum**") and Articles may be amended in accordance with Part IV of the Law.
- 1A.2 Any branch or kind or business which, by the Memorandum or by these Articles, is, either expressly or impliedly, authorised to be undertaken may be undertaken or suspended at any time by the board.

#### **Share capital**

- 2 Share capital
  - 2.1 The share capital of the Company at the date of adoption of these Articles is divided into 1,500,000,000 Ordinary Shares and 400,000,000 Preference Shares.

2.2 The Preference Shares shall entitle the holders thereof to the rights and shall be subject to the restrictions set out in Articles 2.3 to 2.7 below.

2.3 **Dividends**

2.3.1 The holders of the Preference Shares shall be entitled to be paid, subject to the provisions of the Statutes, a fixed cumulative preferential dividend in priority to any payment of dividend to the holders of any other class of shares at the rate of 12% per annum of the Fixed Amount (the "**Preference Dividend**"), such dividend to accrue on a daily basis from and including the date of issue of such Preference Shares and to be payable in equal instalments quarterly in arrears on 31 March, 30 June, 30 September and 31 December (or in the event of any such date not being a business day on the next day which is a business day) (each such date being referred to as a "**dividend payment date**") save that in respect of any Preference Shares issued on or before 31 March 2009 the first payment of the Preference Dividend will be made on 30 June 2009 in respect of the period from the date of issue of such Preference Shares to (but excluding) 30 June 2009 and shall be calculated on a pro rata basis. Payment of the Preference Dividend shall be made to holders of Preference Shares on the register at any date selected by the board up to 42 days prior to the relevant dividend payment date. The holders of the Preference Shares shall not be entitled to participate in any further dividends or bonus share issue of the Company. 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 may be created and issued pursuant to Article 2.6.2) and 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 Preference Shares or Further Preference Shares

2.3.2 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 (as

described in Article 121.1) of Preference Shares instead of in cash. Notwithstanding the provisions of Article 121.1, such offer shall not require authorisation by an ordinary resolution of the Company and Article 121.2 shall not apply to scrip dividends of Preference Shares in relation to the Preference Shares, but otherwise such scrip dividends shall be regulated in accordance with the provisions of Article 123.2.3.3. Subject to the provisions of the Statutes, on a dividend payment date the Preference Dividend payable on such date shall become payable without a resolution of the shareholders of the Company and the provisions of Articles 114 and 115 shall be subject in all respects to the provisions of this Article 2.3.

2.3.3 If all or any part of the Preference Dividend is in arrears (and for this purpose the Preference Dividend shall be deemed to be payable quarterly on the dates detailed in Article 2.3.1), interest shall accrue on such unpaid sum at the rate of 15% per annum (such sum to accrue from day to day on the basis of a 365 day year but not to be compounded) 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 interest rate at which interest will accrue on such arrears will from such time increase to the rate of 20% per annum (such sum to accrue from day to day on the basis of a 365 day year but not to be compounded).

## 2.4 **Capital**

On a return of capital on a winding up or 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 holders of Further Preference Shares as may be created and issued pursuant to Article 2.6.2 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 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 an administration order. The holders of the Preference Shares shall not have any further right to participate in the



assets of the Company on any such return of capital. If on a return of capital on a winding up or administration the amounts available for payment are insufficient to cover the amounts payable in full on or in respect of the Preference Shares, the holders of the Preference Shares will share between themselves in the distribution of the assets of the Company available for distribution to the members (if any) in proportion to the full respective preferential amounts to which they are entitled.

## 2.5 **Voting**

2.5.1 The holders of the Preference Shares shall 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:

2.5.1.1 if, and when at the date of the notice convening such meeting, the Preference Dividend is in arrears (and for this purpose the Preference Dividend shall be deemed to be payable quarterly on the dates detailed in Article 2.3.1); or

2.5.1.2 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 shall not confer on the holders thereof the right to speak or vote at any general meeting of the Company.

2.5.2 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.

- 2.5.3 The holders of the Preference Shares shall 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 accounts and (if available) the Company's six monthly interim unaudited financial statements and such other Company information that is sent to the holders of Ordinary Shares.

## 2.6 **Variation of rights attaching to the Preference Shares**

- 2.6.1 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 shall be deemed to constitute a variation of the class rights attaching to the Preference Shares.
- 2.6.2 Notwithstanding the provisions of Article 2.6.1 and subject to Article 2.6.3, the Company may from time to time without the consent of the holders of the outstanding Preference Shares (and such that it will not be treated as an abrogation, variation or modification of the rights attaching to Preference Shares) create and issue further preference shares (including but not limited to the Preference Shares) (in these Articles called "**Further Preference Shares**") ranking as regards their participation in the profits and assets of the Company *pari passu* with but not in priority to the 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.

2.6.3 In the event that pursuant to Article 2.6.2 the Company creates and issues Further Preference Shares (subject to Article 2.6.7 below) 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 an special resolution passed at a separate general meeting of the holders of the Preference Shares as provided for in Article 15 below, the Company shall not create or issue such Further Preference Shares unless:

2.6.3.1 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

2.6.3.2 the period, which shall not be less than 21 clear days, during which any offer referred to in Article 2.6.3.1 may be accepted, has expired or the Company has received notice of the acceptance or refusal of every offer made.

2.6.4 An offer by the board referred to in Article 2.6.3 shall, subject to Articles 2.6.5 and 2.6.6 below, be made to a holder of Preference Shares in accordance with Articles 128 to 135 as if such offer was a notice as referred to therein and the provisions therein relating to service shall apply, *mutatis mutandis*.

2.6.5 Where Preference Shares are held by two or more persons jointly, the offer referred to in Article 2.6.3 may be made to the joint holder first named in the register in respect of the Preference Shares.

2.6.6 In the case of a holder's death or bankruptcy, the offer referred to in Article 2.6.3 may be made:

2.6.6.1 to the persons claiming to be entitled to the relevant Preference Shares in consequence of the death or bankruptcy by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description; or

2.6.6.2 by giving the notice in any manner in which it might have been given if the death or bankruptcy had not occurred.

2.6.7 The pre-emption rights set out in Article 2.6.3 shall not apply to the creation, issue and/or allotment of Further Preference Shares that are Preference Shares.

2.6.8 Until the Rights Cessation Date (as defined in Article 2.6.9), then save with such consent or sanction on the part of the holders of the Preference Shares as is required for a variation of the rights attached to such shares as set out in Article 15:

2.6.8.1 the Company shall not make a distribution (as defined in section 301 of the Law but excluding a distribution 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% of the consolidated net asset value of the Company at the point in time the Company proposes to make the relevant Qualifying Distribution. In order for the Company to be able to determine at a particular point in time whether it is permitted to make a Qualifying Distribution without the consent or sanction of the holders of the Preference Shares detailed above, the

consolidated net asset value of the Company at such time will be deemed to be the consolidated net asset value of the Company as shown in its latest published consolidated audited accounts or (if such accounts have been published since the publication of the Company's last consolidated audited accounts) the latest consolidated interim half yearly unaudited accounts of the Company; and

2.6.8.2 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.

2.6.9 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 of Article 2.6.8 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**"). With effect from the Rights Cessation Date, the provisions of Article 2.6.8 shall absolutely and irrevocably cease to have effect. For the avoidance of doubt, there shall be no Rights Cessation Date and the provisions of Article 2.6.8 shall not cease to apply unless the Company has served a Rights Cessation Notice in accordance with this Article 2.6.9, notwithstanding that the number of Preference Shares in issue may be less than 35,000,000.

## 2.7 **Redemption**

2.7.1 In the event of a takeover bid or merger transaction being proposed, made or effected, to which the City Code on Takeovers and Mergers (the "**Code**") applies (or would have applied if such bid or transaction was proposed, made or effected on the date of adoption of these 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 Code) would hold shares carrying in aggregate 50% or more of the voting rights (as defined in the Code) of the Company if the bid or transaction were completed or became effective (a "**Potential Disposal**"):

- (a) the Company shall notify the holders of Preference Shares in writing of the Potential Disposal (a "**Disposal Notice**") no earlier than 40 business days before but not later than 20 business days before the expected date of it completing or becoming effective, which notice shall contain reasonable details of the Potential Disposal;
- (b) each holder of Preference Shares shall be entitled by no later than the 10<sup>th</sup> business day from the date the Disposal Notice is given to notify the Company that it requires all (but not part) of its Preference Shares to be redeemed on the Potential Disposal completing or becoming effective;
- (c) any such notice as may be given in accordance with Article 2.7.1(b) shall be irrevocable in respect of the Preference Shares to which it relates provided that the Potential Disposal completes or becomes effective by no later than the date which is 40 business days after the date on which the Disposal Notice was given by the Company and in the event it has not so completed or become effective any Disposal Notice previously given pursuant to Article 2.7.1(a) in respect of such Potential Disposal shall lapse and, if the Potential Disposal remains capable of completing or becoming effective, the Company shall be required to give a

further Disposal Notice pursuant to Article 2.7.1(a) in respect of the relevant Potential Disposal;

- (d) subject to the provisions of the Statutes, the Company shall be obliged to redeem the Preference Shares in respect of which a notice is validly given pursuant to Article 2.7.1(b) on the date on which the Potential Disposal completes or becomes effective (the "**Redemption Date**"); and
- (e) if the Company is unable lawfully to redeem in full the relevant number of Preference Shares on the Redemption Date, the Company shall redeem as many of such Preference Shares as may lawfully and properly be redeemed in accordance with the provisions of the Statutes and the Company shall redeem the balance as soon as it is lawfully and properly able to do so.

For the purposes of this Article 2.7.1, a Potential Disposal effected (i) by way of a takeover offer shall be deemed to complete on the fourteenth day after such offer becomes unconditional in all respects; (ii) by way of an amalgamation under Part VI of the Law shall be deemed to complete on the fourteenth day after such amalgamation is recorded on the register of companies in Guernsey; and (iii) by way of an arrangement under Part VIII of the Law shall be deemed to complete on the fourteenth day after such scheme is sanctioned by the court.

2.7.2 There shall be paid on each Preference Share redeemed pursuant to this Article 2.7 an amount equal to the aggregate of (i) the Fixed Amount; and (ii) a sum equal to all arrears and accruals of the Preference Dividend thereon to be calculated down to and including the Redemption Date (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.

2.7.3 The Preference Dividend shall cease to accrue on any Preference Shares redeemed pursuant to this Article 2.7 with effect from such redemption.

- 2.7.4 On the Redemption Date, the holder of each Preference Share held in certificated form falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office (or such other place as it shall notify the holders of Preference Shares), the certificate for such Preference Shares (or an indemnity, in a form reasonably satisfactory to the board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the register in respect of such Preference Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies. If any certificate delivered to the Company includes any Preference Shares not falling to be redeemed on the Redemption Date (as a result of the application of Article 2.7.1(e)), a new certificate in respect of those Preference Shares shall be issued to the holder(s) thereof as soon as practicable thereafter.
- 2.7.5 If any holder of any Preference Shares in certificated form to be redeemed shall fail to deliver up the certificate or certificates held by him at the time and place fixed for the redemption of such shares or shall fail to accept payment of the redemption monies payable in respect thereof, the redemption monies payable to such holder shall be set aside and paid into a separate account with the Company's bankers (designated for the benefit of such holder) and such setting aside shall be deemed for all purposes hereof to be a payment to such holder and all the said holder's rights as a holder of the relevant Preference Shares shall cease and determine as from the Redemption Date and the Company shall thereby be discharged from all obligations in respect thereof. The Company shall not be responsible for the safe custody of the monies so placed on deposit or for interest thereon and may deduct from such monies on deposit a sum equal to any expenses incurred by the Company in connection with the placing of such monies on deposit and the administration of such deposit account (including, without limitation, bank charges).
- 2.7.6 In respect of Preference Shares held in uncertificated form, redemption shall be effected if the Company, or any sponsoring system-participant acting on behalf of the Company, receives:



- (a) a properly authenticated dematerialised instruction:
- (i) in the form from time to time prescribed by the board and having the effect determined by the board (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of the relevant system in accordance with the UK Regulations; and
  - (ii) that is addressed to the Company, is attributable to the system-member who is the holder of the Preference Share(s) concerned and that specifies (in accordance with the form prescribed by the board as aforesaid) the number of Preference Shares in respect of which redemption is to be effected,

provided always that:

- (iii) subject always to the facilities and requirements of the relevant system concerned, the board may in its discretion permit the holder of any Preference Share(s) in uncertificated form to redeem such shares by such other means as the board may approve; and
- (iv) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Preference Share(s) concerned of the power to transfer such Preference Shares to another person pending redemption.

Payment of the redemption monies due to be paid by the Company in respect of any Preference Share held in uncertificated form and due to be redeemed on the Redemption Date and in respect of which a properly authenticated dematerialised instruction shall have been received in accordance with the foregoing shall be made through the relevant system in accordance with the UK Regulations or by such other means permitted by the board.

- 2.7.7 If the Company has given a Rights Cessation Notice (as defined in Article 2.6.9) in accordance with Article 2.6.9, each holder of Preference Shares shall be entitled by no later than the 30<sup>th</sup> day after the Rights Cessation Date (as specified in the Rights Cessation Notice) to notify the Company that it requires all (but not part) of its Preference Shares to be redeemed. Any notice as may be given by a holder of Preference Shares pursuant to this Article 2.7.7 shall be irrevocable in respect of the Preference Shares to which it relates.
- 2.7.8 Subject to the provisions of the Statutes, the Company shall be obliged to redeem the Preference Shares in respect of which a notice ("**Redemption Notice**") is validly given by a holder of Preference Shares pursuant to Article 2.7.7 on the 20<sup>th</sup> business day following the date of the Redemption Notice.
- 2.7.9 The provisions of Articles 2.7.1(e) and 2.7.2 to 2.7.6 shall apply, *mutatis mutandis*, to any redemption of Preference Shares pursuant to Article 2.7.8, provided that references in those Articles to the "Redemption Date" shall be deemed in relation to a redemption of Preference Shares pursuant to Article 2.7.8 to refer to the date fixed for redemption in accordance with Article 2.7.8.
- 2.7.10 If the Company fails to redeem any Preference Shares on the date fixed for such redemption pursuant to this Article 2.7 interest shall accrue from such date on any unpaid redemption monies at the rate of 15% per annum (such sum to accrue from day to day on the basis of a 365 day year but not to be compounded) from the date upon which such redemption monies were required to be paid pursuant to this Article 2.7 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 interest rate at which interest will accrue on such unpaid redemption monies will increase from such time to the rate of 20% per annum (such sum to accrue from day to day on the basis of a 365 day year but not to be compounded).
- 2.7.11 Save as expressly provided in this Article 2, the Company and the holders of the Preference Shares shall have no right to redeem the Preference Shares.

3 **Rights attached to shares**

3.1 Subject to the provisions of the Statutes and to any special rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide.

**Unissued shares**

4 **Authority to issue relevant securities**

4.1 The board is authorised to issue up to (i) 400,000,000 Ordinary Shares, (ii) 400,000,000 Preference Shares and (iii) 275,000,000 warrants (including, and in addition to the authority in (i) 275,000,000 Ordinary Shares following the exercise of such warrants), which authority shall expire on 23 March 2014, save that the Company may, before such expiry, make an offer or agreement which would, or might, require such shares or warrants to be issued after such expiry and the directors may issue such shares or warrants in pursuance of such an offer or agreement as if the authority conferred by this Article had not expired.

4.2 Subject to the provisions of the Law and these Articles fractions of shares may be issued or purchased by the Company.

5 **Offers to shareholders to be on a pre-emptive basis**

5.1 Unless otherwise authorised by a special resolution, if the Company is proposing to allot equity securities it shall not allot any of them on any terms unless:

5.1.1 the Company has made an offer to each person who holds relevant shares and relevant employee shares 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;

5.1.2 the period, which shall not be less than 21 clear days, during which any offer referred to in Article 5.1.1 may be accepted, has expired or the Company has received notice of the acceptance or refusal of every offer made.

5.2 A reference to the allotment of equity securities for the purposes of Article 5.1 includes the grant of a right to subscribe for, or to convert any securities into,

relevant shares in the Company; but such a reference does not include the allotment of any relevant shares pursuant to such a right.

5.3 A reference to the allotment of equity securities also includes the sale of any relevant shares in the Company if, immediately before the sale, the shares were held by the Company as treasury shares.

5.4 Where the Company holds relevant shares as treasury shares, for the purposes of Article 5.1:-

5.4.1 the Company is not a "person who holds relevant shares"; and

5.4.2 the shares held as treasury shares do not form part of "the aggregate of relevant shares and relevant employee shares"

5.5 The pre-emption rights, set out in Article 5.1 shall not apply:

5.5.1 to a particular allotment of equity securities if these are, or are to be, wholly or partly paid up or allotted otherwise than in cash or are allotted in whole or in part otherwise than for cash; and

5.5.2 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.

5.6 An offer by the Company referred to in Article 5.1.1 shall, subject to Articles 5.7 and 5.8 be (i) made to a holder of shares in accordance with Articles 126-133 as if such offer was a notice as referred to therein and the provisions therein relating to service shall apply, mutatis mutandis and (ii) in relation to an offer by the Company of the nature described in Article 5.1.1, a reference in this Article 5 to the holder of shares of any description is to whoever was at the close of business on a date, to be specified in the offer and to fall in the period of 28 days immediately before the date of the offer, the holder of shares of that description.

5.7 Where equity securities are held by two or more persons jointly, the offer may be made to the joint holder first named in the register in respect of the equity securities.

5.8 In the case of a holder's death or bankruptcy, the offer referred to in Article 5.1 may be made:-

5.8.1 to the persons claiming to be entitled to the equity securities in consequence of the death or bankruptcy by name, or by the title of

representatives of the deceased, or trustee of the bankrupt, or by any like description; or

5.8.2 by giving the notice in any manner in which it might have been if the death or bankruptcy had not occurred.

5.9 Securities that the Company has offered to allot to a holder of relevant shares or relevant employee shares may be allotted to him or anyone in whose favour he has renounced his right to their allotment without contravening Article 5.1.2.

5.10 For the purposes of Article 5.5.1, an equity security is deemed to be paid up (including, where relevant, as to its nominal value or any premium on it) in cash, or allotted for cash, if the consideration for the allotment or payment up is cash received by the Company, or is a cheque received by it in good faith which the directors have no reason for suspecting will not be paid, or is a release of a liability of the Company for a liquidated sum, or is an undertaking to pay cash to the Company at a future date. For the purposes of Article 5.5.1 "cash" includes foreign currency.

## 6 **Consideration to be valued before allotment**

6.1 Before the Company may issue shares, the board must:-

6.1.1 decide the consideration for which the shares will be issued and the terms on which they will be issued, and

6.1.2 resolve that, in its opinion, the consideration for and terms of the issue are fair and reasonable to the company and to all existing members.

6.2 The board must approve a certificate:-

6.2.1 stating the consideration for, and the terms of, the issue;

6.2.2 describing the consideration in sufficient detail to identify it; and

6.2.3 stating that, in their opinion, the consideration for and terms of issue are fair and reasonable to the company and to all existing members,

and the certificate must be signed on their behalf by at least one of them.

6.3 Before the Company grants rights to subscribe for, or to convert any security into, shares in a Company, the board must:-

- 6.3.1 decide the consideration for which the rights or securities and, in either case, the shares will be issued and the terms on which they will be issued; and
  - 6.3.2 resolve that, in its opinion, the consideration for and terms of the issue of the rights or securities and, in either case, the shares are fair and reasonable to the company and to all existing members.
- 6.4 The board must approve a certificate:-
- 6.4.1 stating the consideration for, and terms of, the issue of the rights or securities and, in either case, the shares;
  - 6.4.2 describing the consideration in sufficient detail to identify it; and
  - 6.4.3 stating that, in their opinion, the consideration for and terms of issue of the rights or securities and, in either case, the shares are fair and reasonable to the company and to all existing members,
- and the certificate must be signed on their behalf by at least one of them.

## 7 **Power to pay commission and brokerage**

The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Statutes.

## 8 **Power to increase, consolidate, sub-divide and cancel share capital**

- 8.1 The Company may by ordinary resolution:-
- 8.1.1 increase its capital by the creation of new shares of such amount as the resolution prescribes;
  - 8.1.2 consolidate and/or divide all or any of its share capital into shares of a larger amounts than its existing shares;
  - 8.1.3 sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum, but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

- 8.1.4 cancel any shares which, at the date of the passing of the resolution, have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
- 8.1.5 convert all or any of its shares the nominal amount of which is expressed in a particular currency or former currency into shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other day as may be specified therein;
- 8.1.6 where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise; and
- 8.1.7 convert and/or reclassify all or any of the Preference Shares into Ordinary Shares on such terms as the relevant ordinary resolution prescribes and provided that the Company shall obtain the consent of the holders of the Preference Shares whose Preference Shares are being converted and/or reclassified pursuant to such resolution.
- 8.2 A resolution by which any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the company has power to attach to new shares.
- 8.3 If as a result of any consolidation of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit and in particular may (on behalf of those members) sell the shares representing the fractions to any person (including, subject to the provisions of the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members (except that any proceeds less than a sum fixed by the board may be retained for the benefit of the Company). For the purpose of any such sale the board may authorise some person to transfer the shares to or as directed by the purchaser, who shall not be bound to see to the application of the purchase money; nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

9           **Power to issue redeemable shares**

Subject to the provisions of the Statutes any share may with the sanction of the board be issued on terms and in such manner that it is to be redeemed or is liable to be redeemed at the option of the Company or the shareholder.

10           **Power to purchase own shares, warrants and options**

10.1       Subject to the provisions of the Statutes and these 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.

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

11           **Power to provide financial assistance**

Subject to the provisions of the Statutes, the Company and any Associated Company of the Company may at the discretion of the board give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of shares in the Company or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

12           **Power to reduce capital**

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital in any way.

13.           **Power to require disclosure of beneficial interest**

13.1       The board shall have power by notice in writing to require any member to disclose to the Company the identity of any person other than the member (an "interested party") who has any interest in a security held by the member and the nature of such interest. For the purposes of this Article 13.1 and without limitation to the meaning of "interest in a security", a person shall be deemed to have an interest in a security if such person falls within Article 46.1.4 and/or Article 46.1.5.

13.2       Any such notice shall require any information in response to such notice to be given in



writing within such reasonable time as the board shall determine.

- 13.3 The Company shall maintain at its registered office a register of interested parties to which the provisions of Sections 123 of the Law shall apply *mutatis mutandis* as if the register of interested parties was the register and whenever in pursuance of a requirement imposed on a member as aforesaid, the Company is informed of an interested party, the identity of the interested party and the nature of the interest shall be promptly inscribed therein together with the date of the request.
- 13.4 The board may be required to exercise its powers under Article 13.1 on the requisition of members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company which carries voting rights at general meetings of the Company.
- 13.5 A requisition under Article 13.4 must:-
- 13.5.1 state that the requisitionists are requiring the Company to exercise its powers under this Article;
  - 13.5.2 specify the manner in which they require those powers to be exercised;
  - 13.5.3 give reasonable grounds for requiring the Company to exercise those powers in the manner specified; and
  - 13.5.4 be signed by the requisitionists and deposited at the office.
- 13.6 A requisition may consist of several documents in like form each signed by one or more requisitionists.
- 13.7 On the deposit of a requisition complying with Article 13.5, it is the board's duty to exercise its powers under Article 13.1 in the manner specified in the requisition.
- 13.8 If any member has been duly served with a notice given by the board in accordance with Article 13.1 and is in default for the prescribed period in supplying to the Company the information thereby required, then the board may in its absolute discretion at any time thereafter serve a notice (a "**direction notice**") upon such member.
- 13.9 A direction notice may direct that, in respect of:-
- 13.9.1 any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "**default shares**");

and

13.9.2 any other shares held by the member;

the member shall not be entitled to attend or vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company.

13.10 Where the default shares represent at least 0.25% of the class of shares concerned (calculated exclusive of any shares held as treasury shares), the direction notice may additionally direct that in respect of the default shares:-

13.10.1 any dividend (including scrip dividends) or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member;

13.10.2 no transfer other than an approved transfer (as set out in Article 13.13.3) of the default shares held by such member shall be registered unless:-

13.10.2.1 the member is not himself in default as regards supplying the information requested; and

13.10.2.2 when presented for registration the transfer is accompanied by a certificate by the member in a form satisfactory to the board to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but failure or omission by the Company to do so shall not invalidate such notice.

13.11 If shares are issued to a member as a result of that member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that member as such default shares. For this purpose, shares which the Company procures to be offered to members pro rata (or pro rata

ignoring fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with offering shares outside the United Kingdom or Guernsey) shall be treated as shares issued as a result of a member holding other shares in the Company.

13.12 Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect in relation to any shares which are transferred by such member by means of an approved transfer as set out in Article 13.13.3. As soon as practical after the direction notice has ceased to have effect (and in any event within 7 days thereafter) the board shall procure that the restrictions imposed by Articles 13.10 and 13.11 above shall be removed and that dividends withheld pursuant to Article 13.10.1 above are paid to the relevant member.

13.13 For the purpose of this Article:-

13.13.1 a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

13.13.2 the prescribed period in respect of any particular member is 28 days from the date of service of the said notice in accordance with Article 13.1 except where the default shares represent at least 0.25% of the class of shares concerned in which case such period shall be 14 days;

13.13.3 a transfer of shares is an approved transfer if but only if:-

13.13.3.1 it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Company not already owned by the offeror or connected person of the offeror in respect of the Company; or

13.13.3.2 the board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with

other persons appearing to be interested in such shares;  
or

13.13.3.3 the transfer results from a sale made through a recognised investment exchange (as defined in the United Kingdom's Financial Services and Markets Act 2000) or any stock exchange outside the United Kingdom on which the Company's shares are listed or normally traded.

- 13.14 Any member who has given notice of an interested party in accordance with Article 13.1 who subsequently ceases to have any party interested in his shares or has any other person interested in his shares shall notify the Company in writing of the cessation or change in such interest and the board shall promptly amend the register of interested parties accordingly.
- 13.15 Where dividends or other sums payable on default shares are not paid as a result of Restrictions having been imposed, the dividends or other sums shall accrue and be payable (without interest) on the relevant Restrictions (as defined in Article 46.1.3) ceasing to apply.
- 13.16 The board may, at its discretion, suspend, in whole or in part, the imposition of a Restriction, either permanently or for a given period, and may pay a dividend or other sums payable in respect of the default shares to a trustee. Notice of suspension, specifying the Restrictions suspended and the period of suspension, shall be given by the Company to the relevant shareholder as soon as practicable.
- 13.17 If any provision of this Article 13 or any part of any such provision is held under any circumstances to be invalid or unenforceable in any jurisdiction, then (a) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be deemed amended to conform to applicable laws so as to be valid and enforceable to the fullest possible extent, (b) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction, and (c) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of this Article 13. Each provision of this Article 13 is separable from every other provision of this Article 13, and each part of each provision of this Article 13 is separable from every other part of such provision.

14 **Trusts not recognised**

Without prejudice to Part XXIX of the Law, except as ordered by a court of competent jurisdiction or as required by law, the Company shall not be affected or bound by or be compelled in any way to recognise (even when having notice) any equitable, contingent, future or partial interest in any share or fraction or (except only as by these Articles or by law otherwise provided) or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder and whether or not such share shall be entered in the register as held in trust, nor shall the Company be bound to see to the execution of any trust to which any share may be subject.

**Variation of rights**

15 **Variation of class rights**

15.1 Whenever the capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied in such manner (if any) as may be provided by those rights or with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that 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 those shares.

15.2 All the provisions of these Articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, mutatis mutandis, to every such separate general meeting, except that:

15.2.1 the necessary quorum at any such meeting (other than an adjourned meeting) shall be two (2) present persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class;

15.2.2 at an adjourned meeting the necessary quorum shall be one (1) person holding shares of the class in question or his proxy;

15.2.3 where the class has only one (1) member, that member;

15.2.4 every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and

- 15.2.5 a poll may be demanded by any one holder of shares of the class whether present in person or by proxy.
- 15.3 Unless otherwise expressly provided by the terms of their issue, the rights attached to any class of shares shall not be deemed to be varied or abrogated by:
- 15.3.1 the creation or issue of further shares ranking *pari passu* with them but in no respect in priority thereto; or
- 15.3.2 the purchase by the Company of any of its own shares in accordance with the provisions of the Statutes and Article 10.
- 15.4 For the avoidance of doubt the issue of Preference Share and/or Further Preference Shares is not and shall not be or be deemed to be an abrogation, variation or modification of the class rights attaching to the Ordinary Shares.

#### **Share certificates**

### **16 Issue of certificates**

- 16.1 A person whose name is entered in the register as the holder of any certificated shares shall be entitled to receive without charge within one month after the allotment to him of those shares or five business days after the lodgement of evidence of his entitlement to shares (or within such other period as the conditions of issue may provide) one certificate for those shares, or one certificate for each class of those shares, but no certificate shall be issued to any member who is a market nominee unless it specifically requests the company to issue one.
- 16.2 In the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.
- 16.3 Every share certificate shall be executed under seal or as may be otherwise permitted by law and shall specify the number and class of the shares to which it relates and the amount or respective amounts paid upon the shares.

### **17 Charges for and replacement of certificates**

- 17.1 Except as expressly provided to the contrary in these Articles, no fee shall be charged for the issue of a share certificate.

- 17.2 Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate issued.
- 17.3 Where a member has transferred part only of the shares comprised in a certificate, he shall be entitled without charge to a certificate for the balance of his shares.
- 17.4 If any member surrenders for cancellation a certificate representing shares held by him and requests the Company to issue two or more certificates representing those shares in such proportions as he may specify, the board may, if it thinks fit, comply with the request on payment of such fee (if any) as the board may decide.
- 17.5 In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.
- 17.6 If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued on compliance with such conditions as to evidence and indemnity as the board may think fit without charge (other than exceptional out of pocket expenses) and, if damaged or defaced, on delivery up of the old certificate.

#### **Lien on shares**

#### **18 Lien on partly paid shares**

- 18.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount payable in respect of that share.
- 18.2 The board may at any time either generally or in any particular case declare any share to be wholly or partly exempt from the provisions of this Article.
- 18.3 Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

#### **19 Enforcement of lien**

- 19.1 The Company may sell any share subject to a lien in such manner as the board may decide if any amount payable on the share is due and is not paid within 14 clear days after a notice has been served on the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.

19.2 To give effect to any sale under this Article, the board may authorise some person to transfer the share sold to, or in accordance with the directions of, the purchaser and the transferee shall not be bound to see to the application of the purchase money; nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the sale.

19.3 The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently due as existed on the share before the sale), on surrender of the certificate for the shares sold, be paid to the holder or person entitled by transmission to the share immediately before the sale.

### **Calls on shares**

#### **20 Calls**

20.1 Subject to the terms of allotment, the board may make calls on the members in respect of any monies unpaid on their shares (whether in respect of nominal amount or premium) and each member shall (subject to his receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide.

20.2 Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the board authorising that call is passed.

20.3 A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.

20.4 The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

#### **21 Interest on calls**

If a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid from the due date for payment to the date of actual payment at such rate as the board may decide, but the board may waive payment of the interest, wholly or in part.



22 **Sums treated as calls**

A sum which by the terms of allotment of a share is payable on allotment, or at a fixed time, or by instalments at fixed times, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non-payment, the provisions of these Articles shall apply as if that sum had become payable by virtue of a call.

23 **Power to differentiate**

On any issue of shares the board may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

24 **Payment of calls in advance**

The board may, if it thinks fit, receive all or any part of the monies payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any monies so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the board and the member paying the sum in advance but no dividend shall be payable in respect of any monies so paid in advance.

**Forfeiture of shares**

25 **Notice of unpaid calls**

25.1 If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board may serve a notice on the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

25.2 The notice shall state a further day, being not less than seven clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.

25.3 The board may accept a surrender of any share liable to be forfeited.

26 **Forfeiture following non-compliance with notice**

26.1 If the requirements of a notice served under the preceding Article are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board. The forfeiture shall include all dividends declared and other monies payable in respect of the forfeited share and not actually paid before the forfeiture.

26.2 If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

27 **Power to annul forfeiture or surrender**

The board may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

28 **Disposal of forfeited or surrendered shares**

28.1 Every share which is forfeited or surrendered shall become the property of the Company and (subject to the provisions of the Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The board may for the purposes of a disposal authorise some person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been sold or disposed of.

28.2 A statutory declaration by a director or the secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The new holder of the share shall not be bound to see to the application of the consideration for the disposal (if any); nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.

**Arrears to be paid notwithstanding forfeiture or surrender**

A person, any of whose shares have been forfeited or surrendered, shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation the certificate for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the board) to pay to the Company all monies payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as the board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal. The forfeiture of a share shall extinguish all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the holder and the Company.

**Untraced members****30 Sale of shares of untraced members**

30.1 The Company may sell any share of a member, or any share to which a person is entitled by transmission, or otherwise by operation of law by giving to a person authorised to conduct business on the London Stock Exchange an instruction to sell it at the best price reasonably obtainable, if:

30.1.1 during the relevant period at least three dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with Article 115;

30.1.2 no dividend payable during the relevant period in respect of the share has been claimed;

30.1.3 during the relevant period no warrant or cheque in respect of the share sent to the registered address and in the manner provided by these Articles for sending such payments has been cashed;

30.1.4 during the relevant period no communication has been received by the Company from the member or the person entitled by transmission to the share;

30.1.5 after expiry of the relevant period the Company has published advertisements in both a national newspaper and in a newspaper circulating in the area in which the registered address is located, in each case giving notice of its intention to sell the share;

30.1.6 during the period of three months following the publication of those advertisements (or if published on different dates the last thereof) and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.

For the purposes of this Article 30.1 the "relevant period" means the period of 12 years immediately preceding the date of publication of the first of any advertisement published pursuant to Article 30.1.5.

30.2 The Company's power of sale shall extend to any further share which on or before the date of publication of the first advertisement published pursuant to Article 30.1.5, is issued in right of a share to which Article 30.1 applies (or in right of any share to which this Article 30.2 applies) if the conditions set out in Articles 30.1.1 to 30.1.6 (inclusive) have been satisfied in relation to the further share since the date of allotment of the further share but for this purpose the relevant period shall be deemed to be the period commencing on the date of allotment of the further share and ending immediately prior to the publication of the first advertisement published pursuant to Article 30.1.5.

30.3 To give effect to any sale, the board may authorise some person to transfer the share to, or in accordance with the directions of, the purchaser and the new holder of the share shall not be bound to see to the application of the purchase money; nor shall his title to the share be affected by any irregularity in, or invalidity of, the proceedings connected with the sale.

### 31 **Application of proceeds of sale**

31.1 The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale and shall be deemed to be his debtor, and not a trustee for him, in respect of them.

31.2 Pending payment of the net proceeds of sale to such person, the proceeds may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the board may from time to time decide.

31.3 No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any monies earned on the net proceeds.

32 **Right to suspend posting of notices**

If on two consecutive occasions notices or other documents have been sent through the post to any member at his registered address but have been returned undelivered, such a member shall not from then on be entitled to receive notices or other documents from the Company until he shall have communicated with the Company and supplied in writing or, if the board agrees, by electronic communication a new registered address.

**Transfer of shares**

33 **Right to transfer shares**

Subject to these Articles, a member may transfer all or any of his shares in any manner which is permitted by the Statutes or in any other manner which is from time to time approved by the board.

34 **Transfer of certificated shares**

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 approved by the board. The instrument of transfer shall be signed by or on behalf of the transferor and, if the certificated share is not fully paid, by or on behalf of the transferee.

35 **Transfer of uncertificated shares**

35.1 The directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. Where they do so, Articles 35.2 and 35.3 shall commence to have effect immediately prior to the time at which EUI admits the class to settlement by means of the CREST UK system.

35.2 In relation to any class of shares which, for the time being, EUI has admitted to settlement by means of the CREST UK system, and for so long as such class remains so admitted, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

35.2.1 the holding of shares of that class in uncertificated form;

- 35.2.2 the transfer of title to shares of that class by means of the CREST UK system; or
  - 35.2.3 the CREST Guernsey Requirements.
- 35.3 Without prejudice to the generality of Article 35.2 and notwithstanding anything contained in these Articles where any class of shares is, for the time being, admitted to settlement by means of the CREST UK system:
- 35.3.1 such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements;
  - 35.3.2 unless the directors otherwise determine, such securities held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;
  - 35.3.3 such securities may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the CREST Guernsey Requirements;
  - 35.3.4 title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system and as provided in the CREST Guernsey Requirements and accordingly (and in particular) no provision of these Articles shall apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the security to be transferred;
  - 35.3.5 the Company shall comply in all respect with the CREST Guernsey Requirements including, without limitation, Rule 7 of the CREST Rules;
  - 35.3.6 no provision of these Articles shall apply so as to require the Company to issue a certificate to any person holding such shares in uncertificated form;
  - 35.3.7 the permitted number of joint holders of a share shall be four;
  - 35.3.8 every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed. Accordingly, each CREST member who

is for the time being registered as the holder of any shares in the capital of the Company shall hold such shares upon trust for himself and for those persons (if any) whose CREST accounts are duly credited with any such shares or in favour of whom shares are to be withdrawn from CREST pursuant to a settled stock withdrawal instruction; and the member and all such persons, to the extent respectively of the shares duly credited to their respective CREST accounts or the subject of a settled stock withdrawal instruction, shall accordingly have beneficial interests therein;

35.3.9 where a dematerialised instruction is expressed to have been sent on behalf of a person by a Sponsor or by EUI:

35.3.9.1 the person on whose behalf the instruction is expressed to have been sent shall not be able to deny to the addressee:

- (a) that the instruction was sent with his authority; or
- (b) that the information contained in it is correct; and

35.3.9.2 the Sponsor or EUI, as the case may be, shall not be able to deny to the addressee:

- (a) that he has authority to send the dematerialised instruction; or
- (b) that he has sent the dematerialised instruction;

35.3.10 where a dematerialised instruction is expressed to have been sent by a person, and it is not expressed to have been sent on behalf of another person, the first person shall not be allowed to deny to the addressee:

35.3.10.1 that the information contained in the instruction is correct;  
or

35.3.10.2 that he has sent it;

35.3.11 an addressee who receives a dematerialised instruction (whether directly, or by means of the facilities of a Sponsor acting on his behalf) may (subject to Articles 35.3.7 and 35.3.8) accept that at the time when it was sent or at any time thereafter:

- 35.3.11.1 the information contained in the instruction was correct;
  - 35.3.11.2 the user or authorised operator identified in the instruction as having sent the instruction did send it; and
  - 35.3.11.3 if the instruction was expressed to have been sent on behalf of a person, it was sent with the authority of that person;
- 35.3.12 subject to Article 35.3.14, an addressee shall not be allowed to accept any of the matters specified in Article 35.3.11 where, at the time when he received the dematerialised instruction or at any time thereafter, he was a person who was not either the Company or a Sponsor receiving (in either case) dematerialised instructions on behalf of the Company, and he had actual notice:
- 35.3.12.1 that any information contained in it was incorrect;
  - 35.3.12.2 that the user or EUI expressed to have sent the instruction did not send it; or
  - 35.3.12.3 if the instruction was expressed to have been sent on behalf of a person, that the person had not given to EUI or the Sponsor identified in the instruction as having sent it his authority to send the instruction on his behalf;
- 35.3.13 subject to Article 35.3.14, an addressee shall not be allowed to accept any of the matters specified in Article 35.3.11 where, at the time when he received the dematerialised instruction, he was either the Company or a Sponsor receiving dematerialised instructions on behalf of the Company, and:-
- 35.3.13.1 he had actual notice from EUI of any of the matters specified in Article 35.3.12; and
  - 35.3.13.2 the instruction was an instruction from EUI requiring the registration of title in the circumstances specified in any of sub-paragraphs 8.1.1, 8.1.2, 8.1.3 and 8.1.4 of the CREST Guernsey Requirements;
- 35.3.14 however, where an addressee has received actual notice of a kind to which this Article refers in respect of a properly authenticated dematerialised instruction, he may accept the matters specified in



Article 35.3.11 if at the time when he received the actual notice it was not practicable for him to halt his processing of the instruction;

35.3.15 a person who is permitted by Articles 35.3.11 or 35.3.14 to accept any matter shall not be liable in damages or otherwise to any person by reason of his having relied on the matter that he was permitted to accept.

35.3.16 except as provided in Article 35.3.15, this Article does not affect any liability of a person for causing or permitting a dematerialised instruction:

35.3.16.1 to be sent without authority;

35.3.16.2 to contain information that is incorrect; or

35.3.16.3 to be expressed to have been sent by a person who did not send it;

35.3.17 Articles 35.3.14 to 35.3.16 are to be construed in accordance with the CREST Manual;

35.3.18 words and expressions not specifically defined in this Article 35 shall bear the same meaning as those words and expressions are defined in the CREST Manual.

35.4 Subject to such restrictions of these Articles as may be applicable:-

35.4.1 any member may transfer all or any of his uncertificated shares by means of a relevant system authorised by the board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the Statutes or such as may otherwise from time to time be adopted by the board on behalf of the Company and the rules of any relevant system and accordingly no provision of these Articles shall apply in respect of any uncertificated shares to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;

35.4.2 any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the board may approve; and

35.4.3 an instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the shares is fully paid, by or on behalf of the transferee and the transferor will be deemed to remain the holder of the relevant share or shares until the name of the transferee is entered in the register. An instrument of transfer of a certificated share need not be under seal.

**36 Power to refuse registration of transfers of certificated shares**

36.1 The board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a certificated share of any class which is not fully paid provided that, where any such shares are admitted to the Official List of the UK Listing Authority or AIM, a market operated by London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

36.2 The board may also refuse to register any transfer of a certificated share unless the transfer is in respect of one class of shares and is in favour of no more than four transferees and the instrument of transfer, duly stamped, is deposited at the office or such other place as the board may appoint, accompanied by the certificate for the shares to which it relates if it has been issued, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.

**37 Power to refuse registration of transfers of uncertificated shares**

The board may refuse to register any transfer of an uncertificated share where permitted by the CREST Guernsey Requirements.

**38 Other provisions on transfers**

38.1 The transferor shall be deemed to remain the holder of the shares transferred until the name of the transferee is entered in the register in respect of those shares.

38.2 No fee shall be charged in respect of the registration of any transfer, probate, letters of administration or other document or instruction relating to or affecting the title to any shares.

38.3 Any instrument of transfer which is registered shall, subject to Article 134, be retained by the Company, but any instrument of transfer which the board refuses to register shall (except in any case of fraud) be returned to the person depositing the same.

38.4 These Articles are subject to, and do not limit or restrict the Company's powers to transfer shares in accordance with the Uncertificated Securities (Enabling Provisions) (Guernsey) Law, 2005.

39 **Notice of refusal of transfer**

If the directors refuse to register a transfer they shall send to the transferee notice of the refusal:-

39.1 in the case of a certificated share, within two months of the date on which the transfer was lodged with the company; or

39.2 in the case of an uncertificated share which is transferred by means of a relevant system to a person who is to hold it thereafter in certificated form, within two months of the date on which an instruction in respect of such transfer was duly received by the Company through the relevant system.

40 **Closure of register**

40.1 The Company shall keep the register and an index of members in accordance with Sections 123-128 of the Law and allow inspection in accordance with Sections 127-128 of the Law. The Company may delegate the maintenance of its register and index of members upon such terms as the board may think fit.

40.2 Each member shall inform the Company by means of a notice addressed to the office of any change in his address and as soon as reasonably practicable after receipt of that notice, the entry of the address of that member in the register shall be altered in conformity with the notice given.

40.3 The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine provided that such registration of transfers shall not be suspended for more than thirty (30) days in any year.

41 **Renunciations of allotment**

Nothing in these Articles shall preclude the board from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

## **Transmission of shares**

### **42 Transmission on death**

If a member dies, the survivor, where the deceased was a joint holder, and his personal representatives where he was a sole or the only surviving holder, shall be the only person or persons recognised by the Company as having any title to his shares; but nothing in these Articles shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly.

### **43 Election of person entitled by transmission**

43.1 A person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to a transmission by operation of law may, on producing such evidence as the board may require and subject as provided in this Article, elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the holder of the share.

43.2 If he elects to be registered himself, he shall give to the Company a notice signed by him to that effect. If he elects to have another person registered, he shall execute a transfer of the share to that person.

43.3 A person entitled by transmission to a share in uncertificated form who elects to have some other person registered as the holder of the share shall either:-

43.3.1 procure that instructions are given by means of a relevant system to effect transfer of such uncertificated share to that person; or

43.3.2 change the uncertificated share into certificated form and execute an instrument of transfer of that certificated share to that person.

43.4 All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the person from whom the title by transmission is derived and the death or bankruptcy of the member had not occurred.

### **44 Rights of person entitled by transmission**

44.1 A person becoming entitled to a share in consequence of a death or bankruptcy of a member or of any other event giving rise to a transmission by operation of law shall have the right to receive and give a discharge for any dividends or other monies payable in respect of the share and shall have the same rights in relation to the share

as he would have if he were the holder except that, until he becomes the holder, he shall not be entitled to attend or vote at any meeting of the Company or any separate general meeting of the holders of any class of shares in the Company.

- 44.2 The board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and, if after 90 days the notice has not been complied with, the board may withhold payment of all dividends or other monies payable in respect of the share until the requirements of the notice have been complied with.

### **Uncertificated shares**

#### **45 Uncertificated shares – general powers**

- 45.1 Notwithstanding anything in these Articles to the contrary, any share may be issued, held, registered, converted to or transferred in uncertificated form and may be converted from uncertificated form to certificated form in accordance with all applicable Regulations and the requirements and practices of the Operator (as defined in Article 46.1.2) of the relevant system (as defined in the UK Regulations).

- 45.2 In relation to any share which is for the time being held in uncertificated form:

45.2.1 the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Statutes or these Articles or otherwise in effecting any actions and the board may from time to time determine the manner in which such powers, functions and actions shall be so exercised or effected;

45.2.2 any provision in these Articles which is inconsistent with:

45.2.2.1 the holding or transfer of that share in the manner prescribed or permitted by the Statutes;

45.2.2.2 any other provision of the Statutes relating to shares held in uncertificated form; or

45.2.2.3 the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a relevant system,

shall not apply;

- 45.2.3 the Company may, by notice to the holder of any such share, require the holder to convert such share into certificated form within such period as may be specified in the notice or, alternatively, may, to the extent permitted by all applicable regulations, give notice to the Operator of the relevant system requiring such share to be converted into certificated form;
- 45.2.4 the Company shall not issue a certificate.
- 45.3 The Company shall enter on the issuer register of members the number of shares which are held by each member in certificated form.
- 45.4 Unless the board otherwise determines, holdings of the same holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings.
- 45.5 References in these Articles to a requirement to execute or deliver an instrument of transfer or certificate or other document which shall not be appropriate in the case of uncertificated shares shall, in the case of uncertificated shares, be treated as references to a requirement to comply with any relevant requirements of the relevant system and any relevant arrangements or all applicable regulations which the board may make from time to time pursuant to Article 45.8.
- 45.6 A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or all applicable regulations which applies only in respect of certificated shares or uncertificated shares.
- 45.7 References in these Articles to instruments of transfer shall, so far as may be consistent with all applicable regulations and the requirements of the relevant system, include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system relating to the transfer of such shares.
- 45.8 Subject to all applicable regulations and the requirements of the relevant system, the board may make such arrangements or all applicable regulations (if any) as it may from time to time in its absolute discretion think fit in relation to the evidencing and transfer of uncertificated shares or otherwise for the purpose of implementing and/or supplementing the provisions of this Article and all applicable regulations and the facilities and requirements of the relevant system and such arrangements and all applicable regulations (as the case may be) shall have the same effect as if set out in this Article.

45.9 The board may resolve that a class of shares is to become a participating security and may at any time determine that a class of shares shall cease to be a participating security.

45.10 Where any class of shares in the capital of the Company is a participating security and the Company is entitled under any provisions of the Statutes or the rules made and practices instituted by the Operator of any relevant system or under these Articles to dispose of, forfeit, enforce a lien or sell or otherwise procure the sale of any share which is held in uncertificated form, such entitlement (to the extent permitted by all applicable regulations and the rules made and practices instituted by the Operator of the relevant system) shall include the right to:

45.10.1 request or require the deletion of any entries in the Operator register of members; and/or

45.10.2 require any holder of any uncertificated share which is the subject of any exercise by the Company of any such entitlement, by notice in writing to the holder concerned, to change his holding of such uncertificated share into certificated form within such period as may be specified in the notice, prior to completion of any disposal, sale or transfer of such share or direct the holder to take such steps, by instructions given by means of a relevant system or otherwise, as may be necessary to sell or transfer such share; and/or

45.10.3 appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect a transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated share concerned; and/or

45.10.4 otherwise rectify or change the issuer register of members in respect of that share in such manner as may be appropriate; and/or

45.10.5 take such other action as may be necessary to enable that share to be registered in the name of the person to whom the share has been sold or disposed of or as directed by him.

#### 46 **Disclosure of interests in shares**

46.1 For the purposes of this Article:

- 46.1.1 "Notifiable Interest" means 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 in (including through a combination of such interests) is equal to or more than 3 per cent. of the aggregate outstanding shares of that class of securities of the Company;
- 46.1.2 "Operator" means EUI Limited or any other operator (as defined in the UK Regulations) appointed by the Company from time to time;
- 46.1.3 "Restrictions" means one or more of the restrictions imposed by a direction notice pursuant to Articles 13.9 and 13.10 (as determined by the board);
- 46.1.4 a person is for the purposes of this Article interested in a security if he (i) has an interest of the nature described in the definition of "interest in a security" and without prejudice to the foregoing, (ii) he is also taken to have an interest in securities if:
- 46.1.4.1 he holds, directly or indirectly, a financial instrument falling within DTR 5.3.1R(1), subject to the exemption in DTR 5.3.1R(2), relating to the securities of the Company which would count towards the applicable thresholds in DTR 5 for the purpose of determining whether he would have to make a notification in accordance with DTR 5.1.2, if DTR 5 were to apply to the Company, and the extent of his interest in securities of the Company as a result of his direct or indirect holding of such financial instrument for the purposes of these Articles and in particular his disclosure of interest obligations pursuant to this Article 46 will be equal to the percentage of voting rights he holds or is deemed to hold through his direct or indirect holding of such financial instrument as determined by DTR 5 (as if it applied to the Company);
- 46.1.4.2 he has an interest in a right to subscribe for or convert into a security;
- 46.1.4.3 he has a right to control directly or indirectly the exercise of any right conferred by the holding of securities alone or in conjunction with any person and in such case interest shall



be deemed to include the interest of any other person deemed to be so acting in concert;

46.1.4.4 he has an interest as a beneficiary of a trust of property where such interest in securities is comprised in the property;

and persons having a joint interest are taken each of them to have that interest if;

46.1.4.5 he enters into a contract for their purchase by him (whether for cash or other consideration);

46.1.4.6 not being the registered holder he is entitled to exercise any right conferred by the holding of securities, he is entitled to acquire or dispose of any such right or is entitled to control the exercise of any such right and for the purposes of this Article 46.1.4.6 this shall include but not be limited to the following cases (or a combination of them);

- (a) the voting rights attached to the securities are held by a third party with whom that person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the company; or
- (b) voting rights attached to the securities held by a third party under an agreement concluded with that person providing for the temporary transfer for consideration of the voting rights in question; or
- (c) voting rights attached to securities which are lodged as collateral with that person provided that person controls the voting rights and declares his intention of exercising them; or
- (d) voting rights attaching to securities in which that person has the life interest; or

- (e) voting rights which are held, or may be exercised within the meaning of Articles 46.1.4.6(a) to 46.1.4.6(d) or, in cases 46.1.4.6(f) and 46.1.4.6(h) by a firm undertaking investment management, or by a management company, by an undertaking controlled by that person; or
- (f) voting rights attaching to securities deposited with that person which the person can exercise at its discretion in the absence of specific instructions from the registered shareholders; or
- (g) voting rights attaching to the securities held by a third party in his own name on behalf of that person; or
- (h) voting rights which that person may exercise as a proxy where that person can exercise as a proxy where that person can exercise the voting rights at his discretion in the absence of specific instructions from the registered shareholders; or
- (i) if otherwise than by virtue of having an interest under a trust he has a right to call for delivery of the securities to himself or to his order whether the right or obligation is conditional or absolute; or
- (j) if otherwise than by virtue of having an interest under a trust he has a right to acquire an interest in shares or is under an obligation to take an interest in shares whether the right or obligation is conditional or absolute; or
- (k) he holds any Financial Instruments (as defined below) directly or indirectly, which result in an entitlement to acquire, on such holder's own initiative alone, under an agreement which is binding under the applicable law, securities to which voting rights are attached, already issued, of the company.

- 46.1.5 a person shall be treated as appearing to be interested in relevant securities if the person holding the default shares is an Operator and the person in question has notified the Operator that he is so interested.
- 46.1.6 "Financial Instruments" means transferable securities and options, futures, swaps, forward rate agreements and any other derivative contracts provided that they result in an entitlement to acquire, on the holder's own initiative alone, under an agreement which is binding under applicable law, securities to which voting rights are attached, already issued of the company and provided the instrument holder enjoys, on maturity, either the unconditional right to acquire the underlying securities or the discretion as to his right to acquire such securities or not.
- 46.2 Where a shareholder in the Company either:
- 46.2.1 to his knowledge acquires a Notifiable Interest, or ceases to have a Notifiable Interest; or
- 46.2.2 becomes aware that he has acquired a Notifiable Interest, or that he has ceased to have a Notifiable Interest in which he was previously interested,
- he shall notify the Company without delay of his interest.
- 46.3 The obligation to disclose in Article 46.2 also arises where there is an increase or a decrease in the percentage level of a shareholder's Notifiable Interest, and for these purposes if the percentage level is not a whole number it shall be rounded down to the next whole number.
- 46.4 Any notification under Article 46.2 shall identify the shareholder of the Company so interested, the nature and extent of his interest, and the date on which he acquired or ceased to hold a Notifiable Interest or on which there was an increase or decrease in the percentage level of his Notifiable Interest.
- 46.5 Where a notice is served on an Operator in accordance with Article 13.1, the obligations of the Operator shall be limited to disclosing information recorded by it relating to a person appearing to be interested in the securities held by it.

## **General meetings**

### **47 Annual general meetings**

The board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Law.

### **48 General meetings**

Annual general meetings and extraordinary general meeting shall be called general meetings.

### **49 Convening of general meetings**

49.1 The board may convene an general meeting whenever it thinks fit.

49.2 A general meeting may also be convened in accordance with Article 93.

49.3 A general meeting shall also be convened by the board on the requisition of members pursuant to the provisions of the Law or, in default, may be convened by such requisitions, as provided by the Law.

49.4 The board shall comply with the provisions of the Statutes regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

### **50 Orderly conduct of meetings**

50.1 The board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

50.2 The chairman of any general meeting of the Company shall take such action as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting, including, without limitation, asking any person or persons (whether or not a member or members of the Company) to leave the

meeting and, if necessary, having such person or persons excluded from the meeting. The decision of the chairman on matters relating to the orderly conduct of a meeting and on any other matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination, acting in good faith, as to whether any matter is of such nature. Nothing in this Article 50.2 shall limit any other power vested in the chairman.

50.3 The board may make such arrangements as it shall in its absolute discretion consider to be appropriate for any of the following purposes:-

50.3.1 to regulate the level of attendance at any place specified for the holding of a general meeting or any adjournment of such a meeting; or

50.3.2 to ensure the safety of people attending at any such place; or

50.3.3 to facilitate attendance at such meeting or adjournment;

and may from time to time vary any such arrangements or make new arrangements in their place. Such arrangements may include, without prejudice to the generality of the foregoing, the issue of tickets or the use of some random means of selection or otherwise as the board shall consider to be appropriate.

50.4 The board may when specifying the place of the meeting:

50.4.1 direct that the meeting shall be held at a place specified in the notice ("Main Meeting Place") at which the chairman of the meeting shall preside; and

50.4.2 make arrangements for simultaneous attendance and participation at another place or other places by members and proxies otherwise entitled to attend the general meeting but excluded from it under the provisions of this Article 50.4 or who wish to attend at the other place or any of such other places.

50.5 Such arrangements for simultaneous attendance may include arrangements for regulating the level of attendance in the manner aforesaid at the other place or any of such other places.

50.6 The members present in person or by proxy at the other place or places pursuant to the provisions of Article 50.4.2 shall be counted in the quorum for, and entitled to vote at, the meeting in question, and that meeting shall be duly constituted and its proceedings shall be duly constituted and its proceedings valid if the chairman of the

meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members attending all the meeting places are able to:

50.6.1 participate in the business for which the meeting has been convened;

50.6.2 hear and see all persons who speak (whether by use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the Main Meeting Place and the other place or places for the meeting; and

50.6.3 be heard and seen by all other persons present in the same way.

50.7 If it appears to the chairman of the meeting that the facilities at the Main Meeting Place or at the other place or places have become inadequate for the purpose referred to in Article 50.6, then the chairman may, without the consent of the meeting, interrupt or adjourn the meeting. All business conducted at that meeting up to the time of adjournment shall be valid. The provisions of Article 57.2 shall apply to that adjournment.

50.8 For the purposes of all other provisions of these Articles (unless the context requires otherwise) the members shall be deemed to be meeting in one place, and that shall be the Main Meeting Place.

50.9 If after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the board decides that it is impracticable or unreasonable to hold the meeting on the date or at the time or at the Main Meeting Place specified in the notice calling the meeting (or any of the other places, in the case of a meeting to which Article 50.4.2 applies), it may postpone the meeting to another date, time and place. When a meeting is postponed, notice of the date, time and place of the postponed meeting shall, be placed in at least two national newspapers in the United Kingdom and La Gazette Officielle. No new notice of the meeting need be sent. The board must take reasonable steps to ensure that a member trying to attend the meeting at the original date, time and place is informed of the new arrangements.

50.10 A proxy appointed in relation to a postponed meeting may, if by means of an instrument, be delivered to the office or to such other place (including outside of the Bailiwick of Guernsey) as may be specified by or on behalf of the Company in accordance with Article 71.1.1 or, if contained in an electronic communication, be received at the address (if any) specified by or on behalf of the Company in

accordance with Article 71.1.2, at any time not less than 48 hours before any postponed time appointed for holding the meeting.

- 50.11 The Main Meeting Place or the other place or places where members are present in person or by proxy for general meetings must be located outside the United Kingdom.

### **Notice of general meetings**

#### **51 Length and form of notice**

- 51.1 A general meeting shall be called by not less than fourteen (14) clear days' notice. A general meeting may be called by shorter notice than otherwise required if all the members entitled to attend and vote so agree. The requirement for a general meeting may be waived by the members in accordance with Section 201 of the Law.

- 51.2 Notices may be published on a website in accordance with Section 208 of the Law.

- 51.3 Notice of a general meeting of the Company must be sent to:-

51.3.1 every member other than any member who, under the provisions of these Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the Company and also to the auditors;

51.3.2 every director; and

51.3.3 every alternate director registered as such.

- 51.4 In Article 51.3, the reference to members includes only persons registered as members.

- 51.5 Notice of a general meeting of a company must:-

51.5.1 state the time and date of the meeting;

51.5.2 state the place of the meeting;

51.5.3 specify the general nature of any business to be put to the meeting;

51.5.4 contain the information required under Section 178(6)(a) of the Law in respect of a resolution which is to be proposed as a special resolution at the meeting; and

- 51.5.5 contain the information required under Section 179(6)(a) of the Law in respect of a resolution which is to be proposed as a waiver resolution at the meeting.
- 51.6 Notice of a general meeting must state the general nature of the business to be dealt with at the meeting.
- 51.7 Where, by any provision of the Law, special notice is required of a resolution, the resolution is not effective unless notice of the intention to move it has been given to the Company at least twenty-eight (28) clear days before the date of the meeting at which it is moved.
- 51.8 The Company must, where practicable, give its members notice of any such resolution in the same manner and at the same time as it gives notice of the meeting.
- 51.9 Where that is not practicable, the Company must give its members notice at least fourteen (14) clear days before the meeting –
- 51.9.1 by notice in La Gazette Officielle, or
- 51.9.2 in any other manner deemed appropriate by the board.
- 51.10 If, after notice of the intention to move such a resolution has been given to the Company, a meeting is called for a date twenty-eight (28) clear days or less after the notice has been given, the notice is deemed to have been properly given, though not given within the time required.
- 51.11 In every notice calling a meeting of the Company there must appear a statement informing the member of:-
- 51.11.1 his rights to appoint a proxy and under Section 222 of the Law; and
- 51.11.2 the right to appoint more than one proxy.
- 51.12 The accidental omission to give notice of any meeting to or the non receipt of such notice by any member shall not invalidate any resolution or any proposed resolution otherwise duly approved.
- 52 **Amendments to resolutions**
- 52.1 No amendment to a resolution duly proposed as a special resolution (other than a mere clerical amendment to correct an obvious error) may be considered.



- 52.2 No amendment to a resolution duly proposed as an ordinary resolution may be considered or voted on (other than a mere clerical amendment to correct an obvious error) unless either at least forty-eight hours prior to the time appointed for holding the meeting or adjourned meeting at which such ordinary resolutions is to be proposed, notice in writing of the terms of the amendment has been lodged by means of an instrument at the office, or received in an electronic communication at such address (if any) as may for the time being been specified by or on behalf of the Company for the purpose of receiving electronic communications.
- 52.3 If an amendment shall be proposed to any resolution but shall be ruled out of order by the chairman, acting in good faith, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

53 **Omission or non-receipt of notice**

The accidental omission to send a notice of a meeting, or to send any notification where required by the Law or these Articles in relation to the publication of a notice of meeting on a website, or to send a form of proxy where required by the Law or these Articles, to any person entitled to receive it, or the non-receipt for any reason of any such notice or notification or form of proxy by that person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.

**Proceedings at general meetings**

54 **Quorum**

- 54.1 No business, other than the appointment of a chairman, shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business.
- 54.2 Except as otherwise provided by these Articles two members present in person or by proxy and entitled to vote on a poll shall be a quorum.
- 54.3 If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, 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 at such other time and place, as the board may decide and in the latter case not less than seven clear

days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being.

54.4 If at an 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 a poll shall be a quorum, failing which the meeting shall be dissolved.

55 **Chairman**

At each general meeting, the chairman of the board or, if he is absent or unwilling, the deputy chairman (if any) of the board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other directors who is appointed for the purpose by the board or (failing appointment by the board), by the members present, shall preside as chairman of the meeting, but if no director is present within 15 minutes after the time fixed for holding the meeting or, if none of the directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

56 **Directors entitled to attend and speak**

Whether or not he is a member, a director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

57 **Adjournment**

57.1 With the consent of any meeting at which a quorum is present the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time or sine die and from place to place.

57.2 In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless appoint a proxy for the adjourned meeting in accordance with Article 71.1.

57.3 Nothing in this Article 57 shall limit any other power vested in the chairman to adjourn the meeting.

57.4 Whenever a meeting is adjourned for 30 days or more, at least seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being but otherwise no person shall be entitled to any notice of any adjourned meeting or of the business to be transacted at an adjourned meeting.

57.5 No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

58 **Method of voting and demand for poll**

58.1 At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

58.1.1 the chairman of the meeting; or

58.1.2 not less than five (5) members present in person or by proxy having the right to vote on the resolution; or

58.1.3 a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or

58.1.4 a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

58.2 No poll may be demanded on the appointment of a chairman of the meeting.

58.3 A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand

was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

58.4 Unless a poll is demanded (and the demand is not withdrawn), a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

## 59 **Taking a poll**

59.1 If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).

59.2 A poll demanded on a question of adjournment shall be taken at the meeting without adjournment.

59.3 It shall not be necessary (unless the chairman of the meeting otherwise directs) for notice to be given of a poll whether taken at or after the meeting at which it was demanded.

59.4 On a poll votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

59.5 The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

## 60 **Continuance of business after demand for poll**

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

## 61 **Chairman's casting vote**

In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll

is demanded, as the case may be, shall be entitled to a further or casting vote in addition to any vote or votes to which he may be entitled.

### **Votes of members**

#### **62 Voting rights**

Subject to the provisions of these Articles and to any special rights or restrictions as to voting for the time being attached to any shares:

- 62.1 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
- 62.2 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 him.

#### **63 Representation of corporations**

Any corporation which is a member of the Company 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 the representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member present at the meeting in person, including (without limitation) power to vote on a show of hands or on a poll and to demand or concur in demanding a poll, save that a director, the secretary or other person authorised for the purpose by the secretary may require such person to produce a certified copy of the resolution of authorisation permitting him to exercise his powers.

#### **64 Voting rights of joint holders**

If more than one of the joint holders of a share tenders a vote on the same resolution, whether personally or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the relevant share.

#### **65 Voting rights of members incapable of managing their affairs**

A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning

mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person in the nature of a receiver or curator bonis appointed by that court, and the receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the board of the authority of the person claiming the right to vote shall be produced at the office (or at such other place as may be specified for the deposit of instruments appointing a proxy) not later than the last time by which an instrument appointing a proxy must be deposited in order to be valid for use at the meeting or adjourned meeting or on the holding of the poll at or on which that person proposes to vote and, in default, the right to vote shall not be exercisable.

**66 Voting rights suspended where sums overdue**

Unless the board otherwise decides, a member shall not be entitled to vote, either in person or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid.

**67 Objections to admissibility of votes**

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting or poll at which the vote objected to is or may be given or tendered, and every vote not disallowed at such meeting or poll shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

**68 Written Resolutions**

68.1 Resolutions of the members may be approved in writing if so determined by the directors or the members in accordance with Part XIII of the Law and every member voting thereon shall have one vote for each share subject to any special voting powers or restrictions.

68.2 Notice specifying the proposed resolution in writing may be sent by the Company to members by post or by facsimile or such other telephonic or electronic means of written communications as the board may, subject to the Law, determine at any time.

68.3 Notices of proposed written resolutions forwarded by post shall be sent to the address of such members entered in the register. Notices forwarded by any telephonic or

electronic means of written communication shall be forwarded to such destination as the member in question may at any time designate in writing signed by him.

- 68.4 Notices of proposed written resolutions shall incorporate or be accompanied by an instrument to be signed by or on behalf of the member to who it is addressed for the purpose of approving the same.
- 68.5 Any notice of a proposed written resolution shall specify a date and time (whether greater or lesser than any period for the time being prescribed by the Law) at which the instrument or instruments signed by or on behalf of the members voting in favour thereof shall be counted and at which the resolution if approved by the requisite majority shall become effective. No instrument received or signature appended thereto after such time shall be counted.
- 68.6 Notwithstanding anything else contained herein (and in particular the method of sending the notice of and instrument for approving the written resolution to members) all such instruments containing such approval shall be in writing and signed by the member or members in question. The signature of a member shall be acceptable for such purposes if received by facsimile telephonic transmission or in any other way specified in the notice.
- 68.7 The accidental omission to give notice of any proposed written resolution to or the non receipt of such notice by any member shall not invalidate any resolution or any proposed resolution otherwise duly approved.

### **Proxies**

#### **69 Proxies**

- 69.1 A member is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.
- 69.2 Deposit of an instrument of proxy shall not preclude a member from attending and voting in person at the meeting or on the poll concerned.
- 69.3 Without prejudice to Article 71.7, no instrument of proxy shall be valid except for the meeting or meetings mentioned in it (including on any poll demanded at any such meeting).

70 **Form of proxy**

70.1 An instrument appointing a proxy shall be:-

70.1.1 by means of an instrument in writing in any usual form or in any other form which the board may approve, signed by the appointor, or his agent duly authorised in writing, or, if the appointor is a corporation, shall either be executed under its common seal or be signed by some agent or officer authorised for that purpose; or

70.1.2 contained in an electronic communication sent to such address (if any) as may for the time being be notified by or on behalf of the Company for that purpose provided that the electronic communication is received in accordance with Article 71.1 not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 50.9) or, where a poll is taken more than 48 hours after it is demanded, after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

70.2 The signature on an instrument appointing a proxy need not be witnessed.

71 **Deposit of proxy**

71.1 The appointment of a proxy shall:

71.1.1 in the case of an instrument, be delivered personally or by post to the office or such other place as may be specified by or on behalf of the Company for that purpose:

71.1.1.1 in the notice convening the meeting; or

71.1.1.2 in any form of proxy sent by or on behalf of the Company in relation to the meeting,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 50.9) at which the person named in the instrument proposes to vote; or



71.1.2 in the case of an appointment contained in an electronic communication, where an address has been specified by or on behalf of the Company for the purpose of receiving electronic communications:

71.1.2.1 in the notice convening the meeting; or

71.1.2.2 in any form of proxy sent by or on behalf of the Company in relation to the meeting; or

71.1.2.3 in any invitation contained in an electronic communication to appoint a proxy issued by or on behalf of the Company in relation to the meeting,

be received at such address not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to Article 50.9) at which the person named in the appointment proposes to vote; or

71.1.3 in either case, where a poll is taken more than 48 hours after it is demanded, be delivered or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

71.1.4 in the case only of an instrument, where a poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and for the purpose of this Article 71.1 and Article 72.2 "address", in relation to electronic communications includes any number or address used for the purposes of such communications. In calculating the periods mentioned in this Article 71.1 and Article 72.2, the board may specify in any case that no account shall be taken of any part of a day that is not a working day ("working day" having the meaning given to that term in the Law).

71.2 Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the board may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an uncertificated proxy instruction (that is, a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the relevant system

concerned and received by such participant in that system acting on behalf of the Company as the directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the directors (subject always to the facilities and requirements of the relevant system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such uncertificated proxy instruction to be made by like means. The board may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. The board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

71.3 An instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not require again to be received for the purposes of any subsequent meeting to which it relates.

71.4 Where the appointment of a proxy is expressed to have been or purports to have been executed by a person on behalf of the holder of a share:

71.4.1 the Company may treat the appointment as sufficient evidence of the authority of that person to execute the appointment on behalf of that holder; and

71.4.2 that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of any written authority under which the appointment has been executed, or a copy of such authority certified notarially or in some other way approved by the board, to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment may be treated as invalid.

71.5 A proxy appointment which is not delivered or received in accordance with Article 71.1, or in respect of which Article 71.4 has not been complied with, shall be invalid.

71.6 No proxy appointment shall be valid more than twelve months from the date of execution.

71.7 A proxy appointment shall be deemed to include the right to demand, or join in demanding a poll but shall not confer any further right to speak at a meeting except

with the permission of the chairman. The proxy appointment shall also be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The proxy appointment shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates, subject to Article 71.6.

71.8 If two or more valid but differing instruments of proxy in writing are received in respect of the same share for use at the same meeting or poll, the one which is last delivered or received (regardless of its date or of the date or time of its execution or transmission) shall be treated as replacing and revoking the others.

71.9 The board may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles.

## 72 **Notice of revocation of proxy**

72.1 Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the Law and any directions (if any) made by the directors to govern the revocation of a proxy.

72.2 A vote cast or a poll demanded by a proxy or by the duly authorised representative of a corporation shall not be rendered invalid by reason of the previous death or insanity of the appointor or by the revocation of the proxy or the authority under which the proxy was executed or, pending registration thereof, by the transfer of the share in respect of which the vote is cast or the poll is demanded unless notice of the death, insanity or revocation of the transfer shall have been delivered or received by the Company not later than the latest time at which the proxy should have been delivered or received by the Company in order to be valid for use at the meeting or adjourned meeting at which the proxy is used, or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not later than 24 hours before the time of the taking of the poll at which the vote is cast. Such notice of determination shall be either by means of an instrument delivered to the office or to such other place as may be specified by or on behalf of the Company in accordance with Article 71.1.1 or contained in an electronic communication received at the address (if any) specified by or on behalf of the Company in accordance with Article 71.1.2, regardless of whether any relevant proxy appointment was effected by means of an instrument or contained in an electronic communication. For the purpose of this Article, an electronic communication which contains such notice of determination need not be in writing if the board has determined that the electronic communication which contains the relevant proxy appointment need not be in writing.

## **Directors**

### **73 Number of directors**

The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three but there shall be no maximum number of directors.

### **74 Directors need not be members**

A director need not be a member of the Company. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

### **75 Age of directors**

No person shall be disqualified from being appointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age; nor shall it be necessary by reason of his age to give special notice of any resolution.

## **Appointment, retirement and removal of directors**

### **76 Appointment of directors by the Company in general meeting**

76.1 Subject to the provisions of these Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

76.2 No person (other than a director retiring by rotation or otherwise) shall be appointed or re-appointed a director at any general meeting unless:

76.2.1 he is recommended by the board; or

76.2.2 not less than seven nor more than 42 clear days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.

77 **Separate resolutions for appointment of each director**

Every resolution of a general meeting for the appointment of a director shall relate to one named person and a single resolution for the appointment of two or more persons shall be void unless a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it.

78 **The board's power to appoint directors**

The board may appoint any person eligible in accordance with Section 137 of the Law who is willing to act to be a director, either to fill a vacancy or by way of addition to their number.

79 **Retirement of directors**

79.1 At each annual general meeting any director who has been appointed by the board since the previous annual general meeting and any director selected to retire by rotation pursuant to Article 80 shall retire from office.

79.2 A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with these 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.

79.3 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 re-appoint him is put to the meeting and lost.

80 **Selection of directors to retire by rotation**

80.1 At each annual general meeting:

80.1.1 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 an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three directors who are subject to retirement by rotation under this Article one shall retire); and

80.1.2 any director who is not required to retire by rotation in accordance with Article 80.1.1 but who has been in office for three years or more since his appointment or his last re-appointment or who would (but for the operation of this Article 80.1.2) have held office at not less than three consecutive annual general meetings of the Company without retiring shall retire from office.

80.2 The directors to retire by rotation at each annual general meeting in accordance with Article 80.1.1 shall be the directors who, at the date of the notice of the meeting, have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

80.3 The names of the directors to retire by rotation shall be stated in the notice of the annual general meeting or in any document accompanying the notice. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the start of business on the date of the notice convening the annual general meeting and no directors shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time but before the close of the meeting.

## 81 **Removal of directors**

81.1 The Company may by ordinary resolution, remove any director before his period of office has expired notwithstanding anything in these Articles or in any agreement between him and the Company.

81.2 A director may also be removed from office by the service on him of a notice to that effect signed by all the other directors.

81.3 Any removal of a director under this Article shall be without prejudice to any claim which such director may have for damages for breach of any agreement between him and the Company.

## 82 **Vacation of office of director**

Without prejudice to the provisions of these Articles for retirement or removal, the office of a director shall be vacated:

82.1 if he is prohibited by law from being a director; or

- 82.2 if he becomes bankrupt or he makes any arrangement or composition with his creditors generally; or
- 82.3 if he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in the Bailiwick of Guernsey or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs; or
- 82.4 if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the board, from meetings of the board held during that period and the board resolves that his office be vacated; or
- 82.5 if he serves on the Company notice of his wish to resign, in which event he shall vacate office on the service of that notice on the Company or at such later time as is specified in the notice; or
- 82.6 if he becomes resident and/or ordinarily resident in the United Kingdom and, as a result thereof a majority of the directors are resident and/or ordinarily resident in the United Kingdom.

83 **Executive directors**

- 83.1 The board may appoint one or more directors to hold any executive office or employment under the Company (including that of chairman, chief executive or managing director) for such period (subject to the provisions of the Law) and on such terms as it may decide and may revoke or terminate any appointment so made without prejudice to any claim for damages for breach of any contract of service between the director and the Company.
- 83.2 The remuneration of a director appointed to any executive office or employment shall be fixed by the board and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of his remuneration as a director.
- 83.3 A director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a director.

## **Alternate directors**

### **84 Power to appoint alternate directors**

- 84.1 Each director may appoint another director or any other person who is willing to act as his alternate and may remove him from that office. Provided that a director who is neither resident nor ordinarily resident in the United Kingdom shall not be entitled to appoint an alternate director who is resident or ordinarily resident in the United Kingdom. The appointment as an alternate director of any person who is not himself a director shall be subject to the approval of a majority of the directors or a resolution of the board.
- 84.2 An alternate director shall be entitled to receive notice of all meetings of the board and of all meetings of committees of which the director appointing him is a member, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of these Articles shall apply as if he were a director.
- 84.3 Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these Articles relating to directors and shall alone be responsible to the Company for his acts and defaults and shall be entitled to be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any fee in his capacity as an alternate director.
- 84.4 The authority of any director appointed to any executive office or employment shall be the same and shall not exceed the authority of any director appointed to any non-executive office or employment.
- 84.5 Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- 84.6 Any person appointed as an alternate director shall vacate his office as alternate director if the director by whom he has been appointed vacates his office as director (otherwise than by retirement at a general meeting of the Company at which he is re-elected) or removes him by notice to the Company or on the happening of any event which, if he is or were a director, causes or would cause him to vacate that office.



84.7 Every appointment or removal of an alternate director shall be by notice in writing signed by the appointor (or in any other manner approved by the board) and shall be effective (subject to Article 84.1) on delivery at the office, to the secretary or at a meeting of the board.

### **Remuneration, expenses and pensions**

#### **85 Remuneration of directors**

85.1 The directors shall be paid out of the funds of the Company by way of remuneration for their services as directors.

85.2 The directors shall be paid out of the funds of the Company by way of fees such sums as the directors shall from time to time determine.

#### **86 Special remuneration**

86.1 The board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company.

86.2 Such extra or special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the board may decide in addition to any remuneration provided for by or pursuant to any other Article.

#### **87 Expenses**

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from meetings of the board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

#### **88 Pensions and other 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, allowances or gratuities to any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or any such subsidiary or Associated Company or the relatives or dependants of any such person. For that purpose the board may procure the establishment and maintenance of, or participate in or

contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement and pay insurance premiums.

## 89 **Directors' and officers' liability insurance**

Subject to the provisions of and to the extent permitted by the Law, the board may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office insurance against any liability or expense incurred by him in relation to the Company or any Associated Company of the Company or any third party in respect of any act or omission in the actual or purported discharge of the duties of the relevant office concerned or otherwise in connection with the holding of that relevant office and for this purpose "relevant office" means that of director, officer or employee of the Company or any company which is or was an Associated Company of the Company or any predecessor in business of the Company or of any such Associated Company or that of trustee of any pension fund or retirement, death or disability scheme or other trust for the benefit of any officer or employee or former officer or former employee of the Company or any such Associated Company or of any such predecessor in business or their respective dependants.

### **Powers of the board**

## 90 **General powers of the board to manage Company's business**

90.1 The business of the Company shall be managed by the board which may exercise all the powers of the Company, subject to the provisions of the Law, the Memorandum, these Articles and any special resolution of the Company. No special resolution or alteration of the Memorandum or these Articles shall invalidate any prior act of the board which would have been valid if the resolution had not been passed or the alteration had not been made.

90.2 The powers given by this Article shall not be limited by any special authority or power given to the board by any other Article or any resolution of the Company.

90.3 The board shall cause minutes to be made and maintained at the office or in such other place in Guernsey as the board may think fit in books provided for the purpose of all resolutions and proceedings at meetings of the board and of board committees in accordance with Section 154 of the Law.

90.4 The board shall cause minutes and records of other corporate resolutions to be made and maintained at the office or in such other place in Guernsey as the board may

think fit in accordance with Sections 228 and 230 of the Law of all proceedings at general meetings or otherwise and all decisions of a sole member if applicable.

91 **Power to act notwithstanding vacancy**

The continuing directors or the sole continuing director at any time may act notwithstanding any vacancy in their number; but, if the number of directors is less than the minimum number fixed by or in accordance with these Articles, they or he may act for the purpose of filling up vacancies or calling a general meeting of the Company, but not for any other purpose. If no director is able to act, then any two members may summon a general meeting for the purpose of appointing directors.

92 **Power to borrow money**

Subject to the provisions of 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 and assets (both 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.

**Delegation of board's powers**

93 **Committees and Delegation**

93.1 The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) including without prejudice to the generality of the foregoing all powers, authorities and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the directors to any committee consisting of such person or persons (whether directors or not) as it thinks fit.

93.2 The proceedings of a committee with two or more members shall be governed by any regulations imposed on it by the board and (subject to such regulations) by the provisions of these Articles regulating the proceedings of the board so far as they are capable of applying.

94 **Local boards**

94.1 The board may establish any local or divisional board or agency for managing any of the affairs of the Company and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.

94.2 The board may delegate such to any local or divisional board, manager or agent any of its powers, authorities and discretions, other than its power to make calls, forfeit shares, borrow money or issue shares or other securities, and may authorise the members of any local or divisional board (with power to sub-delegate) or any of them to fill any vacancies and to act notwithstanding vacancies.

94.3 Any appointment or delegation under this Article 94 may be made on such terms and subject to such conditions as the board thinks fit and the board may remove any person so appointed, and may revoke or vary any delegation, but no person dealing in good faith shall be affected by the revocation or variation.

#### 95 **Powers of attorney**

The board may by power of attorney or otherwise appoint any person to be the agent of the Company on such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The board may remove any person appointed under this Article and may revoke or vary the delegation, but no person dealing in good faith shall be affected by the revocation or variation.

#### 96 **President**

96.1 The board may appoint any person who, in its opinion, has rendered outstanding services to the Company to be president to the Company.

96.2 The appointment may be made for a fixed or ascertainable term or for life and a president so appointed may be removed from his appointment only by ordinary resolution of the Company in general meeting or the appointment may be made without specifying its term and a president so appointed may be removed from his appointment either by ordinary resolution or by the board.

96.3 The president need not be a director of the Company and shall not by reason only of his being president be deemed to be a director or an officer of the Company for the purposes of the Statutes, but may, if invited to do so by the board, attend and speak at any meeting of the directors and any general meeting. The president shall not, unless he is also a director, be entitled to vote at any meeting of the directors.

96.4 The remuneration and other terms and conditions of any such appointment shall be fixed by the board.

**Designation as "director" or "executive director"**

The board may, at any time and from time to time, appoint any person (not being a director) to any executive position or employment under the Company having a title or designation which includes the word "director" and may terminate any such appointment. The inclusion of the word "director" in the title or designation of any such position or employment shall not imply that the holder is a director of the Company or that he is authorised or empowered to act as, or is liable as, a director of the Company in any respect and he shall not be deemed to be a director for any purpose. The board may also, at any time from time to time, appoint any person to any executive position or employment under the Company having a title or designation "executive director". The inclusion of the word "executive" in the title or designation of any such position or employment shall not indicate that the holder has any more control, authority, responsibility or power than any person appointed having a title or designation of "non-executive" or any other title that does not include the word "executive" in the title or designation.

**Directors' interests****98 Directors' interests and voting**

- 98.1 Subject to the provisions of the Law a director shall not be disqualified by his office from entering into any contract with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise. Subject to the interest of the director being duly declared, a contract entered into by or on behalf of the Company in which any director is in any way interested shall not be liable to be avoided; nor shall any director so interested be liable to account to the Company for any benefit resulting from the contract by reason of the director holding that office or of the fiduciary relationship established by his holding that office.
- 98.2 A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the provisions of the Law) and upon such terms as the board may decide and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the board may decide, either in addition to or in lieu of any remuneration under any other provision of these Articles.
- 98.3 A director may be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any other company in which the

Company may be interested and shall not be liable to account to the Company for any benefit received by him as a member or director of, or holder of any other office or place of profit under, or his other interest in, that company.

98.4 The board may cause the voting rights conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of that other company to be exercised in such manner in all respects as it thinks fit (including the exercise of voting rights in favour of any resolution appointing the directors or any of them as directors or officers of the other company or voting or providing for the payment of any benefit to the directors or officers of the other company).

98.5 A director may act by himself or his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

98.6 (1) A director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the board in accordance with Section 162 of the Law:-

(a) if the monetary value of the director's interest is quantifiable, the nature and monetary value of that interest; or

(b) if the monetary value of the director's interest is not quantifiable, the nature and extent of that interest; or

(2) Article 98.6(1) does not apply if:-

(a) the transaction or proposed transaction is between the director and the Company; and

(b) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

(3) A general disclosure to the board to the effect that a director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.

(4) Nothing in Articles 98.6(1), (2) and (3) applies in relation to:-

- (a) remuneration or other benefit given to a director;
  - (b) insurance purchased or maintained for a director in accordance with Section 158 of the Law; or
  - (c) qualifying third party indemnity provision provided by a director in accordance with Section 159 of the Law.
- (5) A director is interested in a transaction to which the Company is a party if the director:-
- (a) is a party to, or may derive a material benefit from, the transaction;
  - (b) has a material financial interest in another party to the transaction;
  - (c) is a director, officer, employee or member of another party (other than a party which is an Associated Company) who may derive a material financial benefit from the transaction;
  - (d) is the parent, child or spouse of another party who may derive a material financial benefit from the transaction; or
  - (e) is otherwise directly or indirectly materially interested in the transaction.
- (6) A director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the Company for which the director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.

98.7 A director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, 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 to offices or places of profit with the Company or any other Company in which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each director and in that case each of the directors concerned (if not otherwise debarred from voting under this Article 98) shall be entitled to vote

(and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

98.8 A director shall also not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or any other proposal whatsoever in which he knows he (together with any interest of any person connected with him) has a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

98.8.1 the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

98.8.2 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

98.8.3 any contract concerning an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase 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;

98.8.4 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;

98.8.5 any contract concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise, unless the Company is one in which he has a relevant interest and for this purpose:

98.8.5.1 a company shall be deemed to be one in which a director has a relevant interest if and so long as he (together with persons connected with him (as defined in Article 98.12)) to his knowledge holds an interest in shares representing 1% or more of any class of the equity share capital of that



company or of the voting rights available to members of that company or if he can cause 1% or more of those voting rights to be exercised at his direction; and

98.8.5.2 where a company in which a director is deemed for the purposes of this Article to have a relevant interest is materially interested in a contract, he shall also be deemed to be materially interested in that contract;

98.8.6 any contract relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

98.8.7 any proposal concerning the purchase or maintenance of insurance for the benefit of persons including directors.

98.9 In the case of an alternate director, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has.

98.10 If any question arises at any meeting as to the materiality of an interest of a director (other than the chairman of the meeting) or as to the entitlement of any director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the board (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman, so far as known to him, has not been fairly disclosed.

98.11 In this Article references to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.

98.12 For the purposes of this Article 98 a person shall be treated as being connected with a Director if that person is:-

- 98.12.1 a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the director; or
- 98.12.2 an associated body corporate which is a company in which the director alone, or with connected persons, is directly or indirectly beneficially interested in 20 per cent or more of the nominal value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20 per cent of the voting power at general meetings; or
- 98.12.3 a trustee (acting in that capacity) of any trust, the beneficiaries of which include the director or persons falling within paragraphs (a) or (b) above excluding the trustees of an employees' share scheme or pension scheme; or
- 98.12.4 a partner (acting in that capacity) of the director or persons in categories (a) to (c) above.

#### **Proceedings of the board**

##### **99 Board meetings**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary at the request of a director at any time shall, summon a board meeting.

##### **100 Notice of board meetings**

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word or mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose or sent by electronic communication to him at an address given by him to the Company for this purpose. A director absent or intending to be absent from Guernsey may request the board that notices of board meetings shall during his absence be sent in writing or by electronic communication to him (or to his alternate) at an address given by him to the Company for this purpose, but if no such request is made it shall not be necessary to give notice of a board meeting to any director who is for the time being absent from Guernsey. A director may waive notice of any meeting either prospectively or retrospectively.

101 **Quorum**

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be two directors. For the purposes of this Article an alternate appointed by a director shall be counted in a quorum at a meeting at which the director appointing him is not present. Subject to the provisions of these Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

102 **Chairman or deputy chairman to preside**

The chairman, or failing him any deputy chairman (the senior in office taking precedence, if more than one is present), shall, if present and willing, preside at all meetings of the directors but, if no chairman or deputy chairman has been appointed or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors participating in the meeting shall choose one of their number to act as chairman of the meeting.

103 **Competence of meetings**

A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the board.

104 **Voting**

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

105 **Telephone and video conference meetings**

105.1 A meeting of the board may consist of a conference between directors some or all of whom are in different places, provided that each director who participates is able:

105.1.1 to hear each of the other participating directors addressing the meeting; and

105.1.2 if he wishes, to address all of the other participating directors simultaneously, whether by conference telephone or by video

conference or by any other form of communications equipment (whether in use when these Articles are adopted or developed subsequently) or by a combination of any such methods.

105.2 A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum, subject to the provisions of Article 101.

105.3 A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

## 106 **Resolutions in writing**

106.1 A resolution in writing signed or approved by all the directors entitled to notice of a meeting of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned. For the purpose of this Article:

106.1.1 a resolution may be by means of an instrument or contained in an electronic communication sent to such address (if any) as may for the time being be notified by the Company for that purpose;

106.1.2 a resolution may consist of several instruments each executed by one or more directors or several electronic communications, each sent by one or more directors, or a combination of both; and

106.1.3 a resolution executed by an alternate director need not also be executed by his appointor.

## 107 **Validity of Acts of directors in spite of formal defect**

All acts bona fide done by the board, or of a committee, or by any person acting as a director or member of a committee, shall notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

108 **Minutes**

108.1 The board shall cause minutes to be made in books kept for the purpose:

108.1.1 of all appointments of officers made by the board;

108.1.2 of the names of all the directors present at or participating in each meeting of the board or of any committee; and

108.1.3 of all resolutions and proceedings of all meetings of the Company and of any class of members, and of the directors and of any committee (including any meetings held in accordance with Article 105).

**Secretary**

109 **Secretary**

The secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it thinks fit, and the board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between him and the Company). If thought fit two or more persons may be appointed as joint secretaries. The board may also appoint from time to time on such terms as it may think fit one or more deputy and/or assistant secretaries.

**Seal**

110 **Seal**

110.1 The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the board.

110.2 The board shall provide for the safe custody of every seal of the Company.

110.3 Every seal of the Company shall be kept and used only outside the United Kingdom.

110.4 A seal shall be used only by the authority of the board or a duly authorised committee. The board may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.

110.5 Unless otherwise decided by the board:

110.5.1 certificates for shares, debentures or other securities of the Company need not be signed; and

110.5.2 every other instrument to which a seal is applied shall be signed by at least one director and the secretary or by at least two directors.

#### **Authentication of documents**

#### 111 **Authentication of documents**

Any director or the secretary or any person appointed by the directors for the purpose shall have power to authenticate any document affecting the constitution of the Company and any resolution passed at a general meeting or at a meeting of the directors or any committee, and any book, record, document or account relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any book, record, document or account is elsewhere than at the office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the directors as aforesaid. A document purporting to be a copy of any such resolution, or an extract from the minutes of any such meeting, which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

#### **Dividends**

#### 112 **Declaration of dividends by the Company**

Subject to Article 2.3, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interest in the Company, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.

#### 113 **Fixed and interim dividends**

Subject to Article 2.3, the board may pay such interim dividends as appear to the board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board, whenever the financial position of the Company, in the opinion of the board, justifies its payment. If the board acts in good faith, none of the directors shall incur any liability to the

holders of shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

#### 114 **Calculation and currency of dividends**

114.1 Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:

114.1.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share;

114.1.2 all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and

114.1.3 dividends may be declared or paid in any currency.

114.2 The board may agree with any member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

#### 115 **Method of payment**

115.1 The Company may pay any dividend or other sum payable in respect of a share in cash or by cheque, dividend warrant, or money order and may send the same by post to the registered address of the holder or in the case of joint holders to the registered address of that person whose name stands first in the register, or to such person and address as the holder or joint holders may direct in writing. Every cheque, warrant, or order is sent at the risk of the person entitled to the money represented by it and shall be made payable to the order of the person or persons entitled and the payment of the cheque, warrant or order shall be a good discharge to the Company.

115.2 In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or by means of a relevant system and to or through such person as the holder or joint holders may direct in writing, and the Company shall have no

responsibility for any sums lost or delayed in the course of any such transfer or when it has acted on any such direction.

115.3 Any joint holder or other person jointly entitled to any share may give an effective receipt for all dividends and other monies paid in respect of the share.

115.4 Any dividend or other sum payable in respect of a share may be paid to a person or persons entitled by transmission to that share as if he or they were the holder or joint holders of that share and his address (or the address of the first named of two or more persons jointly entitled) noted in the register were the registered address.

115.5 Any payment in the case of an uncertificated share, where the Company is authorised to do so by or on behalf of the holder or joint holders in such manner as the Company shall from time to time consider sufficient, may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and without prejudice to the generality of the foregoing such payment may be made by the sending by the Company or any person on its behalf of an instruction to the Operator of the relevant system to credit the cash memorandum account (being an account so designated by the Operator of the relevant system) of the holder or joint holders of such shares; and the making of a payment by means of the relevant system shall be a good discharge to the Company.

115.6 Any dividend or other sum payable in respect of a share may be paid to a person or persons entitled by transmission to that share as if he or they were the holder or joint holders of that share and his address (or the address of the first named of two or more persons jointly entitled) noted in the register were the registered address.

116 **Dividends not to bear interest**

No dividend or other monies payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

117 **Calls or debts may be deducted from dividends**

The board may deduct from any dividend or other monies payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares or other securities of the Company.



118 **Unclaimed dividends etc**

All unclaimed dividends, interest or other sums payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee in respect of it.

119 **Uncashed dividends**

119.1 If:

119.1.1 a payment for a dividend or other sum payable in respect of a share sent by the Company to the person entitled to it in accordance with Article 115 is left uncashed or is returned to the Company and, after reasonable enquiries, the Company is unable to establish any new address or, with respect to a payment to be made by a funds transfer system (including, without limitation, the relevant system), a new account for that person; or

119.1.2 such payment is left uncashed or returned to the Company on two consecutive occasions,

the Company shall not be obliged to send any dividends or other sums payable in respect of that share to that person until he notifies the Company of an address or, where the payment is to be made by a funds transfer system (including, without limitation, the relevant system), details of the account, to be used for the purpose.

120 **Dividends in specie**

120.1 Subject to Article 2.3.2, with the sanction of an ordinary resolution of the Company and on the recommendation of the board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

120.2 Where any difficulty arises in regard to the distribution, the board may settle the difficulty as it thinks fit and in particular may issue fractional certificates or ignore fractions, and may fix the value for distribution of the specific assets or any part of them, and may determine that cash payments be made to any members upon the

footing of the value so fixed in order to secure equality of distribution, and may vest any of the specific assets in trustees upon such trusts for the persons entitled to the dividend as the board may think fit.

**121 Scrip dividends**

- 121.1 Subject to Article 2.3.2, the board may, if authorised by an ordinary resolution of the Company, offer any 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 any dividend specified by the ordinary resolution (a "scrip dividend") in accordance with the following provisions of this Article 121.
- 121.2 The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than the conclusion of the fifth annual general meeting of the Company to be held following the date of the meeting at which the ordinary resolution is passed.
- 121.3 The basis of allotment shall be decided by the board so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid.
- 121.4 For the purposes of Article 121.3 the value of the further shares shall be calculated by reference to the average of the middle-market quotations for a fully paid share of the relevant class, as shown in the Daily Official List of the London Stock Exchange, for the day on which such shares are first quoted "ex" the relevant dividend and the four subsequent dealing days or in such other manner as the directors may decide.
- 121.5 The board shall give notice to the shareholders of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.
- 121.6 The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead further shares of the relevant class shall be allotted in accordance with elections duly made and the board shall capitalise a sum to the aggregate nominal amount of the shares to be allotted out of such sums available for the purpose as the directors may consider appropriate.

- 121.7 The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.
- 121.8 The board may decide that the right to elect for any scrip dividend shall not be made available to shareholders resident in any territory, where in the opinion of the board, compliance with local laws or regulations would be impossible or unduly onerous.
- 121.9 The board may do all acts and things considered necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any shares in accordance with the provisions of this Article, and may make such provisions as they think fit in the case of shares becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than to the members concerned).
- 121.10 The board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this Article 121 is offered, elect to receive shares in lieu of such dividend on the terms of such mandate.
- 121.11 The board shall not make a scrip dividend available unless the Company has sufficient unissued shares and in doing so complies with the Law.

### **Capitalisation of reserves**

#### **122 Capitalisation of reserves**

- 122.1 The board may, with the authority of an ordinary resolution of the Company:
- 122.1.1 resolve to capitalise any sum standing to the credit of any reserve account of the Company or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend; and
- 122.1.2 appropriate that sum as capital to the ordinary shareholders in proportion to the nominal amount of the ordinary share capital held by them respectively and apply that sum on their behalf in paying up in full any unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are

unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution.

122.2 Where any difficulty arises in respect of any distribution of any capitalised reserve or other sum, the board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the footing of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the board may think fit.

122.3 The board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation and any such contract shall be binding on all those persons.

### 123 **Capitalisation of reserves and employees' share schemes**

123.1 This Article 123 (which is without prejudice to the generality of the provisions of Article 122) applies:

123.1.1 where a person is granted pursuant to an employees' share scheme a right to subscribe for shares in the Company in cash at a subscription price less than their nominal value; and

123.1.2 where, pursuant to an employees' share scheme, the terms on which any person is entitled to subscribe in cash for shares in the Company are adjusted as a result of a capitalisation issue, rights issue or other variation of capital so that the subscription price is less than their nominal value.

123.2 In any such case the board:

123.2.1 shall transfer to a reserve account a sum equal to the deficiency between the subscription price and the nominal value of the shares (the "cash deficiency") from the profits or reserves of the Company which

are not required for the payment of any Preference Dividend and not required for the payment of any preferential dividend; and

- 123.2.2 (subject to Article 123.4) shall not apply that reserve account for any purpose other than paying up the cash deficiency upon the allotment of those shares.
- 123.3 Whenever the Company is required to allot shares pursuant to such a right to subscribe, the board shall (subject to the Statutes) appropriate to capital out of the reserve account an amount equal to the cash deficiency applicable to those shares, apply that amount in paying up the deficiency on the nominal value of those shares and allot those shares credited as fully paid to the person entitled to them.
- 123.4 If any person ceases to be entitled to subscribe for shares as described above, the restrictions on the reserve account shall cease to apply in relation to such part of the account as is equal to the amount of the cash deficiency applicable to those shares.
- 123.5 No right shall be granted under any employees' share scheme under Article 123.1.1 and no adjustment shall be made as mentioned in Article 123.1.2 unless there are sufficient profits or reserves of the Company not required for the payment of any preferential dividend to permit the transfer to a reserve account in accordance with this Article 123 of an amount sufficient to pay up the cash deficiency applicable to the shares concerned.

### **Record dates**

#### **124 Fixing of record dates**

- 124.1 Notwithstanding any other provision of these Articles, but without prejudice to any rights attached to any shares, the Company or the board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared.
- 124.2 In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

## **Accounts**

### 125 **Accounts and Reports**

- 125.1 The board shall cause accounting records of the Company to be kept in accordance with the provisions of the Law.
- 125.2 No member (as such) shall have any right of inspecting any account, book or document of the Company, except as conferred by Law or authorised by the board or by any ordinary resolution of the Company.

## **Notices**

### 126 **Notices in writing**

Any notice to be served on or given to any person or by any person pursuant to these Articles shall be in writing except where otherwise expressly stated. Any such notice may be sent using electronic communications to such address (if any) as may for the time being be notified for that purpose to the person giving the notice by or on behalf of the person to whom the notice is sent. The signature on any notice given by the Company may be printed or reproduced by mechanical means.

### 127 **Service of notices**

- 127.1 The Company may send any notice or other document pursuant to these Articles to a member by whichever of the following methods it may in its absolute discretion determine:
- 127.1.1 personally; or
  - 127.1.2 by posting the notice or other document in a prepaid envelope addressed to the member at his registered address; or
  - 127.1.3 by leaving the notice or other document at that address; or
  - 127.1.4 by sending the notice or other document using electronic communications to such address (if any) as may for the time being be notified to the Company by or on behalf of the member for that purpose.
- 127.2 Subject to the Statutes, the Company may also send any notice or other document pursuant to these Articles to a member by publishing that notice or other document on a website where:

- 127.2.1 the Company and the member have agreed to his having access to the notice or document on a website (instead of it being sent to him);
- 127.2.2 the notice or document is one to which that agreement applies;
- 127.2.3 the member is notified in accordance with any requirements laid down by the Law and, in a manner for the time being agreed between him and the Company for the purpose, of:
  - 127.2.3.1 the publication of the notice or document on a website;
  - 127.2.3.2 the address of that website: and
  - 127.2.3.3 the place on that website where the notice or document may be accessed, and how it may be accessed; and
- 127.2.4 the notice or document is published on that website throughout the publication period, provided that, if the notice or document is published on that website for a part, but not all of, the publication period, the notice or document shall be treated as being published throughout that period if the failure to publish that notice of document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.
- 127.3 In this Article 127, ***publication period*** means:
  - 127.3.1 in the case of a notice of an adjourned meeting pursuant to Article 57, a period of not less than seven clear days before the date of the adjourned meeting, beginning on the day following that on which the notification referred to in Article 127.2.3 is sent or (if later) is deemed sent;
  - 127.3.2 in the case of a notice of a poll given pursuant to Article 59.3, a period of not less than seven clear days before the taking of the poll, beginning on the day following that on which the notification referred to in Article 127.2.3 is sent or (if later) is deemed sent; and
  - 127.3.3 in any other case, a period of not less than 21 days, beginning on the day following that on which the notification referred to in Article 127.2.3 above is sent or (if later) is deemed sent.

127.4 In the case of joint holders of a share, all notices or other documents shall be sent to the joint holder whose name stands first in the register in respect of the joint holding. Any notice or other document so sent shall be deemed for all purposes to be sufficient notice to all the joint holders.

127.5 All members are deemed to have agreed to accept communication from the Company by electronic means, including by means of a website, unless the members notify the Company otherwise. Notice under this Article 129.5 must be in writing and signed by the member and delivered to the office or such other place as the board directs.

128 **Notice by advertisement**

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting, a general meeting may be convened by a notice advertised in at least one national newspaper and La Gazette Officielle. In any such case the Company may still serve notices by electronic communication, subject to the provisions of the Statutes, and, where notice shall not have been served by electronic communication, shall send confirmatory copies of the notice by post if at least six clear days before the meeting the posting of notices to addresses throughout the Bailiwick of Guernsey or the United Kingdom again becomes practicable.

129 **Evidence of service**

129.1 Any notice or other document, if served by first class post, shall be deemed to have been served on the day following that on which the envelope containing it is put into the post, or, if served by second class post, shall be deemed to have been served on the second day following that on which the envelope containing it was put into the post and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed, prepaid and put into the post.

129.2 Any notice or document not sent by post but left at a registered address or address for service in the United Kingdom shall be deemed to have been served or delivered on the day it was so left.

129.3 Where notice is given by way of newspaper advertisement, such notice shall be deemed to have been duly served on each member or person entitled to receive it at noon on the day when the advertisement appears.



129.4 A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.

129.5 Every person who becomes entitled to a share shall be bound by every notice (including any notice issued pursuant to Article 44) in respect of that share which before his name is entered in the register was given to the person from whom he derives his title to the share.

129.6 The board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic communications for the sending of notices, other documents and proxy appointments by the Company to members and by members to the Company.

**130 Record date for service**

130.1 For the purpose of serving notices of meetings or other documents, the board may determine that the persons entitled to receive such notices or other documents are those persons who are entered on the register at any time not more than 21 days before the date of the despatch of the notice or other document.

130.2 For the purpose of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the board may specify in the notice of the meeting a time not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register in order to have the right to attend or vote at the meeting. In calculating the period mentioned in this Article, the board may specify that no account shall be taken of any part of a day that is not a working day ("working day" having the meaning given to that term in the Law).

130.3 Changes to entries on the register after the time specified by virtue of Article 130.2 shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provision of these Articles or the Statutes to the contrary.

**131 Notices given by electronic communication**

131.1 The Company may give or send to any member any notice or other document (other than a share certificate) by electronic communication insofar as and in such manner as is permitted by the Statutes.

131.2 Where a notice or other document is given or sent by electronic communication it shall be deemed to have been given or sent at the expiration of two hours after it was sent to an address supplied by the member for the purpose or on notification to the member of its publication on a web site. Proof that a notice or other document given by electronic communication was given or sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators current at the date of adoption of these Articles, or, if the board so resolves, any subsequent guidance so issued shall be conclusive evidence that the notice or document was sent or given.

132 **Addresses of members**

132.1 A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be served on him or an address for the service of notices by electronic communication shall be entitled to have notices served on him at that address (provided that, in the case of electronic communications, the Company so agrees, which agreement the Company shall be entitled to withhold in its absolute discretion including, without limitation, in circumstances in which the Company considers that the sending of the notice or other document to such address using electronic communications would or might infringe the laws of any other jurisdiction) but otherwise:

132.1.1 no member whose registered address is not within the United Kingdom shall be entitled to receive any notice or other document from the Company; and

132.1.2 without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such a member shall be ignored for the purpose of determining the validity of the proceedings at such meeting.

132.2 If on three consecutive occasions a notice to a member shall be returned undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have given notice in writing to the Company of a new registered address or a postal address within the United Kingdom for the service of notices or shall have informed the Company in such manner as shall be specified by the Company of an address for the service of notices by electronic communication. For this purpose a notice sent by post shall be treated as returned undelivered if the notice is sent back to the Company or its agent and a notice sent by electronic communication shall be treated as returned undelivered if the Company or its agent receives notification that the notice was not delivered to the address to which it was sent.

**Service of notice on person entitled by transmission**

A person entitled to a share by reason of transmission upon supplying to the Company such evidence as the board may require to show his title to the share and upon also supplying a postal address within the United Kingdom for the service and delivery of notices and other documents and, if he so elects, an address for the sending of notices by electronic communication shall be entitled to have served upon or delivered to him at any address given by him any notice or document to which he would be entitled if he were the holder of that share and any such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested in the share. Otherwise, any notice or other document served on or delivered or sent to any member pursuant to these Articles shall, notwithstanding that such member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law shall have occurred and whether or not the Company has notice of his death, bankruptcy or other such event, be deemed to have been duly served, delivered or sent in respect of any share registered in the name of such member as sole or first named joint holder.

**Destruction of documents****134 Destruction of documents**

134.1 The board may authorise or arrange the destruction of documents held by the Company as follows:

134.1.1 at any time after the expiration of six years from the date of registration, all instruments of transfer of shares and all other documents transferring or purporting to transfer shares or representing or purporting to represent the right to be registered as the holder of shares on the faith of which entries have been made in the register;

134.1.2 at any time after the expiration of one year from the date of cancellation, all registered share certificates which have been cancelled;

134.1.3 at any time after the expiration of two years from the date of recording them, all dividend mandates and notifications of change of address;  
and

134.1.4 at any time after the expiration of one year from the date of actual payment, all paid dividend warrants and cheques.

- 134.2 It shall conclusively be presumed in favour of the Company that:
- 134.2.1 every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;
  - 134.2.2 every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
  - 134.2.3 every share certificate so destroyed was a valid certificate duly and properly cancelled;
  - 134.2.4 every other document mentioned in Article 134.1 so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company; and
  - 134.2.5 every paid dividend warrant and cheque so destroyed was duly paid.
- 134.3 The provisions of Article 134.2 shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant.
- 134.4 Nothing in this Article 134 shall be construed as imposing on the Company or the board any liability in respect of the destruction of any document earlier than as stated in Article 134.1 or in any other circumstances in which liability would not attach to the Company or the board in the absence of this Article 134.
- 134.5 References in this Article 134 to the destruction of any document include references to its disposal in any manner.

### **Winding-up**

#### **135 Directors' power to wind up**

The Company may be wound up in any of the circumstances specified in the Law. The board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

#### **136 Powers to Distribute in Specie**

- 136.1 Subject to the rights attaching to the Preference Shares, if the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Statutes:

- 136.1.1 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; or
- 136.1.2 vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

## **Indemnity**

### **137 Indemnity of Officers**

- 137.1 The directors, secretary and officers for the time being of the Company and their respective heirs and executors shall, to the extent permitted by Section 157 of the Law, be fully indemnified out of the assets and profits of the Company from and against all actions, expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own negligence, default, breach of duty or breach of trust respectively and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own negligence, default, breach of duty or breach of trust.
- 137.2 The directors may agree to such contractual indemnities for the benefit of the secretary, officers, employees and other agents and contracting parties as they may from time to time, deem fit.
- 137.3 The Company may purchase and maintain insurance for the benefit of the directors and other officers of the Company or any subsidiary including insurances against costs charges expenses losses or liabilities suffered or incurred by such persons in respect

of any act or omission in the actual or purported discharge of their respective duties, powers and discretions in relation to the Company.

## POLICY

Code	Title	Responsibility	Owner
RAV COI	Policy for Conflicts of Interest	RL, RIML & RJL Boards	Corporate Governance

### Legislative Requirements

Ravenscroft Limited (“RL”) and Ravenscroft Investment Management Limited (“RIML”) (collectively the “Group” or “Ravenscroft”) are licensed and regulated by the Guernsey Financial Services Commission (“GFSC”) under The Protection of Investors (Bailiwick of Guernsey) Law, 1987 to conduct categories 1 and 2 investment business.

### **The Licensees (Conduct of Business) Rules 2009**

#### 11. Conflicts of Interest

##### 11.1 Conflicts of interest policy

- 11.1.1. Licensees shall establish, implement and maintain an effective conflicts of interest policy, set out in writing and appropriate to the size and organisation of the licensee and the nature, scale and complexity of its business.
- 11.1.2. Where the licensee is a member of a group, the policy must also take into account any circumstances, of which the licensee is or should be aware, which may give rise to a conflict of interest arising as a result of other members of the group.

### Purpose & Scope

This document summarises a policy which Ravenscroft has put in place under The Licensees (Conduct of Business) Rules 2009 in order to meet our obligations to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest within the Group.

---

#### **Ravenscroft**

**GUERNSEY**  
PO Box 222, The Market Buildings,  
Fountain Street, St Peter Port,  
Guernsey, GY1 4JG  
t +44 (0)1481 729100

**JERSEY**  
PO Box 419, 13 Broad Street,  
St Helier, Jersey, JE4 5QH  
t +44 (0)1534 722051

Ravenscroft is a trading name of Ravenscroft Limited (“RL”) (company number 42906) and Ravenscroft Investment Management Limited (“RIML”) (company number 49397) both of which have their registered office addresses at P.O. Box 222, The Market Buildings, Fountain Street, St. Peter Port, Guernsey, GY1 4JG. Ravenscroft Investment Management is a trading name of RIML. RL and RIML are licensed and regulated by the Guernsey Financial Services Commission and RL is a member of both the London Stock Exchange and the Channel Islands Stock Exchange. Ravenscroft is the registered business name of Ravenscroft Jersey Limited (“RJL”) (company number 99050) whose registered office address is at P.O. Box 419, 13 Broad Street, St. Helier, Jersey JE4 5QH. RJL is regulated by the Jersey Financial Services Commission in the conduct of Investment Business and Fund Services Business.

About the Ravenscroft Group of Companies: Ravenscroft Investment Management Limited and Ravenscroft Jersey Limited are wholly owned subsidiaries of Ravenscroft Limited.

[www.ravenscroft.gg](http://www.ravenscroft.gg)



This document provides key information designed to enable the Group employees, officers (whether executive or non-executive), associates, affiliates, any person(s) directly or indirectly linked to the Group and all clients of the Group to understand the measures Ravenscroft may take in order to safeguard their interests.

### **Conflicts of Interest Policy**

Ravenscroft's Conflicts of Interest Policy sets out how Ravenscroft will:

- identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to your interests;
- establish appropriate mechanisms and systems to manage those conflicts; and
- maintain systems designed to prevent actual damage to your interests through any identified conflicts.

### **What is a "Conflict of Interest"?**

A conflict of interest is a conflict that arises, in any area of our business, in the course of providing you with a service which may benefit the Group (or another client for whom we are acting) whilst potentially materially damaging your interests where we owe a duty to you.

The Licensees (Conduct of Business) Rules 2009 state:

*"A licensee should either avoid any conflict of interest arising or, where a conflict arises, should ensure fair treatment to all its customers by disclosure, internal rules of confidentiality, declining to act, or otherwise. A licensee should not unfairly place its interests above those of its customers and, where a properly informed customer would reasonably expect that the firm would place his interests above its own, the firm should live up to that expectation."*

There may be a conflict where we (Ravenscroft) (or anyone connected to us including an affiliate):

- are likely to make a financial gain (or avoid a loss) at your expense;
- are interested in the outcome of the service provided to you where our interests are distinct from your interests;
- have a financial or other incentive to favour the interests of one client over another;
- carry on the same business as you; or
- receive money, goods or services from a third party in relation to services provided to you other than standard fees or commissions.





## **Identification of Conflicts of Interest**

In accordance with regulatory requirements, we have taken reasonable steps to identify conflicts of interest that exist, or may exist, between Ravenscroft and its clients or between one client and another or between Ravenscroft and other members of the Group. For the purposes of identifying conflicts of interest clients will include past clients where a regulatory or other duty remains in place.

The Group consists of a number of corporate offices within the Channel Islands. Given the nature of business undertaken by Ravenscroft and the other Channel Islands offices we do not believe that a conflict should arise, however, any issues arising will be discussed at the regular Group Risk Committee meetings and potentially escalated to the Group Executive Committee should the need arise.

The Group regularly carries out exercises in order to identify where potential conflicts of interest may exist in our business and have established measures we consider appropriate to monitor, manage and control the potential impact of those conflicts.

The potential conflicts of interest identified include:

- dealing as principal for our own account by selling the investment concerned to you or buying it from you;
- matching your transaction with that of another customer by acting on his behalf as well as yours;
- buying investments where we are or a connected company is involved in a new issue, rights issue, takeover or similar transaction concerning the investment or a related investment;
- holding a position in the investment or a related investment; or
- executing or arranging for transactions on behalf of or in the name of any company involved in the transaction.

We may issue research in relation to the securities in which you are trading however, our research reports are made available to all recipients simultaneously and, under no circumstances are the Group's internal departments given any priority for example the investment management team and market-makers.

Ravenscroft may provide corporate finance services to a company in relation to whose securities you are entering into a transaction, however, the flow of such information is restricted by a "Chinese Wall" which ensures **certain degrees of** physical separation of departments, undue circulation of confidential information and prevents the use of confidential information in ways that may damage market integrity or client interests.

Given the size of Ravenscroft the Group Chief Operating Officer ("COO") of the business' work in the corporate finance division and therefore the corporate finance



team will report to this individual. However, day-to-day management of corporate finance is left with the senior investment manager of that division.

In carrying out Ravenscroft business, employees may learn confidential or proprietary information about its clients, prospective clients or other third parties. However, all Ravenscroft employees are required to comply with both the “The Data Protection (Bailiwick of Guernsey) Law 2001” and “Data Protection (Jersey) Law 2005” and are duty bound to disregard any such interest, relationship or arrangement when dealing for you to ensure that you are dealt with in a fair way regardless of any conflict that may arise.

### **Policies and Procedures**

We have well established internal policies and procedures designed to manage potential conflicts of interest. These policies and procedures, which are designed to ensure the required level of independence, are the subject of ongoing monitoring and review processes by the Group Risk Committee and may, where relevant, include but are not limited to the following:-

**Personal Account Dealing:** All employees are bound by the requirements of the Group Personal Account Dealing Notice. All personnel transactions undertaken by employees are actively monitored by the Group Compliance Department.

**Chinese Walls:** Chinese Walls are information barriers operated by Ravenscroft that are designed to restrict information flows between different areas likely to generate a conflict of interest. Chinese Walls are there to allow Ravenscroft to carry out work on behalf of a client without being influenced by other information held within Ravenscroft that may give rise to a conflict of interest.

**Information Barriers:** Ravenscroft operates a “Need to Know” approach and complies with all applicable laws in respect of the handling of confidential information that it receives from its clients. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of the client or Ravenscroft. The access to computer drives and to files located within drives can be and is restricted by the use of passwords and user ID’s.

Ravenscroft shall be entitled to disclose any confidential information if and to the extent that it is required to do so by any governing law or by any court or regulatory agency or authority, provided that, and only to the extent that it is permitted to do so, Ravenscroft notifies the related party as soon as possible upon becoming aware of any such requirement.

**External Business Interests:** Employees undertake that they will not, whilst employed by the Group and without the prior written consent of the Ravenscroft Board of Directors, be engaged in or have an interest either directly or indirectly, in any trade,



business or occupation, which is or may be in competition with the Group which may give rise to a conflict of interest.

Segregation of Duties: Ravenscroft job roles are designed to limit the potential for conflicts of interest. Where appropriate and proportionate, internal systems and controls exist to prevent employees from undertaking roles where such a conflict may exist. However, due to the nature, scale and complexity of the Group's business, there can be occasions when employees are required to undertake duties that could give rise to a conflict. In this event, every effort is made to ensure such circumstances exist only for a limited period or for additional controls to be in place to identify inappropriate behaviour.

Disclosure: In certain circumstances, where a conflict of interest remains, we will seek the relevant client consent to allow us to act ensuring that the client has enough information to enable it to make an informed decision.

Declining to Act: Where we consider we are not able to manage the conflict of interest in any other way, we may decline to act for you.

### **Further Information**

If you would like further detail regarding our Conflicts of Interest Policy, please contact the Head of Corporate Governance.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult immediately a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities. The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice. Prospective investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company.**

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).

Kinmont Limited, 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 Kinmont, 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 Kinmont by FSMA, no representation or warranty, express or implied, is made by Kinmont as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

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.

# CONTENTS

	<i>Page</i>
Summary	3
Risk Factors	15
Important Information and Forward Looking Statements	22
Directors, Secretary and Advisers	25
Expected Timetable of Principal Events	27
Preference Share Conversion Offer Statistics	27
Part 1 Information on the Preference Share Conversion Offer	28
Part 2 Information on the Group	36
Part 3 Operating and Financial Review	42
Part 4 Financial Information on the Group	56
Part 5 Property Portfolio	57
Part 6 Property Valuation Report	62
Part 7 Principal Terms of the Preference Shares	79
Part 8 Additional Information	84
Documents Incorporated By Reference	122
Definitions	124

## 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’.*

<b>Section A – Introduction and warnings</b>		
<b>Element</b>		
<b>A.1</b>	<b>Introduction</b>	<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>
<b>A.2</b>	<b>Consent for intermediaries</b>	Not applicable – there will be no resale or final placement of securities by financial intermediaries.

<b>Section B – Issuer</b>		
<b>Element</b>		
<b>B.1</b>	<b>Legal and Commercial Name</b>	Raven Russia Limited.
<b>B.2</b>	<b>Domicile/Legal Form/ Legislation/Country of Incorporation</b>	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>B.3</b>	<b>Current Operations/ Principal Activities and Markets</b>	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>B.4a</b>	<b>Significant Trends</b>	<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>B.5</b>	<b>Description of Issuer's Group</b>	<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>B.6</b>	<b>Shareholders</b>	<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 <sup>(1)</sup>	15,276,771	2.74	11,125,088	25,285,585	12.98
Glyn Hirsch <sup>(1)</sup>	3,032,274	0.54	2,292,817	4,173,033	2.14
Mark Sinclair <sup>(1)</sup>	2,002,774	0.36	–	678,022	0.35
Colin Smith <sup>(1)</sup>	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 <sup>(2)</sup>	954,173	0.17	485,987	760,942	0.39
Bilton Family Discretionary Settlement Trust <sup>(3)</sup>	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 <sup>(1)</sup>	40,562,355	5.38	11,125,088	12,642,793	12.98
Glyn Hirsch <sup>(1)</sup>	7,205,306	0.96	2,292,817	2,086,517	2.14
Mark Sinclair <sup>(1)</sup>	2,680,796	0.36	–	339,011	0.35
Colin Smith <sup>(1)</sup>	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 <sup>(2)</sup>	1,715,115	0.23	485,987	380,471	0.39
Bilton Family Discretionary Settlement Trust <sup>(3)</sup>	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>
<b>Non-current assets</b>				
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
<b>Current assets</b>				
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
<b>Total assets</b>	1,345,780	1,615,670	2,053,071	2,096,784
<b>Current liabilities</b>				
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
<b>Non-current liabilities</b>				
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
<b>Total liabilities</b>	765,416	946,910	1,364,109	1,367,702
<b>Net assets</b>	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
<b>Equity</b>					
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
<b>Total equity</b>	<b>580,364</b>	<b>668,760</b>	<b>688,962</b>	<b>729,082</b>	<b>729,082</b>
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
<b>CONSOLIDATED CASH FLOW STATEMENT</b>					
	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
<b>Investing activities</b>					
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)
<b>Financing activities</b>					
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	(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>B.8</b>	<b>Selected pro forma financial information</b>	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>B.9</b>	<b>Profit forecast/estimate</b>	Not applicable – no profit forecasts or estimates have been made.
<b>B.10</b>	<b>Audit report – qualifications</b>	Not applicable – there are no qualifications made in the audit report.
<b>B.11</b>	<b>Insufficient working capital</b>	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														
<b>C.1</b>	<b>Description of the Offer</b>	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.												
<b>C.2</b>	<b>Currency of Issue</b>	British pounds sterling.												
<b>C.3</b>	<b>Issued Share Capital</b>	<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												
<b>C.4</b>	<b>Rights attaching to the Ordinary Shares</b>	<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>												

<b>C.5</b>	<b>Restrictions on transfer</b>	The Ordinary Shares are freely transferable and there are no restrictions on transfer.
<b>C.6</b>	<b>Admission to trading</b>	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.
<b>C.7</b>	<b>Dividend Policy</b>	The Board continues to adopt a progressive distribution policy.

<b>Section D – Risks</b>		
<b>Element</b>		
<b>D.1</b>	<b>Risks that are specific to the Issuer or its industry</b>	<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"> <li>• The Group’s performance will be subject to the effect of exchange rate fluctuations with respect to the currencies employed by it.</li> <li>• 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.</li> </ul> <p><i>Property</i></p> <ul style="list-style-type: none"> <li>• Property investments can be illiquid and more difficult to realise than equities or bonds, especially in an immature property investment market such as Russia.</li> <li>• Falls in rental income as a result of the default of tenants.</li> <li>• 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.</li> </ul> <p><i>Russia</i></p> <ul style="list-style-type: none"> <li>• The Russian legal system is evolving and judgements can be inconsistent.</li> </ul>

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

<b>Section E – Offer</b>		
<b>Element</b>		
<b>E.1</b>	<b>Net Proceeds/Expenses</b>	<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>
<b>E.2a</b>	<b>Reasons for the offer/Use of Proceeds</b>	<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><b>E.3</b></p>	<p><b>Terms and Conditions of the Offer</b></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"> <li>(a) each Preference Shareholder's acceptance of the Preference Share Conversion Offer up to his Entitlement; and</li> <li>(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</li> </ul>



		<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>
<b>E.4</b>	<b>Material Interests</b>	Not applicable. There are no interests known to the Company, material to the issue of New Ordinary Shares or which are conflicting interests.
<b>E.5</b>	<b>Selling Shareholder/Lock up Arrangement</b>	Not applicable. There are no persons selling securities nor are there any lock-up agreements in respect of the Preference Share Conversion Offer.
<b>E.6</b>	<b>Dilution</b>	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.
<b>E.7</b>	<b>Estimated expenses charged to investor</b>	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

<b>Directors</b>	Richard Wilson Jewson ( <i>Non-Executive Chairman</i> ) Anton John Godfrey Bilton ( <i>Executive Deputy Chairman</i> ) Glyn Vincent Hirsch ( <i>Chief Executive Officer</i> ) Mark Sinclair ( <i>Chief Financial Officer</i> ) Colin Andrew Smith ( <i>Chief Operating Officer</i> ) 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>
<b>Company Secretary</b>	Benn Garnham
<b>Registered Office, Principal Place of Business of the Company and Business Address of the Directors</b>	1 Le Truchot St. Peter Port Guernsey GY1 6EH Channel Islands
<b>Website address</b>	<a href="http://www.ravenrussia.com">www.ravenrussia.com</a>
<b>Sponsor, Joint Financial Adviser and Broker</b>	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX United Kingdom
<b>Joint Financial Adviser</b>	Kinmont Limited 5 Clifford Street London W1S 2LG United Kingdom
<b>UK Solicitors to the Company</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA United Kingdom
<b>Guernsey Advocates to the Company</b>	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ Channel Islands
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom

<b>Registrars</b>	<p>Capita Registrars (Guernsey) Limited  Mont Crevelt House  Bulwer Avenue  St. Sampson  Guernsey  GY2 4LH  Channel Islands</p>
<b>UK Transfer Agent and Receiving Agent</b>	<p>Capita Asset Services  The Registry  34 Beckenham Road  Beckenham  Kent  BR3 4TU  United Kingdom</p>
<b>Bankers</b>	<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>
<b>Valuer</b>	<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 <sup>(1)</sup>	99,999,997	49,999,998
Bilton Shareholders <sup>(2)</sup>	27,998,474	13,999,236
Total	<u>127,998,471</u>	<u>63,999,234</u>

(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.

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

**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 2013</i>	<i>31 December 2012</i>	<i>30 June 2012</i>	<i>31 December 2011</i>	<i>31 December 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 <sup>(1)</sup>
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 <sup>(1)</sup>	3p <sup>(2)</sup>	2p <sup>(3)</sup>

### 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 <sup>(1)</sup>	4,701	(13,502)	5,479	(8,336)
Foreign currency translation on presentation of Company's accounts into US Dollars <sup>(1)</sup>	(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)
<b>Closing cash and cash equivalents</b>	<b>107,641</b>	<b>181,826</b>	<b>191,697</b>	<b>151,750</b>

(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)
<b>Net indebtedness</b>	<b>619,406</b>	<b>596,196</b>



#### 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>
<b>Equity</b>	
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
<b>Total equity attributable to shareholders of the Company</b>	<b>1,046,491</b>

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>
<b>Indebtedness</b>	
Bank loans and overdrafts	765,841
Interest rate derivatives	865
Cash and cash equivalents	<u>(170,510)</u>
<b>Net indebtedness</b>	<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>
<b>Grade A Warehouse</b>					
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
<b>Subtotal</b>		235.9	1,370		184.5
<b>Office</b>					
Constanta	Freehold	0.5	16	100	7.7
<b>Total</b>		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.

*Property Name*

*Location, Description, Tenure & Tenancy*

**5. Noginsk I and IIa**

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.

The gross lettable area is 160,600 sq. m.

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.

**6. Lobnya**

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.

The gross lettable area is 52,300 sq. m.

Net operating income is \$7,075,000 from two major tenants, Roslogistics and Nippon Express on leases expiring between May 2014 and December 2017.

**7. Pushkino**

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.

The gross lettable area is 213,650 sq. m.

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.

**8. Sholokhovo**

The Class A warehouse complex is located in Myitischensky District of the Moscow Region, on Dmitrovskoe highway, approximately 16 km from the MKAD.

The gross lettable area is 45,250 sq. m.

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**

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.

The gross lettable area is 147,400 sq. m.

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.

<i>Property Name</i>	<i>Location, Description, Tenure &amp; Tenancy</i>
<b>10. Pulkovo 1</b>	<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>
<b>11. Rostov on Don I</b>	<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>
<b>12. Novosibirsk</b>	<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>
<b>13. Constanta</b>	<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  
Moscow, 2, Letnikovskaya str., bld 1, 115114  
tel +7 495 737 8000 fax +7 495 737 8011

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
- Appendix 3**      Extract from the RICS Valuation – Professional Standards – the 2012 edition

## 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 &amp; Tenancy</i>
<b>1. Southern</b>	<p>The Class A warehouse is located in an industrial area of the Southern administrative district of Moscow, approximately 10 km from the city centre, around 1 km from the Varshavskoye highway and 5 km from MKAD.</p> <p>The gross lettable area is 14,100 sq. m.</p> <p>The property provides net operating income of \$2,147,000 and is let to multiple tenants including L'Occitane, A&amp;D Rus, Roland and WeMaTek on a number of leases expiring between December 2013 and December 2018.</p>
<b>2. Krekshino</b>	<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>
<b>3. Istra</b>	<p>The Class A warehouse scheme is located directly adjacent to the New Riga highway, approximately 50 km from Moscow city centre, 41 km from MKAD and 8 km from the Betonka A 107 motorway.</p> <p>The gross lettable area is 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 &amp; Tenancy</i>
<b>4. Klimovsk</b>	<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>
<b>5. Noginsk I and IIa</b>	<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>
<b>6. Lobnya</b>	<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>
<b>7. Pushkino</b>	<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>
<b>8. Sholokhovo</b>	<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 &amp; 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.
<b>9. Shushary</b>	<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>
<b>10. Pulkovo 1</b>	<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>
<b>11. Rostov on Don I</b>	<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>
<b>12. Novosibirsk</b>	<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>
<b>13. Constanta</b>	<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 &amp; Tenancy</i>
<b>1. Padikovo</b>	<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>
<b>2. Noginsk IIb and III</b>	<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>
<b>3. Rostov on Don II</b>	<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

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

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 <sup>(1)</sup>	15,276,771	2.74	11,125,088	25,285,585	12.98
Glyn Hirsch <sup>(1)</sup>	3,032,274	0.54	2,292,817	4,173,033	2.14
Mark Sinclair <sup>(1)</sup>	2,002,774	0.36	–	678,022	0.35
Colin Smith <sup>(1)</sup>	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 <sup>(2)</sup>	954,173	0.17	485,987	760,942	0.39
Bilton Family Discretionary Settlement Trust <sup>(3)</sup>	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 <sup>(1)</sup>	40,562,355	5.38	11,125,088	12,642,793	12.98
Glyn Hirsch <sup>(1)</sup>	7,205,306	0.96	2,292,817	2,086,517	2.14
Mark Sinclair <sup>(1)</sup>	2,680,796	0.36	–	339,011	0.35
Colin Smith <sup>(1)</sup>	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 <sup>(2)</sup>	1,715,115	0.23	485,987	380,471	0.39
Bilton Family Discretionary Settlement Trust <sup>(3)</sup>	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>
<b>Richard Jewson</b>	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
<b>Anton Bilton</b>		Santon Close Nominees Limited Capital Reversions plc Avanti Capital plc ZTC Telecommunications plc Angela Flowers Gallery plc Santon Management Limited Santon Capital plc Santon Developments plc Santon UK Limited Swan Hill Staff Pension Trust Limited Bilton House Investments Limited Audley Court Limited A & A Interiors & Furnishings Limited 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>
<b>Glyn Hirsch</b>	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
<b>Mark Sinclair</b>	Belasko Administration Limited Belasko Shareholdings Limited Hyndland Limited Jonathan Alexander Limited	Capital City Developments Limited Heid Limited
<b>Colin Smith</b>	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.
<b>Christopher Sherwell</b>	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>
<b>Christopher Sherwell</b> <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	
<b>Stephen Coe</b>	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>
<b>Stephen Coe</b> <i>(continued)</i>	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	
	<b>David Moore</b>	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>
<b>David Moore</b> <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
<b>Total</b>	<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
<b>Total</b>	<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](http://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:

<b>“2006 Act”</b>	the UK Companies Act 2006
<b>“Admission”</b>	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
<b>“associates”</b>	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)
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“Articles” or “Articles of from time Incorporation”</b>	the Articles of Incorporation of the company in force to time
<b>“Bilton Independent Shareholders”</b>	the Ordinary Shareholders other than Anton Bilton and his associates
<b>“Bilton Resolution”</b>	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
<b>“Bilton Shareholders”</b>	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
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) in which clearing banks in the City of London and Guernsey are generally open for business
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited
<b>“certificated” or “in certificated form”</b>	in certificated form (that is, not in CREST)
<b>“Circular”</b>	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 <a href="http://www.ravenrussia.com">www.ravenrussia.com</a>
<b>“Company” or “Raven Russia”</b>	Raven Russia Limited
<b>“Completion”</b>	completion of the Preference Share Conversion Offer in accordance with the Offer Document
<b>“CREST”</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities (Guernsey) Regulations 2009
<b>“Directors” or “the Board”</b>	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
<b>“DTRs” or “Disclosure and Transparency Rules”</b>	the Disclosure and Transparency Rules published by the FCA in accordance with section 73A(2) of FSMA

<b>“EBT” or “Employee Benefit Trust”</b>	the employee benefit trust of the Group, details of the schemes which it operates are as set out in paragraph 7 of Part 8 of this document
<b>“Enlarged Ordinary Share Capital”</b>	the Ordinary Shares as enlarged by the New Ordinary Shares
<b>“Entitlement”</b>	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
<b>“Euro” or “€”</b>	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
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Executive Directors”</b>	Anton Bilton, Glyn Hirsch, Mark Sinclair and Colin Smith
<b>“Existing Disapplication”</b>	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
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document
<b>“FCA” or “Financial Conduct Authority”</b>	the UK Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended
<b>“General Meeting” or “GM”</b>	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
<b>“Group” or “Raven Russia Group”</b>	the Company and its subsidiaries and “member of the Group” shall be construed accordingly
<b>“IAML”</b>	Invesco Asset Management Limited acting in its capacity as agent for and on behalf of the Invesco Funds
<b>“IFRS”</b>	International Financial Reporting Standards (including International Accounting Standards)
<b>“Invesco”</b>	Invesco Limited
<b>“Invesco Concert Party”</b>	IAML and the Invesco Funds
<b>“Invesco Funds”</b>	EIT, IPDF, IPHIF, IPIF, IPEP, TSIP, SNIDF, SSMUT, SNEF, SEEF, SHUIT and any nominee holding on behalf of any of them
<b>“Invesco Independent Shareholders”</b>	the Ordinary Shareholders other than members of the Invesco Concert Party
<b>“Invesco Resolution”</b>	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
<b>“IPDF”</b>	Invesco Perpetual Distribution Fund



<b>“IPHIF”</b>	Invesco Perpetual High Income Fund
<b>“IPIF”</b>	Invesco Perpetual Income Fund
<b>“IPEP”</b>	Invesco Perpetual UK Equity Pension Fund
<b>“JLL”</b>	Jones Lang LaSalle of Kosmodamianskaya NAB 52/3 Korp 3, Moscow 115054, Russia
<b>“Kinmont”</b>	Kinmont Limited, joint financial adviser to Raven Russia
<b>“Law”</b>	the Companies (Guernsey) Law, 2008, as amended
<b>“Listing Rules”</b>	the Listing Rules published by the FCA in accordance with section 73A(2) of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Market Purchase Authority”</b>	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
<b>“Main Market”</b>	London Stock Exchange’s main market for listed securities
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP, sponsor, joint financial adviser and broker to Raven Russia
<b>“NAV”</b>	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
<b>“NAV per Ordinary Share”</b>	NAV divided by the number of Ordinary Shares in issue from time to time
<b>“New Ordinary Shares”</b>	the new Ordinary Shares arising as a result of the Preference Share Conversion Offer pursuant to the Preference Share Conversion Offer
<b>“Non-Executive Director”</b>	Richard Jewson, Christopher Sherwell, Stephen Coe and David Moore
<b>“Notice”</b>	the notice of General Meeting, which is set out at the end of the Circular
<b>“Offer Document”</b>	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
<b>“Official List”</b>	the official list of the UKLA
<b>“Ordinary Shareholder”</b>	a holder of Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company
<b>“Padastro”</b>	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

<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Part VI Rules”</b>	the rules contained in Part VI of FSMA
<b>“PLP”</b>	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
<b>“Preference Dividend”</b>	the cumulative preferential dividend accruing on each Preference Share
<b>“Preference Share Conversion Offer”</b>	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
<b>“Preference Shareholder”</b>	a holder of Preference Shares
<b>“Preference Shares”</b>	the preference shares of £0.01 each in the capital of the Company
<b>“Prohibited Territories”</b> and each an <b>“Prohibited Territory”</b>	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
<b>“Prospectus”</b>	this document
<b>“Prospectus Directive”</b>	the Prospectus Directive of the European Parliament and Council (2003/71/EC)
<b>“Prospectus Rules”</b>	the 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
<b>“Raven Mount”</b>	Raven Mount Group Limited (formerly Raven Mount Group plc)
<b>“Record Date”</b>	5.00 p.m. on 20 December 2013
<b>“Registrars”</b>	Capita Registrars (Guernsey) Limited
<b>“Regulation S”</b>	Regulation S under the US Securities Act
<b>“Resolutions”</b>	the resolutions numbered 1 to 6 in the Notice to be proposed at the General Meeting
<b>“Roslogistics”</b>	the logistics business operated by the Group’s wholly owned subsidiary, Avalon Logistics Company LLC
<b>“Rouble”</b>	the lawful currency of the Russian Federation
<b>“RRPM”</b>	Raven Russia Property Management Limited
<b>“Rule 9”</b>	Rule 9 of the Takeover Code
<b>“Rule 9 Waiver”</b>	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

<b>“SDRT”</b>	UK Stamp Duty Reserve Tax
<b>“SEEF”</b>	SJP Exempt UK Equity Fund
<b>“Share Election”</b>	the ability of Preference Shareholders to participate in the Preference Share Conversion Offer in respect of less than or more than their Entitlement
<b>“SHUIT”</b>	SJP High Income Unit Trust
<b>“SNEF”</b>	SJP Net UK Equity Fund
<b>“SNIDF”</b>	SJP Net Income Distribution Fund
<b>“SSMUT”</b>	SJP Strategic Managed Unit Trust
<b>“Statutes”</b>	the Law and every other statute, statutory instrument, regulation or order for the time being in force concerning companies whether registered under the Law or not
<b>“Sterling” or “pence”, “s” or “p”</b>	the lawful currency of the United Kingdom
<b>“subsidiary”</b>	as defined in section 1159 of the 2006 Act
<b>“Supplementary Prospectus”</b>	a supplement to the Prospectus produced in accordance with rule 3.4 of the Prospectus Rules
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers issued by the Panel as amended or supplemented, from time to time
<b>“TSIP”</b>	the Shipbuilding Industries Pension Scheme
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“uncertificated” or “in uncertificated form”</b>	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
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possessions, any state of the US and the District of Columbia and all other areas subject to its jurisdiction
<b>“US dollar” or “US\$”</b>	US dollars, the lawful currency of the United States
<b>“US Investment Company Act”</b>	the US Investment Company Act of 1940, as amended
<b>“US Person”</b>	US person within the meaning given to it in Regulation S under the US Securities Act
<b>“VAT”</b>	value added tax
<b>“Waiver Resolution”</b>	the ordinary resolution numbered 5 in the Notice to be proposed at the General Meeting in connection with the Rule 9 Waiver
<b>“Warehouse(s)”</b>	the entire spectrum of both newly-built and existing warehouse buildings, including, but not limited to, high bay logistics buildings, cold storage, industrial and manufacturing factories, light assembly, storage depots, retail warehouses, leisure boxes, multiplexes, supermarkets, exhibition centres, refineries and multi-storey warehouse buildings, any of which may have an office content

<b>“Warrant”</b>	a warrant to subscribe for 1 Ordinary Share at 25 pence per Ordinary Share pursuant to the terms of the Warrant Instrument
<b>“Warrantholder”</b>	a holder of a Warrant
<b>“Warrant Instrument”</b>	the warrant instrument adopted by the Company constituting the Warrants







**RAVEN RUSSIA LIMITED**

**WARRANT INSTRUMENT**

**CONFORMED COPY INCORPORATING THOSE AMENDMENTS  
ADOPTED BY WRITTEN RESOLUTION ON 27 SEPTEMBER 2010**



## Contents

<b>Clause</b>	<b>Name</b>	<b>Page</b>
1	Definitions and interpretation .....	1
2	Subscription Rights.....	3
3	Warrant Certificates.....	4
4	Exercise of Warrants.....	5
5	Undertakings.....	7
6	Adjustment of Subscription Rights.....	7
7	General Offers and Liquidation.....	8
8	Transfer and Title.....	11
9	Meetings of Warranholders.....	11
10	Modifications.....	12
11	Purchase and Cancellation.....	12
12	Availability of Instrument and Notices .....	12
13	Enforcement .....	12
14	Governing Law .....	13
<b>Schedule</b>	<b>Name</b>	<b>Page</b>
1	Form of Warrant Certificate .....	14
2	Registration, Transfer and Transmission .....	17
3	Meetings of Warranholders.....	21
<b>Execution Page.....</b>		<b>25</b>

## **PARTIES**

**RAVEN RUSSIA LIMITED**, a company incorporated in Guernsey with registered number 43371, whose registered office is at P.O. Box 671, Level 1 Regency Court, Gategny Esplanade, St. Peter Port, Guernsey GY1 3ST (the "**Company**").

## **BACKGROUND**

- (A) By a resolution of the board of directors of the Company (the "**Board**") passed on 24 March 2009 the Board authorised the issue by the Company of up to 275,000,000 Warrants (as defined below) giving rights to subscribe for up to 275,000,000 Ordinary Shares subject always to the pre-emption rights in the articles of incorporation of the Company having been disapplied in respect of such issue and to there being sufficient authorised but unissued share capital of the Company.
- (B) The Company has determined to execute this Instrument to set out the rights and interests of the Warrantholders (as defined below).

## **OPERATIVE PROVISIONS**

### **1 DEFINITIONS AND INTERPRETATION**

#### **1.1 In this Instrument:**

"**AIM**" means AIM, a market operated by the London Stock Exchange.

"**Articles**" means the Articles of Incorporation of the Company as amended from time to time.

"**Auditors**" means the auditors at the Company from time to time or, if they are unable or unwilling to carry out any action requested of them under this Instrument, such other firm of chartered accountants as may be nominated from time to time by the Company.

"**business day**" means any day (excluding Saturday) on which banks in England and Guernsey are open for business.

"**Companies Law**" means the Companies (Guernsey) Law, 2008 as amended from time to time.

"**CREST Guernsey requirements**" means Rule 8 and such other rules and requirements of EUI as may be applicable to issuers from time to time as specified in the CREST Manual.

"**CREST Manual**" means the compendium of documents entitled "CREST Manual" issued by EUI from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CSS Operations Manual and the CREST Glossary of Terms.

"**Dividend Policy**" means the publicly announced dividend policy of the Company from time to time.

"**EUI**" means Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) incorporated in England and Wales under number 2878738 and whose registered office is at 33 Cannon Street, London, EC4M 5SB.

**"Exercise Amount"** means the sum payable on exercise of one Warrant being 25 pence per Ordinary Share (or such adjusted price as may be determined from time to time in accordance with the provisions of Clause 6 (*Adjustment of Subscription Rights*)).

**"Expiry Date"** means 25 March 2019.

**"Extraordinary Resolution"** means an Extraordinary Resolution of the Warrantholders passed in accordance with the provisions of Schedule 3 (*Meetings of Warrantholders*).

**"London Stock Exchange"** means London Stock Exchange plc.

**"Ordinary Shares"** means the ordinary shares of 1 penny each in the capital of the Company (or such other nominal value as may result from any subdivision or consolidation thereof) with the rights attached thereto in accordance with the articles of incorporation of the Company (as amended from time to time).

**"Qualifying Dividend"** means a dividend (as defined in section 302 of the Law) to the holders of Ordinary Shares.

**"Register"** means the register of Warrantholders required to be maintained pursuant to Clause 8.1.

**"Registrar"** means the company secretary of the Company for the time being or such other person or persons appointed by the Company from time to time to maintain the Register.

**"Scrip Dividend"** means the offering by the Company to holders of any class of share in the Company 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.

**"Specified Number"** means, in the case of certificated holdings, such number of Warrants as shall be specified on the face of the relevant Warrant Certificate and, in the case of uncertificated holdings, the number of Warrants held in the relevant stock account maintained under the relevant system (as defined in the CREST Manual), in each case subject to adjustment pursuant to Clause 6 (*Adjustment of Subscription Rights*) and/or Clause 7 (*General Offers and Liquidation*) hereof.

**"Subscription Notice"** means in relation to any Warrant, in the case of certificated holdings, the notice of subscription attached to the Warrant Certificate and, in the case of uncertificated holdings, such uncertificated subscription notice as shall be prescribed by the Board from time to time (subject always to the facilities and requirements of the relevant system concerned).

**"Subscription Period"** means, in relation to any Warrant, the period from the date of this Instrument to (and including) the Expiry Date.

**"Warrant Certificate"** means a certificate evidencing a holding of Warrants in certificated form, such certificate being in or substantially in the form set out in Schedule 1 (*Form of Warrant Certificate*).

**"Warrantholder"** means in relation to any Warrant, the person or persons who is or are for the time being the registered holder or joint holders of such Warrant.

**"Warrants"** means the rights created by this Instrument entitling the holders thereof to subscribe for Ordinary Shares on the terms set out in this Instrument and the term "Warrant" shall be construed accordingly.

- 1.2 Wherever in this Instrument reference shall be made to a determination or certification to be made by or an opinion to be given by the Auditors, the following provisions shall apply:
- (a) the Auditors shall be deemed to act as an expert and not an arbitrator and applicable laws relating to arbitration shall not apply;
  - (b) the determination of the Auditors shall be final and binding on all concerned; and
  - (c) the Auditors shall be given by the Company all such information and other assistance as it may reasonably require.
- 1.3 The Clause headings are inserted for guidance only and shall not affect the meaning or interpretation of any part of this Instrument.
- 1.4 Reference to Clauses, sub-clauses and Schedules in this Instrument are references to the Clauses, sub-clauses and Schedules of and to this Instrument.
- 1.5 References to any statute or statutory provision include references to that statute or statutory provision as from time to time amended, extended or re-enacted and to any rules, orders, regulations and delegated legislation made thereunder.
- 1.6 Words and phrases, the definitions of which are contained or referred to in the Companies Law shall be construed as having the meanings thereby attributed to them but excluding any statutory modification not in force at the date of this Instrument.
- 1.7 Words importing the singular shall include the plural and vice versa; words importing the masculine shall include the feminine and neuter and vice versa; words importing persons shall include bodies corporate, unincorporated associations and partnerships.
- 1.8 Any register, index, minute book or book of account required to be kept by this Instrument shall be kept, and inspection thereof shall be allowed and copies shall be supplied, in such form and manner and subject to such precautions as would from time to time be permissible or required if it were a register, index, minute book or book of account required to be kept by the Companies Law and references to such records in the Instrument shall be construed accordingly.
- 1.9 References herein to a Warrant (or to a holding of Warrants) being in uncertificated form or in certificated form are references, respectively, to that Warrant being an uncertificated unit of a security or a certificated unit of a security. For the purposes of these terms and conditions, a dematerialised instruction is properly authenticated if it complies with the specifications referred to in the CREST Guernsey Requirements.

## 2 **SUBSCRIPTION RIGHTS**

- 2.1 The Company creates, pursuant to a resolution of the Board dated 24 March 2009, rights, subject to the provisions of this Instrument, to subscribe on any day during the Subscription Period for, in total, up to 275,000,000 Ordinary Shares subject always to the pre-emption rights in the articles of incorporation of the Company having been disapplied in respect of such issue and to there being sufficient authorised but unissued share capital of the Company on the basis that one Warrant entitles the Warrantholder to subscribe for one Ordinary Share (subject to adjustment pursuant to Clause 6 (*Adjustment of Subscription Rights*) hereof) at the Exercise Amount per Warrant payable in cash in full on subscription.
- 2.2 The Warrants may be granted to the proposed Warrantholder for no payment. Upon the grant of any Warrant the Company shall enter the person or persons to whom the Warrant is granted into the Register in respect of such Warrant. The Warrants registered in a

Warrantholder's name may be held in certificated form (in which event they will be evidenced by a Warrant Certificate issued by the Company) or in uncertificated form.

- 2.3 The Company shall, upon exercise of all or any of the Warrants in accordance with Clause 4 (*Exercise of Warrants*) from time to time during the Subscription Period, forthwith allot and issue the number of Ordinary Shares required to be allotted and issued in accordance with the terms of this Instrument.
- 2.4 The rights to subscribe represented by Warrants shall be subject to and have the benefit of the terms and conditions set out in this Instrument which shall be binding upon the Company, the Warrantholders and all persons claiming through or under them respectively.
- 2.5 The Warrants are issued subject to the Memorandum of Incorporation and Articles and, in the case of Warrants held in uncertificated form, the CREST Guernsey Requirements and otherwise on the terms of this Instrument which are binding upon the Company and each Warrantholder and all persons claiming through them.
- 2.6 For the avoidance of doubt, nothing herein shall require title to Warrants which are held in uncertificated form to be evidenced or transferred by written instrument and, accordingly, any provision herein which is inconsistent with the holding of Warrants in uncertificated form or the transfer of title to Warrants by means of a relevant system (as defined in the CREST Manual) or any provision of the CREST Guernsey Requirements shall not apply to any Warrants held in uncertificated form.
- 2.7 The Company shall be entitled at any time:
- (a) to require the holder of any Warrants which are held in uncertificated form to convert such Warrants into certificated form; and/or
  - (b) to require the Operator (as defined in the CREST Manual) to suspend or remove Warrants that are held in uncertificated form from the relevant system concerned.
- 2.8 The Company warrants and undertakes to each Warrantholder to apply for listing and admission to trading of the Warrants on AIM as at the date of this Instrument.

### 3 **WARRANT CERTIFICATES**

- 3.1 Every Warrant Certificate shall be in the form or substantially in the form set out in Schedule 1 (*Form of Warrant Certificate*) and shall have endorsed thereon a Subscription Notice and Form of Nomination in the form or substantially in the form set out in Schedule 1 (*Form of Warrant Certificate*).
- 3.2 Every Warrantholder whose Warrants are held in certificated form shall be entitled without charge to one Warrant Certificate for the Warrants held by him save that joint holders shall be entitled to one certificate only in respect of the Warrants held by them jointly which certificate shall be delivered to the holder whose name stands first in the Register in respect of such joint holding. The Company shall not be bound to register more than four persons as joint holders of any Warrants.
- 3.3 Where some but not all of the Warrants comprised in any Warrant Certificate are transferred or exercised the Company shall issue, free of charge, to the relevant Warrantholder a fresh Warrant Certificate in accordance with the other provisions of this Instrument for the balance of the Warrants retained by such Warrantholder.
- 3.4 All Warrant Certificates shall be executed by the Company.

- 3.5 If a Warrant Certificate is mutilated, defaced, lost, stolen or destroyed, it shall, at the discretion of the Company, be replaced at the office of the Registrar on payment of such expenses as may reasonably be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

#### 4 **EXERCISE OF WARRANTS**

- 4.1 Subject to Clause 6 (*Adjustment of Subscription Rights*) and/or Clause 7 (*General Offers and Liquidation*) the Warrantheader of each Warrant will have the right, which may be exercised on any day during the Subscription Period, to subscribe in cash for all or part of the Specified Number of fully paid Ordinary Shares in consideration of the payment of the Exercise Amount in full per Warrant.

- 4.2 In order to exercise the right to subscribe attaching to a Warrant whether in whole or in part, Warrantheaders whose Warrants are held in certificated form shall deliver or cause to be delivered the relevant Warrant Certificates to the Registrar with the Subscription Notice duly completed and signed, together with a remittance in cleared funds for the Exercise Amount in respect of each Warrant being exercised. Once so delivered, a Subscription Notice shall be irrevocable save with the consent of the Board.

- 4.3 The subscription rights which are conferred by any Warrants that are held in uncertificated form shall be exercisable, in whole or in part, (and treated by the Company as exercised) if an uncertificated subscription notice is received by the Company as referred to below and the remittance in cleared funds for the Exercise Amount in respect of each Warrant being exercised is received by the Company or by such person as it may require for these purposes in such form and subject to such terms and conditions as may from time to time be prescribed by or on behalf of the Company. For these purposes an "uncertificated subscription notice" shall mean a properly authenticated dematerialised instruction received by the Company, or by such person as it may require, in such form and subject to such terms and conditions and having such effect as may from time to time be prescribed by or on behalf of the Company (subject always to the facilities and requirements of the relevant system concerned) that is attributable to the system-member who is the holder of the Warrants concerned and/or such other instruction or notification as may from time to time be prescribed by or on behalf of the Company. The Company may, in addition, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person that it may require for these purposes (subject always to the facilities and requirements of the relevant system concerned). Without prejudice to the generality of the foregoing, the effect of the properly authenticated dematerialised instruction and/or other instruction or notification referred to above may be such as to divest the holder of the Warrants concerned of the power to transfer such Warrants to another person. Once lodged, an uncertificated subscription notice shall be irrevocable save with the consent of the Company. For the avoidance of doubt, unless the Company otherwise determines, or unless the CREST Guernsey Requirements and/or rules of the relevant system concerned otherwise require, the Ordinary Shares issued on the exercise of any subscription rights shall be issued:

- (a) in uncertificated form where such subscription rights were conferred by Warrants which were held in uncertificated form on the date of notification of exercise; or
- (b) in certificated form where such subscription rights were conferred by Warrants held in certificated form on the date of the notification of exercise

whether any Warrants are held in certificated form or uncertificated form on the exercise date shall be determined by reference to the register of Warrantheaders as at the close of

business on the relevant date or such other time as the Board may (subject to the facilities and requirements of the relevant system concerned) in its absolute discretion determine. Compliance must also be made in relation to any exercise of subscription rights with any statutory and regulatory requirements for the time being applicable.

4.4 Warrants will be deemed to be exercised on the business day upon which the Registrar shall have received the relevant documentation and remittance referred to in this Clause 4 (*Exercise of Warrants*). Subject to value having been received by the Company in respect of the relevant remittance, the Company shall allot the Ordinary Shares to be issued pursuant to the exercise of subscription rights attaching to any Warrant and enter the allottee of such Ordinary Shares in the Company's register of members not later than 14 days after the date on which such Warrants are exercised.

4.5 In the case of Ordinary Shares issued pursuant to the exercise of subscription rights conferred by Warrants held in certificated form as soon as practicable following the exercise of Warrants in accordance with the terms of this Instrument and, in any event, not later than 28 days after the date on which such Warrants are exercised the Company shall issue:

- (a) a certificate for the Ordinary Shares in the name of such Warrantholder or such other person as may be named on the Form of Nomination set out in the Warrant Certificate; and
- (b) in the event of a partial exercise by any Warrantholder of the right to subscribe attaching to any Warrants held by him a Warrant Certificate in the name of such Warrantholder in respect of the balance of the Warrants represented by the relevant Warrant Certificate and remaining unexercised

in respect of any subscription rights conferred by Warrants held in certificated form the certificate for the Ordinary Shares arising on the exercise of Warrants (together with any balancing Warrant Certificate) will be despatched at the risk of the person entitled thereto to the address of such person or (in the case of a joint holding) to that one of them whose name stands first in the Register or relevant Form of Nomination and will be sent by ordinary postal delivery.

4.6 Ordinary Shares issued pursuant to the exercise of subscription rights which were conferred by Warrants held in uncertificated form will, unless the Company otherwise determines or unless the CREST Guernsey Requirements and/or the rules of the relevant system concerned otherwise require, be issued in uncertificated form and will be credited to the account of the person(s) in whose name(s) the Warrants concerned were registered at the date of such exercise (being an account maintained by the relevant system concerned under the same participant and member account identification codes as the account to which the Warrants concerned were credited immediately prior to such exercise).

4.7 Every Warrant in respect of which subscription rights:

- (a) have been exercised in full; or
- (b) at the end of the Subscription Period have not been exercised (whether in whole or in part),

shall lapse and be cancelled.

4.8 Ordinary Shares allotted pursuant to the exercise of Warrants in accordance with the terms of this Instrument shall be issued fully-paid and free from any liens, charges or encumbrances and rights of pre-emption but shall not rank for any dividends or other

distributions declared, made or paid on the Ordinary Shares for which the record date is prior to the relevant day on which the Warrants are exercised but, subject thereto, shall rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares on or after the relevant day on which the Warrants are exercised and otherwise *pari passu* in all respects with the Ordinary Shares in issue at that date.

- 4.9 At any time when the Ordinary Shares are admitted to trading on AIM or to the Official List of the London Stock Exchange, application will be made by the Company to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Warrants to be admitted to trading on AIM or to the Official List (as the case may be) and the Company will use its reasonable endeavours to obtain such admission not later than 14 days after the date of allotment of the relevant Ordinary Shares pursuant to the exercise of the Warrants in accordance with the terms of this Instrument.

## 5 UNDERTAKINGS

- 5.1 Subject to the provisions of Clause 6.1 and, unless otherwise authorised by an Extraordinary Resolution, whilst any Warrant remains exercisable:

- (a) the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class in any way which operates to vary the rights of the Warrantheolders in relation to the Warrants (but nothing herein shall restrict the right of the Company to increase, consolidate, sub-divide or reduce its share capital subject to any adjustments to the subscription rights as may be required by this Instrument). For the purposes of this sub-paragraph, the creation or issue of preference shares (whether convertible, redeemable and/or cumulative) carrying rights to dividends, capital conversion or otherwise as the directors of the Company shall think fit, shall not be deemed to modify the rights attaching to the Ordinary Shares;
- (b) the Company shall at all times maintain sufficient authorised but unissued share capital and all requisite shareholders or other authorities necessary to enable the issue of Ordinary Shares (free from any rights of pre-emption) pursuant to the exercise of all the Warrants outstanding from time to time;
- (c) Warrantheolders will have made available to them, at the same time and in the same manner as the same are made available to holders of Ordinary Shares, copies of the audited accounts of the Company (with the relevant directors' and auditor's reports) and copies of all other circulars or notices which are made available to holders of Ordinary Shares; and
- (d) in the event that the Company is proposing to make a Qualifying Dividend to the holders of the Ordinary Shares of an amount which is not consistent with the Dividend Policy of the Company, the Company will notify Warrantheolders of such proposed Qualifying Dividend at least 60 days prior to the scheduled record date for such Qualifying Dividend.

## 6 ADJUSTMENT OF SUBSCRIPTION RIGHTS

- 6.1 While any Warrants remain exercisable:

- (a) after any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register of members of the Company on a date (or by reference to a record date) other than pursuant to a Scrip Dividend; or



(b) upon any sub-division or consolidation of the Ordinary Shares

the number and/or nominal value of Ordinary Shares to be subscribed on a subsequent exercise of each Warrant will be increased or (as the case may be) reduced proportionately on the basis that immediately after the allotment, sub-division or consolidation, the Ordinary Shares to be issued if the subscription rights attaching to the then outstanding Warrants were exercised shall constitute the same percentage of the total number of issued Ordinary Shares as that which such Ordinary Shares would have constituted immediately before such allotment, sub-division or consolidation and the Exercise Amount of the then outstanding Warrants shall be adjusted accordingly.

- 6.2 While any Warrants remain exercisable, in the event that the Company pays a Qualifying Dividend which exceeds 10 per cent of the consolidated net asset value of the Company on the date of payment of the Qualifying Dividend, the Exercise Amount shall be adjusted in such manner as the Auditors certify as fair and reasonable to take into account such Qualifying Dividend. Such adjustment shall become effective on the day following the record date for such Qualifying Dividend. For the purposes of this Clause 6.2 the consolidated net asset value of the Company on the date of payment of a Qualifying Dividend shall be determined by reference to the latest published audited accounts or (if such accounts have been published since the publication of the Company's last audited accounts) the latest published interim half yearly unaudited accounts of the Company.
- 6.3 On any such capitalisation, sub-division or consolidation or a Qualifying Dividend (of the amount described in Clause 6.2), the Auditors shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to the Warrantheholders, together with a Warrant Certificate (where such Warrantheholders are holding in certificated form) evidencing the rights to which the Warrantheholders are entitled in consequence of such adjustments, fractional entitlements being ignored.
- 6.4 Where a Warrantheholder holds Warrants in both certificated and uncertificated form such holdings shall be treated as separate holdings for the purpose of calculating the number of additional Warrants to be issued to him pursuant to this Clause 6 (*Adjustment of Subscription Rights*) unless the Company otherwise determines.
- 6.5 For the avoidance of doubt, unless the Company otherwise determines, or unless the Regulations and/or the rules of the relevant system concerned otherwise require, any additional Warrants issued in accordance with this Clause 6 (*Adjustment of Subscription Rights*) shall be issued in uncertificated form where they are issued to a holder of Warrants which are held in uncertificated form at the close of business on the date on which such additional Warrants are issued (or at such other time as the Board may, subject always to the facilities and requirements of the relevant system concerned, in its absolute discretion determine) (the "issue date") or in certificated form where they are issued to a holder of Warrants which are held in certificated form at the close of business on the issue date. Additional Warrants which are issued in uncertificated form will be credited to the stock account of the Warrantheholder concerned (being an account maintained by the relevant system concerned under the same participant and member account identification codes as the account to which the Warrants held in certificated form by such Warrantheholder are credited at the close of business on the issue date).

## 7 GENERAL OFFERS AND LIQUIDATION

7.1 Subject to paragraphs 7.3 and 7.4 below, if at any time:

- (a) an offer is made to all holders of equity share capital of the Company (as defined in section 744 of the UK Companies Act 1985) (or all such holders other than the offeror and/or any company controlled by the offeror and/or any person acting in

concert with the offeror (as such expression is defined in the latest edition of the City Code on Takeovers and Mergers)) to acquire the whole or any part of such equity share capital of the Company; and

- (b) the Company becomes aware that, as a result of such an offer, the right to cast a majority of votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid,

the Company shall forthwith give notice to the Warrantholders of such vesting within 14 days of its becoming so aware.

7.2 For the purposes of this Clause 7 (*General Offers and Liquidation*) the summoning of a meeting by the Court in connection with an arrangement under Part VIII of the Companies Law or the preparation of an amalgamation proposal under Part VI of the Companies Law in either case providing for the acquisition by any person of the whole or any part of such equity share capital of the Company shall be deemed to be the making of an offer.

7.3 Where the circumstances described in Clause 7.1 apply and:

- (a) the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror shall have made an offer to Warrantholders or to all Warrantholders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror to acquire all of the outstanding Warrants; or
- (b) the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror shall have proposed an arrangement or amalgamation ("scheme") with regard to the acquisition of all the outstanding Warrants,

and in either case the value of the consideration (on such basis as the Auditors may determine, acting as Experts, and shall have confirmed in writing to the Warrantholders no less than 21 days (or, if that is not possible, such period as is possible) prior to the expiry of such offer or the date on which such scheme becomes effective) receivable by a Warrantholder pursuant to such offer or scheme represents no less than that which he would have received pursuant to the offer made or scheme proposed to holders of Ordinary Shares had his subscription rights been exercised on the date upon which such offer became wholly unconditional or such scheme became effective (after deduction of the costs of subscription) then any Warrants which are not the subject of an acceptance of the offer to Warrantholders or are not effectively transferred or cancelled pursuant to such scheme shall lapse upon the expiry of that offer or (provided such scheme becomes effective) upon the date upon which that scheme is sanctioned by the Court in the case of an arrangement or in the case of an amalgamation is recorded on the Register of Companies.

7.4 If on a date (or by reference to a record date) while any Warrants remain outstanding:

- (a) an offer or invitation is made by the Company (whether by way of rights or otherwise (including but not limited to an open offer) but not being an offer to which Clause 7.5 applies or an offer by the Company to purchase Ordinary Shares (including by way of tender offer) to all the holders of Ordinary Shares; or
- (b) any offer or invitation (not being an offer of the nature referred to in Clause 7.1(a)) is made to all the holders of Ordinary Shares otherwise than by the Company,

then the Company shall procure (but in the case of Clause 7.4(b) only in so far as it is able) that at the same time the same offer or invitation is made to the Warranholders as if their respective Warrants had been exercised and the Warranholders entered in the register of members accordingly on the day immediately preceding the record date of such offer or invitation then applicable. Provided that, if the Directors so resolve, in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the Warranholders but that the Exercise Amount and/or the subscription rights shall be adjusted in such manner as the Auditors shall certify to be fair and reasonable to take account of such offer or invitation by the Company. Any such adjustments shall become effective as at the record date for the offer or invitation. The Company shall give notice to the Warranholders forthwith upon (and in any event within fourteen days of) any adjustment made pursuant to this Clause 7.4 and shall at the same time in the case of Warrants held in certificated form send to Warranholders a Warrant certificate evidencing the rights to which Warranholders are entitled and in the case of Warrants held in uncertificated form, credit the relevant stock account with such entitlements in consequence of such adjustments, with, in each case, fractional entitlements being ignored.

7.5 If an offer is made of the nature referred to in Clause 7.1(a) above whereunder the consideration consists solely of the issue of ordinary shares of the offeror and the offeror makes available an offer of warrants to subscribe for ordinary shares of the offeror in exchange for Warrants which the Auditors consider in their opinion is fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to the Auditors to be relevant) then any director of the Company shall be authorised as attorney for each and any of the Warranholders:

- (a) to execute a transfer thereof in favour of the offeror in consideration of the issue of a warrant to subscribe for ordinary shares of the offeror as aforesaid whereupon the relevant Warrants shall lapse; and
- (b) to do such acts and things as may be reasonably necessary or appropriate in connection therewith,

subject, in each case, to such offer becoming or being declared wholly unconditional and the offeror being in a position to compulsorily acquire the whole of the then issued ordinary share capital of the Company in accordance with the Companies Law or in the case of such an offer implemented by a scheme, the date upon which that scheme is sanctioned by the Court in the case of an arrangement (provided that such scheme becomes effective) or in the case of an amalgamation is recorded in the Register of Companies.

7.6 If, on a date while any Warrants remain outstanding, any order is made or an effective resolution is passed for winding up the Company, except for the purpose of reconstruction or amalgamation (including but not limited to pursuant to an amalgamation under Part VI of the Companies Law or an arrangement under Part VIII of the Companies Law) on terms sanctioned by an Extraordinary Resolution, and on such winding up (on the assumptions that all Warrants had been exercised in full and the Exercise Amount payable in connection therewith had been received in full by the Company) there would be a surplus available for distribution amongst the holders of the Ordinary Shares which would exceed, in respect of each Ordinary Share, a sum equal to the Exercise Amount each Warranholder shall be treated as if, immediately before the date of such order or resolution, his Warrants had been exercised in full at the Exercise Amount and such Warranholders shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares an amount equal to the sum to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Exercise Amount. Subject to the foregoing all Warrants shall lapse on the liquidation of the Company.

## 8 TRANSFER AND TITLE

- 8.1 Warrants shall be transferable individually and in integral multiples, in the case of Warrants held in certificated form, by an instrument of transfer in any usual or common form or such other form as may be approved by or on behalf of the Company, and, in the case of Warrants held in uncertificated form, by a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company or by such person as it may require for these purposes in such form and subject to such terms and conditions as may from time to time be prescribed by or on behalf of the Company (subject always to the facilities and requirements of the relevant system concerned). The Registrar shall maintain a register of Warrantholders in registered form and the provisions of Schedule 2 (*Registration, Transfer and Transmission*) relating to the transfer, transmission and registration of Warrants shall have full effect as if the same had been incorporated in this Instrument.
- 8.2 The Company shall be entitled to appoint such person or persons as the Company thinks fit as the Registrar and to remove any such person or persons and make a new appointment in their stead. The Company shall forthwith give a notice of any change in the identity or address of the Registrar in accordance with Clause 12.2.
- 8.3 The registered holder of a Warrant shall be treated as its absolute owner for all purposes notwithstanding any notice of ownership or notice of previous loss or theft or of trust or other interest therein (except as ordered by a court of competent jurisdiction or required by law). The Company shall not (except as stated above) be bound to recognise any other claim to or interest in any Warrant.

## 9 MEETINGS OF WARRANTHOLDERS

- 9.1 Meetings of Warrantholders may be convened in accordance with the provisions of Schedule 3 (*Meetings of Warrantholders*) and shall be competent to pass Extraordinary Resolutions and to exercise all the powers as referred to therein. Without prejudice to the generality of the foregoing the Warrantholders, by way of Extraordinary Resolution shall have power to:
- (a) sanction any compromise or arrangement proposed to be made between the Company and the Warrantholders or any of them;
  - (b) sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of the rights of the Warrantholders against the Company whether such rights shall arise under this Instrument or otherwise;
  - (c) sanction any proposal by the Company for the exchange or substitution for the Warrants of, or the conversion of the Warrants into, shares, stock, bonds, debentures, debenture stock, warrants or other obligations or securities of the Company or any other body corporate formed or to be formed;
  - (d) assent to any modification of the conditions to which the Warrants are subject and/or the provisions contained in this Instrument which shall be proposed by the Company;
  - (e) authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

- (f) discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under this Instrument; and
- (g) give any authority, direction or sanction which under the provisions of this Instrument is required to be given by Extraordinary Resolution.

## 10 **MODIFICATIONS**

- 10.1 Any modification to this Instrument may be effected only by an instrument in writing, executed by the Company and expressed to be supplemental to this Instrument and, save in the case of a modification which is of a formal, minor or technical nature or made to correct a manifest error, only if it shall first have been sanctioned by an Extraordinary Resolution of the Warranholders.
- 10.2 A memorandum of every such supplemental instrument shall be endorsed on this Instrument.
- 10.3 Notice of every modification to this Instrument shall be given by the Company to the Warranholders in accordance with Clause 12.2.

## 11 **PURCHASE AND CANCELLATION**

- 11.1 The Company may at any time purchase Warrants:
  - (a) by tender (available to all Warranholders alike) at any price; or
  - (b) on or through the market; or
  - (c) by private treaty at any price.
- 11.2 All Warrants purchased pursuant to Clause 11.1 shall be cancelled forthwith and may not be reissued or sold.

## 12 **AVAILABILITY OF INSTRUMENT AND NOTICES**

- 12.1 Every Warranholder shall be entitled to inspect a copy of this Instrument at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays in the United Kingdom and Guernsey excepted), and shall be entitled to receive a copy of this Instrument against payment of such charges as the directors of the Company may impose in their absolute discretion.
- 12.2 Notices to be given pursuant to the provisions of this Instrument shall be given in accordance with paragraph 4 of Schedule 2 (*Registration, Transfer and Transmission*).

## 13 **PURCHASE OF ORDINARY SHARES BY THE COMPANY**

The Company may at any time purchase Ordinary Shares, or arrange for the purchase of Ordinary Shares on its behalf or by any other member of its group, and whether by way of tender offer, without requiring, in each case, the consent of Warranholders for such purchase.

14 **ENFORCEMENT**

14.1 The Company acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Instrument and the Schedules hereto shall enure to the benefit of each and every Warrantholder.

14.2 Each Warrantholder shall be entitled to enforce the said covenants, obligations and conditions against the Company insofar as such Warrantholder's Warrant is concerned, without the need to join the allottee of any such Warrant or any intervening or other Warrantholder in the proceedings for such enforcement.

15 **GOVERNING LAW**

This Instrument shall be governed by and construed and interpreted in accordance with the law of the Island of Guernsey and the Warrantholders agree to submit to the non-exclusive jurisdiction of the Royal Court of Guernsey in relation to any claim, dispute or difference which may arise hereunder.

**Delivered as a Instrument on the date of this document.**

**Schedule 1**  
**Form of Warrant Certificate**

No. of Certificate: [•]

Number of Warrants: [•]

Date of issue: [•]

Warrants to subscribe for ordinary share(s) in

**Raven Russia Limited**

Registered Office: P.O. Box 671, Level 1 Regency Court, Gategny Esplanade, St. Peter Port, Guernsey  
GY1 3ST

incorporated in Guernsey

(Registered number: 43371)

This is to certify that [•]

of [•]

is/are the registered holder(s) of [•] Warrants in Raven Russia Limited issued pursuant to and in accordance with the terms of an Instrument dated 24 March 2009 (as from time to time amended) (the "Instrument") executed by Raven Russia Limited. Words and expressions used in this Warrant Certificate and the Subscription Notice shall have the same meanings as in the Instrument.

The registered holder is entitled in respect of every one Warrant held to subscribe for one Ordinary Share of 1 penny in Raven Russia Limited (or such other number of Ordinary Shares as may for the time being be applicable in accordance with the provisions of the Instrument) at a price of £[•] (subject to adjustment as referred to in the Instrument) during the Subscription Period.

Transfer of any of the Warrants comprised herein will not be registered without production of this Warrant Certificate.

The Instrument is enforceable severally by each Warrantholder and is available for inspection at the registered office of the Company until the end of the last Subscription Period.

**Executed by the company [•] this [•] day of [•].**





**FORM OF NOMINATION**

Please insert in **BLOCK CAPITALS** in the box below the full name(s) of the person(s) to whom you wish the Ordinary Shares arising on the exercise of your Warrants to be allotted, and, in the case of Warrants to be held in certificated form, the address to which the certificate for such Ordinary Shares together with any balance certificate should be sent and, in the case of Warrants to be held in uncertificated form, the details of the relevant stock account maintained under the relevant system, in either case if it is/they are different from the name(s) of the Warranholders respectively appearing on the Warrant Certificate attached hereto or the relevant uncertificated subscription notice and the address of the sole or first-named Warranholder.

I/We agree to accept all the fully paid Ordinary Shares of the Company to be allotted to me/us subject to the Memorandum of Association and Articles of Incorporation of the Company and, in the case of any Warrants held in uncertificated form, the CREST Guernsey Requirements.
Signed.....
Dated.....

If the above box is left blank:

- (a) in the case of Warrants held in certificated form, the Ordinary Shares will be allotted to the Warranholder(s) named in the attached Warrant Certificate and the certificate for such shares together with any balance certificate will be sent to the registered address of the sole or first-named Warranholder; and
- (b) in the case of Warrants held in uncertificated form, the Ordinary Shares will be credited to the account of the sole or first-named Warranholder in respect of which the Warrants have been exercised.

## **Schedule 2** **Registration, Transfer and Transmission**

### **1 Registration and Title**

- (a) An accurate register of the Warrants (the "**Register**") will be kept by the Registrar at the registered office of the Company and there shall be entered in the Register:
- (i) the names and addresses of the Warrantholders and, in the case of Warrants held in uncertificated form, the details of the Warrantholder's stock account with the relevant system;
  - (ii) the amount of Warrants held by every registered holder; and
  - (iii) the date upon which the name of every such registered holder is entered in respect of the Warrants standing in his name.
- (b) Any change of name or address on the part of a Warrantholder and, in the case of Warrants held in uncertificated form, the details of the Warrantholder's stock account with the relevant system shall forthwith be notified to the Registrar who shall cause the Register to be altered accordingly. The Register may be closed by the Company for such period or periods and at such times as it may think fit provided that it shall not be closed for more than thirty days in any calendar year. Any transfer made while the Register is so closed shall, as between the Company and the person claiming under the transfer (but not otherwise), be considered as made immediately after the reopening of the Register. The Warrantholders or any of them, and any person duly authorised by any such holder, shall be at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from the same or any part thereof.
- (c) The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof for all purposes notwithstanding any notice of ownership or writing thereon or notice of previous loss or theft or of trust (whether express or implied) or other interest therein (except as ordered by a court of competent jurisdiction or required by law) and shall not (except as aforesaid) be bound to recognise any equitable or other claim to or interest in such Warrant.
- (d) Every Warrantholder will be recognised by the Company as entitled to his Warrants free from any equity, set-off or cross-claim on the part of the Company against the original or any intermediate holder of the Warrants.

### **2 Transfer**

- (a) Every transfer of a Warrant shall be made:
- (i) in the case of Warrants held in certificated form by instrument of transfer in the usual or common form or in any other form which may be approved by the Company and need not be executed as a Instrument. The instrument of transfer of a Warrant shall be signed by or on behalf of the transferor but need not be signed by or on behalf of the transferee; or
  - (ii) in the case of Warrants held in uncertificated form, by a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company or by such person as it may require for these purposes in such form and subject to such terms and conditions as may from time to time be prescribed by or

on behalf of the Company (subject always to the facilities and requirements of the relevant system concerned)

The transferor shall be deemed to remain the holder of the Warrant until the name of the transferee is entered in the Register in respect thereof. The Company shall not be obliged to give effect to any such instrument which purports to transfer any Warrants in respect of which a Subscription Notice shall have been received.

- (b) In the case of Warrants held in certificated form the Company may decline to recognise any instrument of transfer unless such instrument is deposited at the specified office of the Registrar (or such other place as the Registrar may appoint) accompanied by the Warrant Certificate to which it relates, and such other evidence as the Registrar may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on behalf of the transferor, the authority of that person so to do. The Registrar may waive production of any Warrant Certificate upon evidence satisfactory to the Registrar of its loss or destruction or upon execution of an appropriate indemnity. All instruments of transfer which are registered may be retained by the Company for so long as it thinks fit together with the cancelled Warrant Certificates.
- (c) No fee shall be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death, or power of attorney or other document relating to or affecting the title to any Warrants or otherwise for making any entry in the Register affecting the title to any Warrants.
- (d) The registration of a transfer shall be conclusive evidence of the approval by the Company and the Registrar of the transfer and the Company shall, on registration, in the case of Warrants held in certificated form, issue the transferee with a Warrant Certificate in respect of the Warrants transferred and, in the case of Warrants held in uncertificated form, credit the stock account of the transferee held within the relevant system.

### 3 **Transmission**

- (a) In the case of the death of a Warrantholder the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company and the Registrar as having any title to his Warrants, but nothing herein contained shall release the estate of a deceased Warrantholder (whether sole or joint) from any liability in respect of any Warrant solely or jointly held by him.
- (b) Subject to any other provision herein contained, any person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder or otherwise than by transfer may, upon producing such evidence of title as the Company shall reasonably require, and subject as hereinafter provided, be registered himself as holder of the Warrant.
- (c) Subject to any other provision herein contained, if any person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder or otherwise than by transfer shall elect to be registered himself, he shall deliver or send to the Company and the Registrar a notice in writing signed by him stating that he so elects. All the limitations, restrictions and provisions herein contained relating to the right to transfer and the registration of transfers of Warrants shall be applicable to any such notice of transfer as aforesaid as if the death or bankruptcy of the Warrantholder had not occurred and the notice of transfer were a transfer executed by such Warrantholder.

- (d) A person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder shall be entitled to receive and may give good discharge for any monies payable in respect thereof, but shall not be entitled to receive notices of or to attend or vote at meetings of the Warrantholders or, save as aforesaid, to any of the rights or privileges of a Warrantholder until he shall have become a Warrantholder in respect of the Warrant.

#### 4 **Notices**

- (a) Every Warrantholder shall register with the Company and the Registrar an address to which copies of notices can be sent. Any notice or document may be given or served by the Company on any Warrantholder either personally or by sending it by post in a prepaid letter addressed to such Warrantholder at his registered address as appearing in the register or by facsimile transmission to any facsimile number notified by such Warrantholder to the Company.
- (b) Any copy notices given pursuant to the provisions of this Schedule with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and such notice so given shall be sufficient notice to all the holders of such Warrants.
- (c) Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Any notice given by facsimile transmission shall be deemed to have been served in the absence of an indication of failure of transmission when transmitted. A notice shall be deemed to be given at the expiration of forty-eight hours after the envelope containing it was posted.
- (d) When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall, but the day upon which such notice shall expire shall not, be included in calculating such number of days or other period. The signature to any notice to be given by the Company may be written or printed.
- (e) Every person who by operation of law, transfer or other means whatsoever becomes entitled to a Warrant shall be bound by any notice in respect of such Warrant which, before his name is entered in the Register, has been duly given to the person from whom he derives his title.
- (f) If at any time by reason of the suspension or curtailment of postal services within the British Isles the Company is unable effectively to convene a meeting of the Warrantholders by notices sent through the post such a meeting may be convened by a notice advertised on the same date in at least two national daily newspapers with appropriate circulations (and, where there is a suspension or curtailment of postal services within the British Isles, at least one of which shall be published in London) and such notice shall be deemed to have been duly served on all Warrantholders entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least forty-eight hours prior to the meeting the posting of notices to addresses throughout the British Isles again becomes practicable.
- (g) Any Warrantholder present, either personally or by proxy, at any meeting of the Warrantholders shall for all purposes be deemed to have received due notice of such meeting, and, where requisite, of the purposes for which such meeting was called.
- (h) Any notice or document delivered or sent by post to or left at the registered address of any Warrantholder in pursuance of this Instrument shall, notwithstanding that such Warrantholder is then dead, bankrupt, of unsound mind or (being a corporation) in

liquidation, and whether or not the Company has notice of the death, bankruptcy, insanity or liquidation of such Warrantholder, be deemed to have been duly served in respect of any Warrant registered in the name of such Warrantholder as sole or joint holder unless his name has at the time of the service of the notice or document been removed from the Register as the holder of the Warrant, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Warrant.

### **Schedule 3 Meetings of Warranholders**

#### **1 Convening of Meetings**

The Company may at any time and shall on receipt of a request in writing of persons holding not less than one-tenth of the outstanding Warrants (upon receiving such indemnity (if any) as it may require against all reasonable costs, expenses and liabilities which it may incur by so doing) convene a meeting of the Warranholders. Such meeting shall be held at such place within Guernsey as the Company shall determine.

#### **2 Notice of Meetings**

- (a) At least 14 days' notice in writing of every meeting shall be given to the Warranholders in the manner provided by the provisions contained in Schedule 2 (*Registration, Transfer and Transmission*)
- (b) The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted, but, except in the case where an Extraordinary Resolution is to be proposed, it shall not be necessary to specify in the notice the terms of the resolutions to be proposed. The notice shall state that a Warranholder is entitled to appoint a proxy to attend and, on a poll, to vote instead of him.
- (c) The accidental omission to give notice to or the non-receipt of notice by any of the Warranholders shall not invalidate the proceedings at any meeting.

#### **3 Quorum**

- (a) At any meeting at least two persons being present in person or by proxy shall form a quorum for the transaction of any business.
- (b) No business (other than the election of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

#### **4 Absence of Quorum**

- (a) If within half an hour from the time appointed for the meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened upon the requisition of Warranholders, shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than seven days nor more than 28 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting the Warranholders present and entitled to vote shall be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- (b) At least seven days' notice of any adjourned meeting of Warranholders at which an Extraordinary Resolution is to be submitted shall be given in the same manner, mutatis mutandis, as for an original meeting and such notice shall state that the Warranholders present at the adjourned meeting whatever their number will form a quorum.

#### **5 Chairman**

- (a) The Warranholders present may choose one of their number to preside at every meeting as Chairman and, if no such person is chosen or if at any meeting the person chosen shall not be present within 15 minutes after the time appointed for holding the meeting, a person nominated in writing by the Company shall be Chairman of such meeting. Any

Director and the Secretary, Auditors and solicitors of the Company and any other person authorised in that behalf by the Company may attend and speak at any meeting.

- (b) The Chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting adjourn the meeting from time to time (or sine die) and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice (exclusive as aforesaid) of the adjourned meeting shall be given in like manner, mutatis mutandis, as in the case of the original meeting. Save as aforesaid subject to paragraph 4.2 above it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## 6 **Resolutions**

- (a) At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by one or more Warranholders present in person or by proxy and holding or representing one-twentieth of the then outstanding Warrants.
- (b) Unless a poll is demanded a declaration by the Chairman that a resolution has been carried or carried by any particular majority or lost or not carried by any particular majority shall be conclusive evidence of that fact.

## 7 **Poll**

- (a) If a poll is duly demanded it shall be taken in such manner and at such time and place as the Chairman may direct (save that a poll demanded on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment) and the result of a poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
- (b) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.
- (c) No notice need be given of a poll not taken immediately.

## 8 **Voting**

- (a) On a show of hands every Warranholder who is present in person or, being a corporation, by its authorised representative or proxy shall have one vote. On a poll every Warranholder who is present in person or by proxy shall have one vote for every Warrant of which he is the holder.
- (b) In the case of joint holders of Warrants the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
- (c) On a poll votes may be given either personally or by proxy and a Warranholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- (d) No objection shall be raised to the qualification of any person voting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.
- (e) In the case of an equality of votes whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Warrantholder.

## 9 Proxies

- (a) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either duly executed or under the hand of some duly authorised officer or attorney of the corporation.
- (b) A person appointed to act as a proxy need not be a Warrantholder. The Chairman of the meeting may be designated as a proxy in an instrument of proxy without being named.
- (c) The instrument appointing a proxy and the letter or power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place (if any) specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or, in the case of a poll otherwise than at or on the same day as the meeting or adjourned meeting, before the time appointed for the taking of the poll) at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
- (d) No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
- (e) An instrument of proxy may be in any usual or common form or in any other form which the directors of the Company may approve. An instrument of proxy shall be deemed to confer the right to demand or join in demanding a poll. An instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
- (f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed provided that no notification in writing of such death, insanity or revocation shall have been received by the Company at its registered office or at such other place as may have been specified in or by way of note to or in any document accompanying the notice convening the meeting at least one hour before the commencement of the meeting or adjourned meeting at which the proxy is used or, in the case of a poll otherwise than at or on the same day as the meeting or adjourned meeting, before the time appointed for the taking of the poll at which the vote is cast.

## 10 Representatives

Any company or other body corporate which is a registered holder of any of the Warrants may by resolution of its directors or other governing body authorise any person to act as its representative at any meeting of the Warrantholders and such representative shall be entitled to exercise the same powers on behalf of the company or corporation which he represents as if he were the registered holder of the Warrants and such company or body



corporate shall, for the purpose of these provisions, be deemed to be present in person at any such meeting if a person so authorised is present thereat.

## 11 **Resolutions**

- (a) The expression "Extraordinary Resolution" means a resolution passed at a meeting of the Warranholders duly convened and held in accordance with the provisions herein contained and carried by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes given on such poll.
- (b) A resolution in writing signed by Warranholders entitled to subscribe for not less than 75 per cent. of the Ordinary Shares which are the subject of outstanding Warrants pursuant to this Instrument in accordance with the provisions herein contained shall for all purposes be valid and effectual as an Extraordinary Resolution passed at a meeting duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Warranholders. In the case of a body corporate the resolution may be signed on its behalf by a director or the secretary thereof or by its duly authorised representative or duly appointed attorney.
- (c) An Extraordinary Resolution passed at a meeting of the Warranholders duly convened and held in accordance with this Instrument shall be binding upon all Warranholders whether or not present at the meeting and each of the Warranholders shall be bound to give effect thereto accordingly.

## 12 **Minutes**

- (a) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company.
- (b) Any minutes of resolutions and proceedings of meetings of Warranholders as aforesaid, if purporting to be signed by the Chairman of the meeting, shall be conclusive evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.

**EXECUTION PAGE**

Executed by )  
**RAVEN RUSSIA LIMITED** acting by: )

Director

Director/Secretary

