RAVEN RUSSIA LIMITED

Annual Report and Financial Statements for the year ended 31 December 2009

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Klimovsk

Highlights

The Board of Raven Russia releases below the results for the year ended 31 December 2009:

- ¢97 of fully diluted NAV per share (64p at current exchange rate)
- $70.6 million of annualised NOI as at December 2009 (+36% from FYE'08)
- Currently $73.4 million of annualised NOI
- $11.4 million of additional annualised rental income on signed PLAs and LOIs
- $7.4 million of new leases under negotiation
- ERV yield of 14.3% on investment property portfolio
- $124 million gross cash balance at the year end
- $141 million current gross cash balance
- Gearing of 39.6% net of cash
- 0.5p of final dividend, making it 1p for the year

Istra

Chairman's Statement

The Board of Raven Russia Limited ("Raven Russia") announces the Group's results for the year ended 31 December 2009.

Construction of the initial phase of development has been completed and our emphasis is now on letting, where solid progress is being made, with lettings of 189,000 square metres ("sqm") of space during the year.

At the year end our annualised net operating income ("NOI") stood at $70.6 million (up 36% from $52 million at 31 December 2008) increasing to $84.8 million, including pre-let agreements ("PLAs") and letters of intent ("LOIs"), at the current date. Since last Autumn, the letting market has continued to improve and in addition to the above, we are in active negotiations on 74,000 sqm of space.

Our balance sheet is strong with gearing of 39.6% as calculated in note 34(c) to the financial statements and a cash position today of $141 million.

Following the year end property valuation, fully diluted NAV per share was 60p, compared to 63p at the half year and 89p at 31 December 2008, using the year end exchange rate. This increases to 64p at today's exchange rate. I concur with our Chief Executive and fellow board members that the current valuation of our property portfolio seems anomalous and unnecessarily conservative given that it barely represents replacement cost and circa 300+bps higher than yields on similar buildings in comparable CEE countries such as Poland, Czechoslovakia and Hungary; and circa 600bps above equivalent buildings in the UK; despite the fact that we believe the relevant economies of all those countries are no where near as strong as Russia's.

The internalisation of the Property Advisor has continued to prove successful. In addition to significant improvements in business and operating efficiency, cost savings have been greater than we originally anticipated.

The acquisition of Raven Mount last year has also continued to prove successful with assets being realised above acquisition value.

We have continued with our plans to move to the Official List but have been informed by The London Stock Exchange that this cannot proceed whilst our issued warrants represent more than 20% of our issued ordinary share capital. We are working with our advisors to try to resolve this.

Due to the continuing improvement in net operating income and our strong cash position we intend to declare a final dividend of 0.5p, bringing the total dividend for 2009 to 1p (2008: 3p). We would hope to progress this pay out in line with an improving net operating income.

We now have a successful, simple business which is the dominant player in its niche market, and our primary objective

Pulkovo

is to continue letting our vacant space. The market in which we are operating is showing good signs of improvement and we remain well placed to provide solid returns to shareholders whilst retaining a strong, liquid balance sheet.

I would like to take this opportunity to thank our shareholders, employees and advisors for their support during the year.

Richard Jewson
14 March 2010

Krekshino

Chief Executive's Report

At the start of 2009 our main objective was to make the business financially stable and we achieved this through the preference share issue and the acquisition of Raven Mount plc.

Operationally, we focussed on completing the initial development phase of the portfolio and making progress with lettings. Both of these were achieved. At the same time we have fully integrated our business under an internally managed structure.

We have made good progress in improving the terms of our bank debt and have improved our breakeven level by clearing expensive debt through refinancing and in the case of AKM, using the asset as consideration for debt. This is more fully explained in the Financial Review. We also continue to generate cash from the sale of Raven Mount assets to apply in our core business.

The Group's losses for the year reflect the significant valuation downgrade reported in the first half of the year and the fact that we started 2009 with empty space and buildings under construction. In the second half of the year we made an operating profit of $40 million, including revaluations, and start 2010 in good shape.

Letting space is the key. The improving occupier market can be seen in our increasing annualised run rate of NOI and increasing PLAs and LOIs. At 31 December 2009, NOI was running at $70.6 million and additional PLAs and LOIs totalled $10.5 million. At today's date the $70.6 million has increased to $73.4 million and additional PLAs and LOIs have increased to $11.4 million. In addition, today, we have a further 74,000 sqm under active negotiation which could add $7.4 million to LOIs. We don't want to be guilty of counting chickens and historically many negotiations fail to result in a LOI. However, it is an encouraging sign.

At current rent levels, our portfolio should produce annualised NOI of $123 million when fully let. If average rents return to $125 per sqm, that figure could increase to $133 million per annum if we successfully let our vacant space at that level.

What does this all mean? It's difficult to tell from IFRS accounts which seem designed to make things look complicated. Fortunately our business is simple.

In a normal year (if we ever have one) and in cash terms, our net overheads for the administration of the property portfolio run at $20 million. This includes about $4 million of cost which supports our offshore structure and stock exchange listing. Annual interest costs are $28 million and preference dividends are $25 million (at today's exchange rate). This means we need $73 million of annual NOI for cash breakeven at the income statement level. The only cash flow item to remember which cannot be seen on the income statement is $19 million of bank loan repayments. So $92 million of NOI covers everything on a cash basis. We are working flat out to get there. After that we can start increasing dividends.

Noginsk

Chief Executive's Report – *continued*

Currently there are a number of acquisitions we are considering and if the market continues to improve then we will consider selective development on our existing land plots.

The year end property valuation results in a diluted NAV per share of 97 cents (60p), this equates to an ERV yield of 14.3% and an average capital value of $820 per sqm on the warehouse portfolio.

Seeing this really hurts. The value barely represents replacement cost, the yield seems completely out of line with other CEE countries and although we would buy property on these terms no-one can find any vendors willing to sell at this value. It's an anomaly.

At some point yields should revert to levels similar to Poland, Czechoslovakia and Hungary and then we will see a great NAV uplift. In the meantime we will concentrate on letting, cashflow and dividends.

There is still no new development activity in our sector and with improving tenant demand, at some point soon vacant space will run out and rents will rise again. As I said earlier, if we could achieve $125 per sqm on our unlet space, our portfolio NOI would be $133 million and that will allow for attractive dividend growth. If yields start heading back towards 9-10% we are off to the races.

At some point the markets will wake up to the fact that Russia is stable and growing, with inflation falling and high cash reserves. Whilst we are waiting for the markets to realise this, we will continue to build our unique business in a thoughtful and careful way.

Glyn Hirsch
14 March 2010

Property Review

The past twelve months have seen the Group complete our initial development programme and make good progress in leasing up this space in difficult economic circumstances. Our portfolio now comprises over 1 million sqm of Grade A warehouse space in four major Russian Cities, together with the Constanta office building in St Petersburg and 411ha of land.

In total, Raven Russia's portfolio comprises 1.003 million sqm (10.8 million sq ft) excluding the AKM property in St Petersburg which is described in more detail in the Financial Review. These properties produced an annualised income of $71 million at the year end.

During the past twelve months we have completed the construction of 675,500 sqm (7.27 million sq ft) and have leased a further 189,124 sqm (2 million sq ft) at a total rent of $23.86 million per annum, including AKM. At the year end we also had LOIs and PLAs signed on a further 87,000 sqm (0.94 million sq ft) at a potential rent of $10.5 million per annum.

We have also begun to take control of our development joint ventures, now that the development phase of the projects has been completed. Our partners have exited already on EG, AKM and the Megalogix developments in Rostov and Novosibirsk, as well as the regional land bank portfolio. We are discussing buy outs on the remainder of the development joint ventures.

The investment properties were valued at the period end in accordance with the RICS Valuation and Appraisal guidelines at an aggregate gross value of $879 million, (excluding the AKM property; this is now held as an asset for sale). This resulted in a decrease of $58 million in portfolio value compared to 31 December 2008, reflecting the change in market conditions, not only in Russia but also globally.

Moscow Assets

The Company has seven Grade A warehouse projects in Moscow and the Moscow region, providing 589,000 sqm (6.34 million sq ft) of space. Of this 344,113 sqm, or 58%, was let at the year end and producing an annualised income at the year end of $44 million per annum, equating to an average rent of $128 per sqm overall. The weighted unexpired lease term on the Moscow properties is 5.52 years and on the whole portfolio is 6.46 years.

At the project level there has been significant activity during the year.

At Istra, the fourth phase of 29,580 sqm was completed during the summer and is now available to let. Initial work on phase five (which has been pre-let to DSV) has started and it is intended to deliver this building in the autumn to fit in with the tenant's business needs. In April, the project won the Best Warehouse category at the Moscow Commercial Real Estate Awards.

Construction work at Noginsk is now completed and although the property is one of the few in Moscow with a working rail link, progress on letting has been slower than we hoped, due in part to the economic crisis. The first tenant is now in occupation and we are in discussions with a number of others. Although the delay in leasing is disappointing, we may in fact benefit from letting into a better market with more advantageous terms.

Klimovsk is now complete and tenants have taken occupation of 24,644 sqm out of 54,000 sqm. We are also making good progress in leasing the remaining space and are in active negotiations on the majority of the available accommodation. The project has additional land on which it is possible to build an additional 50,000 sqm. This is already permitted and we are beginning to tender the ground work elements of the construction for a possible start on site later in the year, market conditions allowing.

Lobnya (EG), has been one of the most challenging projects during the past twelve months. Not only did we have to replace the development partner's on site construction team, but a pre-let on 29,000 sqm also fell away because of the financial crisis. We have resolved both of these issues by using our own in house expertise to complete construction and by relocating Avalon Logistics into the vacant space. Avalon and their underlying clients, BAT and Henkel, have benefitted from economies of scale by consolidating operations into Lobnya.

St Petersburg Assets

The Group has three properties in St Petersburg, excluding AKM; the Constanta office building and two Grade A warehouse projects providing 194,000 sqm (2.09 million sq ft) of space. Of this, 57,000 sqm, or 29%, was let and producing an annualised income at the year end of $15.2 million per annum. Tenant activity in St Petersburg has been slow as many of the potential requirements were linked to the motor industry where global uncertainty has reduced production levels and the need for storage and distribution of components and spare parts.

At Shushary, the final phase is now completed except for minor works. In total we have 104,500 sqm available for rent and hope to sign our next tenant shortly. During the year we have obtained consent to use the property for light industrial, assembly and production purposes. Foxconn have since

started to use part of the premises for assembling computers for Hewlett Packard.

In Pulkovo, the building is now complete and three tenants are now in occupation of approximately 7,600 sqm.

At AKM, we have been successful in attracting an additional 16,000 sqm of new tenants during the year and the project is 36% let, producing $1.2 million of annualised income. These figures are not included in the summary above or in any annualised numbers and the position of this project is explained further in the Financial Review.

Rostov and Novosibirsk

The Group's two regional warehouse projects are currently the only major Grade A facilities in Rostov and Novosibirsk. These cities and their immediate regions have populations of 4.24 million and 2.6 million respectively and are both substantial regional capitals. Both projects are now fully completed and letting activity during the past 12 months has held up quite well.

In Rostov during the year we leased 57,900 sqm to Avalon Logistics, Auchan and X5 and it is now 58% let. We are in active negotiations on a couple of new lettings.

In Novosibirsk we have leased 51,606 sqm to tenants including Oriflame, Avalon and FM Logistics and are in detailed negotiations with a number of other tenants.

Land Bank

The Company holds an additional 411 ha of land (excluding AKM), in Kiev, Ukraine; Minsk, Belarus; and various regional cities in Russia, that has longer term potential. At present we do not envisage any speculative development on these sites. Instead we have focused on securing all the necessary construction permits to add value to the land. Our strategy is to maximise value from the land bank through the sale of individual plots, build to suit or further change of use.

Portfolio Statistics

The NOI by project, including PLAs and LOIs, at the year end was as follows:

Property	Land plot, ha	Gross Lettable Area, sqm	Rental Status*	Net Operating Income
Baltia	5.1	28,000	99%	$4,200,000
Southern	1.7	14,000	96%	$2,500,000
Krekshino	22.2	118,000	100%	$14,100,000
Constanta	0.5	16,000	100%	$11,800,000
Istra phases 1-5	33.3	199,000	84%	$24,400,000
Shushary 1-3	26.0	142,000	36%	$4,900,000
Noginsk I	21.8	123,000	3%	$330,000
Pulkovo	5.1	36,000	14%	$620,000
EG Lobnya	10.0	53,000	100%	$6,100,000
Klimovsk I	9.0	54,000	51%	$3,600,000
Rostov on Don	18.6	100,000	58%	$7,600,000
Novosibirsk	17.8	120,000	43%	$4,700,000
Irrecoverable expenses				($3,700,000)
Total	**171.1**	**1,003,000**		**$81,150,000**

*Includes pre-lets and letters of intent.

"Valuation is an art not a science" is the mantra of many valuers. In reality it's a matter of professional judgment.

"What would an asset sell for in the market after a period of marketing between a willing buyer and a willing seller" to paraphrase the RICS Red Book. In the Russian Real Estate market there haven't been any sales of warehouse properties similar to the Group's in the last twelve months. But there are willing sellers and willing buyers, however they seem to be about 200bps apart in terms of pricing.

JLL, in their year end valuations, have once again had to contest with little or no evidence of transactions. Benchmarking, instead, off the buyer/seller expectations outlined above, the movement in other markets and sectors and their own experience. The valuations have improved since the half year with a slight tightening of yields and stable or slightly improving ERV's. However, overall the warehouse portfolio is valued at around $820 per sqm, which is at or around replacement cost.

The Market

The first nine months of the year were very slow, with tenants delaying, deferring or cancelling demand for both new and existing space. The last three months of 2009 were more positive and this trend has continued into 2010.

Both Russian and International businesses are now prepared to make decisions to lease space and the level of take up is increasing. Moscow is seeing the greatest levels of activity, with take up in the second half of 2009 of 678,500 sqm according to research by JLL. The stabilisation of the Rouble against the US Dollar during the second half of the year made tenants more comfortable signing into longer term leases denominated in Dollars. Prior to that point, we saw tenants seeking to share the exchange risk with landlords or even signing Rouble leases.

Across the market, tenants were affected by decreasing volumes and we agreed short term concessions with a number of occupiers to help them survive the economic downturn.

On the supply side, a large number of schemes were delivered during the year despite developers putting on hold a number of new schemes. In total JLL estimate 820,000 sqm of space to let was completed in Moscow, 30% of which was delivered by Raven Russia.

Weaker demand and competition from landlords has seen rents soften and tenant incentives increase during the past twelve months. Prime rents in Moscow are now around the $100-$110 per sqm for Grade A warehousing. With current levels of demand and the lack of new construction it feels as though rents have bottomed out and may now even be increasing in Moscow.

With both capital and debt constrained there is unlikely to be significant speculative development in the warehouse sector. Tenants with larger or specialist requirement will therefore be forced to focus on build to suit projects.

With only a small number of distressed sellers, the investment market was virtually closed during the year as buyers and sellers played cat and mouse, neither wanting to commit at the wrong price. There is certainly interest in the owner occupier market and a number of deals across all sectors have been completed, although none of these deals are comparable to our stock.

Outlook

Russia Inc. is well placed to come out of the economic downturn with low levels of debt, higher commodity and oil prices and an unleveraged work force. The Russian consumer is still spending and both local and international retailers are offering an ever increasing range of products at more and more retail outlets across this vast nation. Retailers are focusing much more on improving their supply chains and distribution facilities and our unique portfolio of properties is attractive to them.

The Company now has over 50 tenants. Leveraging off those relationships and filling the vacant space is key to our success and maximising the value of our portfolio.

Financial Review

The Group's financial performance was affected by the extremely difficult market conditions, especially in the first half of the year. As a result, we have had a significant reduction in Net Asset Value since 31 December 2008, driven by the fall in value of our property portfolio.

The position has stabilised since 30 June 2009 and in a year where the majority of our portfolio was completed and became available for letting, the key financial operating targets included:

- Letting of new space;
- Minimising irrecoverable operating costs on unlet space;
- Internalising the Property Adviser and administrative functions; and
- Restructuring the more expensive, short term construction financing facilities.

In the uncertain times at the beginning of the year we secured our financial position through the issue of £76 million preference shares and warrants and the acquisition of Raven Mount plc, again with the issue of preference shares and warrants with a value of £65 million. The latter gave us access to cash reserves of $30 million and residential and other assets for sale of $78.7 million This has given us a strong cash position while we build our operating cash flows through increasing rental income.

We also used the prevailing conditions to buy out our major joint venture party on the Megalogix and Roslogistics businesses for nominal value.

The business is now, financially, much simpler, with a completed investment portfolio and no significant joint venture operations to account for.

Income

Investment Portfolio

Our property portfolio generated NOI of $46 million (2008: $40 million) after irrecoverable operating costs, a factor of the large proportion of our portfolio completing in the second half of the year and the cost of maintaining the vacant space. As we operate using triple net leases, much of these costs will be absorbed as we rent the portfolio.

Roslogistics

As I said in last year's financial review, this business is in an early stage of development and since acquisition, we have actively assisted in restructuring its balance sheet with a full debt for equity swap, an experienced operations director has joined the team and we have helped in the renegotiation of lease terms for the business. In the first quarter of 2010, the business has also moved one of its larger clients, BAT, into our premises at Lobnya. Roslogistics contributed $2.5 million to NOI this year (2008: loss of $5 million) and we expect this contribution to increase in 2010 and 2011.

Raven Mount

We continue to liquidate Raven Mount's UK property stock with sales being achieved above acquisition valuations. The subsidiary contributed $1.8 million to NOI since acquisition after a provision of $1.3 million for an onerous lease.

Overheads

In the last 18 months we have progressively internalised all outsourced functions, the largest exercise being the acquisition of the property adviser, completed in November 2008. We also completed the move away from external administrators and outsourced accounting functions in all of our jurisdictions. Not only has this resulted in significant costs savings, we have developed an experienced in house administrative backbone in our offices in Guernsey, Cyprus and Moscow with a significant improvement in the quality of financial information available throughout the business.

In 2008, the total cost of the outsourced functions was $35 million. This included $27 million of property adviser fees for the 11 months to acquisition and only 6 months of external administrator fees in Cyprus as we moved that aspect in house in July 2008. This year, the administrative costs for the main investment business totalled $22 million including $1.2 million of external administration costs as we moved our Guernsey administration and Moscow accounting functions completely in house.

Roslogistics and Raven Mount added $5.8 million and $5.5 million to overheads respectively, the latter after redundancy costs of $2.2 million and transaction costs of $0.4 million.

Overhead levels will continue to be an area that we monitor depending on how the business develops over the next two years but we will always have a higher base than our local peers as we ensure that we remain tax efficient.

Financing

Debt service costs totalled $30 million for the year (2008: $12.4 million). Our year end debt level, excluding preference shares, was $481 million (2008: $426 million), including AKM, with a weighted average cost of debt of 6.9% (2008: 8.3%) and average term to maturity of 3.5 years (2008: 4.1 years).

The debt team's focus this year was on the refinancing of the remaining construction facilities we had in place. In September we repaid a $60 million construction facility with VTB Bank which had a margin over US Libor of 11%. This was financed by an initial draw of $30 million on a new facility with the IFC, at a margin over US Libor of 8.3% and a term of 9 years, a short term facility of $10 million with RBSI at a margin of 2.95% and the remainder with cash. Since the year end we have successfully syndicated a further $10 million on the IFC facility

on the same terms, and we intend to use this to repay the outstanding loan with RBSI.

In February 2010, we signed facility documents on the rollover of a maturing construction loan with HSH Nordbank of $62 million, with a new term to October 2011 and a margin of 7.5% over US Libor, reducing to 5.5% on meeting leasing targets.

The last significant construction loan we have outstanding is a $44 million facility with Nomos Bank, secured on our AKM asset in St Petersburg. This was a facility introduced by our development partner prior to our involvement and it was our intention to refinance the asset on development completion. That has not been possible at the loan to value levels we would require; the asset valuation is currently less than the debt outstanding. The debt has a term and amortisation period of 4.5 years and a margin over US Libor of 12%. The AKM asset currently has an annualised NOI of $1.2 million and irrecoverable operating costs of $1.7 million, so no net contribution. Fully let, the asset should generate $6 million per year. Interest service on the debt in 2010 is $8 million. In the following year, when amortisation commences, the total cost to service interest and amortisation increases to $19 million. We have been in discussions with Nomos Bank to restructure the repayment schedule, extending the amortisation period and reducing the margin but they have been unwilling to do this without seeking a contribution from Raven Russia. We have therefore proposed that they simply accept title to the asset as consideration for the debt and they have agreed to this approach.

There will be no NAV impact for this transaction as the asset and related assets and liabilities have been written down in the last year in line with external valuations. The assets and liabilities of the project have been disclosed as a disposal group held for sale on the balance sheet.

Since the year end, we have also completed on one further syndication deal, with EBRD now sharing a $50 million facility with IFC on our Novosibirsk asset. This generated $10 million of additional funding.

Taking all of the above into account, including the release of the Nomos debt, at today's date, our debt totals $447 million at a weighted average cost of 7.0% and an average term to maturity of 3.8 years.

Other non cash items taken through our finance cost include amortisation of costs of $5.5 million (2008: $1 million), including $2.2 million accelerated on the repayment of VTB and mark to market profit on derivatives of $1.5 million (2008: loss $10.2 million).

Interest income on our cash balances has been nominal in the period although we strive to obtain the best deposit rates whilst managing risk, by placing deposits across a spread of banks on varying maturities.

The dollar value of our preference shares was $219 million at 31 December 2009 and the translation of the £141 million face value of these unsecured, irredeemable instruments will distort our NAV. The unrealised foreign exchange loss since issue is $13.7 million and included in the translation reserve. The coupon paid during the year, of $19.4 million is included in finance expense. Our weighted cost of debt and gearing level, including preference shares as debt, is 8.6% and 57% respectively.

Hedging

It is the Group's policy to hedge the cost of debt secured on completed assets and this is hedged using a mixture of caps and swaps. $39 million is capped at 5.50% and $239 million swapped at an average of 3.39% both with three years remaining. As current and new facilities move from construction to term investment facilities, appropriate hedging instruments are being introduced.

As the majority of construction commitments are complete, our Rouble/US Dollar hedges have now unwound. Cash flow hedges are operated through the lease mechanisms which are mainly US Dollar pegged and in holding sufficient Sterling cash reserves to cover preference share coupon and dividend commitments for up to 24 months. The latter also part hedges the unrealised movement on our preference share translation noted above.

Net Asset Value and Dividends

The driver behind our NAV reduction during the year has been the valuation of our property portfolio. The charge to the income statement for the year was $108 million (2008: $78 million), comprising $58 million (2008: $39 million) on completed assets and $50 million (2008: $39 million) on land bank and assets under construction. This was compounded by the Rouble depreciation at the height of the crises which also devalued our assets under construction, giving a further loss through the translation reserve of $28 million (2008: loss of $29 million).

Our Net Assets of $546 million (2008: $735 million) equate to a NAV per share of 71p (2008: 98p) and fully diluted NAV per share of 60p (2008: 89p, adjusted for preference share and warrant issue and year end exchange rate).

As stated at the time of our interim results, it is the Board's intention to pay a 1p dividend in respect of 2009 (2008: 3p) and a final dividend of 0.5p (2008: nil) will be proposed at the AGM.

Mark Sinclair
14 March 2010

Directors

Richard Jewson (aged 65)

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 from 10 years as Chairman of Savills plc and in 2005 from 14 years as a non-executive Director and deputy Chairman of Anglian Water plc. He is currently Chairman of Archant Ltd, and a non-executive director of Temple Bar Investment Trust plc, Grafton Group plc and other unquoted companies.

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

Anton Bilton (aged 45)

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 and four public property companies established under the Business Expansion Scheme.

He is a member of the Nominations Committee.

Glyn Hirsch (aged 48)

Chief Executive Officer

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

Mark Sinclair (aged 44)

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 Property Adviser to the Company. He has significant experience in all financial aspects of property transactions and company reporting. Mark was appointed to the Board on 23 March 2009.

Colin Smith (aged 40)

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.

Stephen Coe (aged 44)

Non-executive Director

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

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

David Moore (aged 49)

Non-executive Director

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

He is a member of the Audit Committee.

Christopher Sherwell (aged 62)

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 Goldman Sachs Dynamic Opportunities Ltd and Hermes Commodities Umbrella Fund Ltd, both of which he is chairman, IRP Property Investments Ltd and Rutley European Property Ltd.

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

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2009.

Principal Activities

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

Business Review

A review of the business during the year is contained in the Chairman's Statement, Chief Executive's Report, Property Review and Financial Review.

Results and Dividends

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

The Company paid an interim dividend of 0.5p (2008: 3p) per ordinary share during the year and is proposing a final dividend of 0.5p (2008: nil).

Directors

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

Richard Jewson (Non-executive Chairman)
Anton Bilton (Executive Deputy Chairman)
Glyn Hirsch (Chief Executive Officer)
Colin Smith (Chief Operating Officer)
Mark Sinclair (Chief Financial Officer) (Appointed 23 March 2009)
Stephen Coe (Non-executive Director)
David Moore (Non-executive Director)
Christopher Sherwell (Non-executive Director)

At each annual general meeting of the Company, one third of the Directors 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. A retiring Director shall be eligible for re-appointment.

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	Percentage of share capital
Invesco Perpetual	99,258,232	19.26
Schroder Investment Management	69,759,847	13.54
Mackenzie Financial Corp	45,600,000	8.85
F&C Asset Management Limited	36,380,334	7.06
Laxey Partners	24,551,088	4.77

Substantial shareholders are stated as at 25 February 2010.

Directors' responsibility statement

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 Company and 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.

Auditors

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.

By Order of the Board,

Mark Sinclair Colin Smith
14 March 2010

Combined Code

As an AIM Company incorporated in Guernsey, there is no requirement for the Company to comply with the Combined Code (the "Combined Code"), issued by the Financial Reporting Council (the "FRC"). However, the Board has determined that it should be the Company's policy to ensure that the Company complies with the Combined Code to the extent appropriate, taking into account the size and nature of its business. The Company has complied with the provisions set out in the Combined Code, including the proposed changes recently published by the FRC, to the extent considered appropriate by the Board.

The Board and Board Committees

The Chairman is Richard Jewson.

The Board considers the Non-executive Directors (including the Chairman) to be independent for the purposes of the UK Code.

David Moore is a partner in Ozannes, Advocates and Notaries Public. Ozannes provide independent Guernsey legal advice to the Group. Total legal fees paid to Ozannes in the year ended 31 December 2009 amounted to £58,070 (2008: £283,394). Mr Moore refrains from participation in and voting on any board resolutions concerning the appointment or remuneration of Ozannes. The other members of the Board consider that Mr Moore has conducted himself and carried out his duties in relation to the Company in a manner consistent with, and demonstrative of, his independence. The Board considers, therefore, Mr Moore to be independent for the purposes of the UK Code.

The full Board meets six times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors (not for the time being situated in the UK) meet on an ad hoc basis to consider transactional and related matters concerning the Company's business.

The Board has appointed an Audit Committee which is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. The Audit Committee reviews the annual and interim accounts, results, announcements, internal control systems and risk management, accounting policies of the Group and the continuing appointment of the auditors. The Audit Committee comprises Richard Jewson, David Moore, Christopher Sherwell and Stephen Coe, who is Chairman. The Audit Committee meets at least twice a year.

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

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

Attendance at Board or Committee meetings during the year to 31 December 2009

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

	Board[2]	Audit Committee	Nominations Committee	Remuneration Committee
Richard Jewson	6	2	0	1
Anton Bilton	6	N/A	0	N/A
Glyn Hirsch	6	N/A	N/A	N/A
Mark Sinclair[1]	4	N/A	N/A	N/A
Colin Smith	6	N/A	N/A	N/A
Stephen Coe	5	2	N/A	1
Christopher Sherwell	6	2	0	1
David Moore	5	1	N/A	N/A
Number of meetings during the year	**6**	**2**	**0**	**1**

(1) Four Board meetings held since Board appointment on 23 March 2009.

(2) In addition to the above Board meetings there were 50 Board committee meetings held throughout the year.

All 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.

The Directors receive advice from the Company's financial and other professional advisers on appointment as to the affairs of the Company and their responsibilities and will receive such other training as may from time to time be appropriate.

Performance of the Board

The performance of each Director will be appraised by the Board, led by the Chairman, prior to the holding of the Annual General Meeting for each year. The performance of the Chairman will be appraised by his fellow Directors led by the chairman of the Audit Committee.

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 there is a description of the Group's objectives and policies for managing its capital, its financial instruments and hedging activities and its exposure to credit and liquidity risk.

The Group has substantial cash and short term deposits, which have been supplemented by the issue of preference shares and warrants along with the acquisition of Raven Mount during the year, as well as an increasing and profitable rental income stream and as a consequence the Directors believe the Group is well placed to manage its business risks.

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

Investor relations

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Board hopes that as many shareholders as possible will be able to attend the meeting.

The Board believes that sustainable financial performance and delivering on the objectives of the Company are indispensable measures in order to build trust with the Company's shareholders.

To promote a clear understanding of the Company, its objectives and financial results the Board aims to ensure that information relating to the Company is disclosed in a timely manner and in a format suitable to the shareholders of the Company.

Remuneration policy principles

The Group's remuneration policy aims to attract, retain and incentivise high calibre executives and senior staff and to align their interests with those of shareholders and other stakeholders in the business. The Remuneration Committee ("the Committee") seeks to ensure that total remuneration is at competitive levels compared to the Company's peers in the property sector, whilst taking into account the strategic and geographical complexity of the business. No Director, Executive or Non-executive, is involved in deciding his own remuneration.

Remuneration Committee

The Committee comprises three independent Non-executive Directors, Stephen Coe, Richard Jewson and Christopher Sherwell (Chairman). The Committee has responsibility for determining policy and the framework for the remuneration and employment arrangements of the Executive Directors and senior management of the Company consistent with the principles above.

Executive Directors

Remuneration packages for Executive Directors include performance-related and non-performance-related rewards and comprise annual salaries, benefits such as life and health insurance, pension contributions, performance-related bonuses and share options.

Details of these payments in the year are shown in the table below. The bonus figures disclosed relate to performance in 2008, and were determined by the Committee in early 2009.

Basic salary and benefits

The Committee reviews basic salaries and the level and nature of benefits provided to the Executive Directors and senior management annually. Basic salary is the only element of the Executive Directors' remuneration which attracts pension contributions.

Following the annual review in 2009, Anton Bilton's basic salary was increased to £480,000 (from £330,000) on 22 May 2009 following the acquisition of Raven Mount plc, at which point he became fully employed by Raven Russia. Similarly, Colin Smith's basic salary was increased to £225,000 (from £160,000) on 1 April 2009, at which time he became fully employed by the Company. Both increases reflected the fact that these directors would henceforth devote 100% of their time to their executive roles, and were not an increase in their rate of pay. Glyn Hirsch and Mark Sinclair received no increase.

It is the Committee's intention to ensure that all basic salaries for Executive Directors remain unchanged in 2010, and in 2011 other than an adjustment for UK RPI.

Benefits principally comprise life insurance, health insurance and private healthcare subscriptions. The cost of these benefits for Executive Directors is included in the table below.

Directors' remuneration details in respect of the year ended 31 December 2009

	Salaries/ fees £'000	Performance related Bonuses[1] £'000	Benefits £'000	Total 2009 £'000	Total 2008 £'000	Pension Contributions 2009 £'000	Pension Contributions 2008 £'000
Executive							
Anton Bilton	408	–	10	418	30	39	3
Glyn Hirsch	467	–	10	477	45	45	4
Colin Smith	209	140	5	354	21	21	2
Mark Sinclair[2]	225	350	3	578	–	23	–
	1,309	**490**	**28**	**1,827**	**96**	**128**	**9**
Non-executive							
Richard Jewson	80	–	–	80	80	–	–
Christopher Sherwell	40	–	–	40	30	–	–
Stephen Coe	40	–	–	40	40	–	–
David Moore	40	–	–	40	40	–	–
John Peters	–	–	–	–	13	–	–
	200	**–**	**–**	**200**	**203**	**–**	**–**

(1) Bonuses paid in 2009 relate to performance in 2008.

(2) Appointed date 23 March 2009.

The contractual arrangements of the Executive Directors are:

Director	Salary	Appointment Date	Unexpired term	Notice period	Contractual termination payment
Anton Bilton	480,000	27 November 2008	Rolling contract	12 months	Payment of 12 months salary and benefits on termination
Glyn Hirsch	480,000	27 November 2008	Rolling contract	12 months	
Colin Smith	225,000	14 November 2008	Rolling contract	12 months	
Mark Sinclair	300,000	23 March 2009	Rolling contract	12 months	

Bonus Plan

Each year, the Committee considers the financial position of the Company, notably in respect of its strategic and immediate business objectives, in determining the appropriateness and scale of annual bonus payments to the Executive Directors and senior management. In relation to individual bonus payments to Executive Directors for the year 2008, Anton Bilton and Glyn Hirsch decided to forego any bonus in light of the market conditions facing the Company. The Committee awarded bonuses to Mark Sinclair and Colin Smith as well as to members of senior management based on their performance during 2008.

In relation to awards for 2009, the Committee has considered the current environment and determined that the bonus plan budgeted for at the time of the internalisation of the Property Advisor in November 2008 – a plan which envisaged that rewards would be predominantly cash-based – should be replaced by a longer-term share-oriented alternative which, while rewarding management for their performance and commitment, ensures retention of cash in the business and better-aligned rewards with shareholder returns.

Accordingly, the Committee has decided to make bonus awards for the year 2009 which reflect personal and business objectives set early in the period. At the same time it has formulated the longer-term arrangement described below.

For the year 2009, senior management targets were focused on the completion of the development programme, securing the business through the financial crisis by raising fresh funds and retaining the experienced senior management team that had been developed by the Property Advisor. Specifically, these targets included:

- Completion of the development phase of the Group's portfolio with target of 1 million sqm Grade A warehouse space;
- Meeting rental income targets on new space in the context of the current economic environment;
- Successful integration of the Property Advisor following acquisition in November 2008;
- Successful acquisition and integration of Raven Mount Group plc;
- Successful completion of preference share fundraising in the year;
- Proactive management of relationships with debt providers and refinancing of short term construction facilities;
- Successful programme of bringing outsourced leasing and property management and administrative functions in-house;
- Development of management reporting procedures and internal control and risk monitoring frameworks;
- Maintaining the Group's efficient tax status following internalisation of the Property Advisor; and
- Proactive shareholder relations programme.

As a result of the achievement of the Executive Directors in meeting their objectives, as reflected in the Property and Financial Reviews, the following has been agreed in relation to performance related bonuses.

1. No cash bonuses will be paid to Anton Bilton or Glyn Hirsch for the year 2009 and cash bonuses will be limited to a maximum of £100,000 for each of Mark Sinclair and Colin Smith .

2. 15 million of the 19 million Raven Russia shares held in Treasury by the Company will be used as consideration for bonuses for Executive Directors and senior management. These shares were acquired as part of the Raven Mount Group plc acquisition at a cost of 23.5p per share and had a market value of 46p per share at 31 December 2009. They will be transferred to the Company's Employee Benefit Trust (EBT) for this purpose. With the potential cash savings made on prospective bonuses, the share

allocations proposed below for 2010 and 2011 are not expected to be dilutive.

Of the 15 million, an allocation of 5.9 million will be made available for distribution to the Executive Directors and senior management for performance targets met to date. Executive Directors may not sell their shares for at least one year unless proceeds are used to reinvest in other Raven Russia listed instruments and barring a change in control of the Company.

In respect of the coming two years, the Committee has determined that:

(a) 4.7 million shares will be allocated to satisfy bonuses for 2010, with awards based on continuing employment and personal targets. If these targets are met then the Committee envisages these awards being made in April 2011.

(b) A further 4.4 million shares will be made available for the Executive Directors and senior management based on financial and share price targets achieved in the two years to 31 December 2011. The Committee will have the discretion to issue the awards on a sliding scale based on annualised Net Operating Income targets up to $115 million pa, dividend cover targets and/or a share price or diluted NAV per share target of 75p. Any awards based on these targets assume that the senior management remain in employment at 31 December 2011 and would be made in April 2012, following the issue of the audited financial statements for the year ended 31 December 2011.

This change in approach to the bonus plan will ensure that there are significant cash savings over the next two years for senior management remuneration and a further alignment of senior executives with shareholders in that bonuses will be predominantly in the form of shares and based on personal as well as corporate performance targets. Together with the existing share schemes described below, this allows senior management to hold up to 5.8% of existing share capital and 4.8% of diluted share capital through bonus and incentive schemes. This compares to the authority given to the Property Advisor at the time of listing to acquire new shares up to a maximum of 7.5% of the issued share capital of the Company for its incentive schemes.

Executive Share Option Schemes (ESOS)

The Group operates two ESOS in which the Executive Directors participate. These schemes were approved by shareholders on 28 August 2008 and 24 March 2009 and replaced ESOS that had been put in place for the Property Advisor prior to its acquisition by the Company in November 2008. Options are granted by the Company's EBT, whose Trustees are independent of the Company but will consider the recommendations of the Committee as to the granting of awards under the schemes.

(a) Executive Retention Scheme (ERS)

This scheme was introduced for certain Executive Directors and Senior Managers at the time of the acquisition of the Property Advisor. The EBT currently holds the 5 million ordinary shares for this scheme. The options it grants over these shares are exercisable from the date of publication of the audited financial statements of Raven Russia Limited for the year ended 31 December 2010. The options do not have an exercise price, dividends roll up during the life of the option and the sole vesting condition is that the scheme member remains in the employment of the Group until the first exercise date. Anton Bilton and Glyn Hirsch do not participate in this scheme.

(b) Long Term Incentive Plan (LTIP)

All employees of the Group are eligible to receive invitations to participate in this scheme. The EBT currently holds the 10 million ordinary shares reserved for this scheme. The options it grants over these shares vest in three equal tranches, subject to performance criteria, on 24 March 2012, 24 March 2013 and 24 March 2014.

Performance criteria for each tranche is based on meeting a target, 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 roll up during the vesting period and options granted under this scheme have an exercise price of 25p.

The Directors' interests in the ESOS were not determined during the year but since the year end, the Committee has approved the following proposed awards and is liaising with the Trustees of the EBT, suggesting that the following grants are made to the Executive Directors or the Company's Employer Funded Retirement Fund ("EFRB") in the current year:

	Number of Shares		
	ERS	LTIP	Total
Anton Bilton	–	810,881	810,811
Glyn Hirsch	–	1,000,000	1,000,000
Mark Sinclair	1,000,000	1,000,000	2,000,000
Colin Smith	125,000	500,000	625,000
Total	**1,125,000**	**3,310,811**	**4,435,811**

Pensions

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

Non-Executive Directors

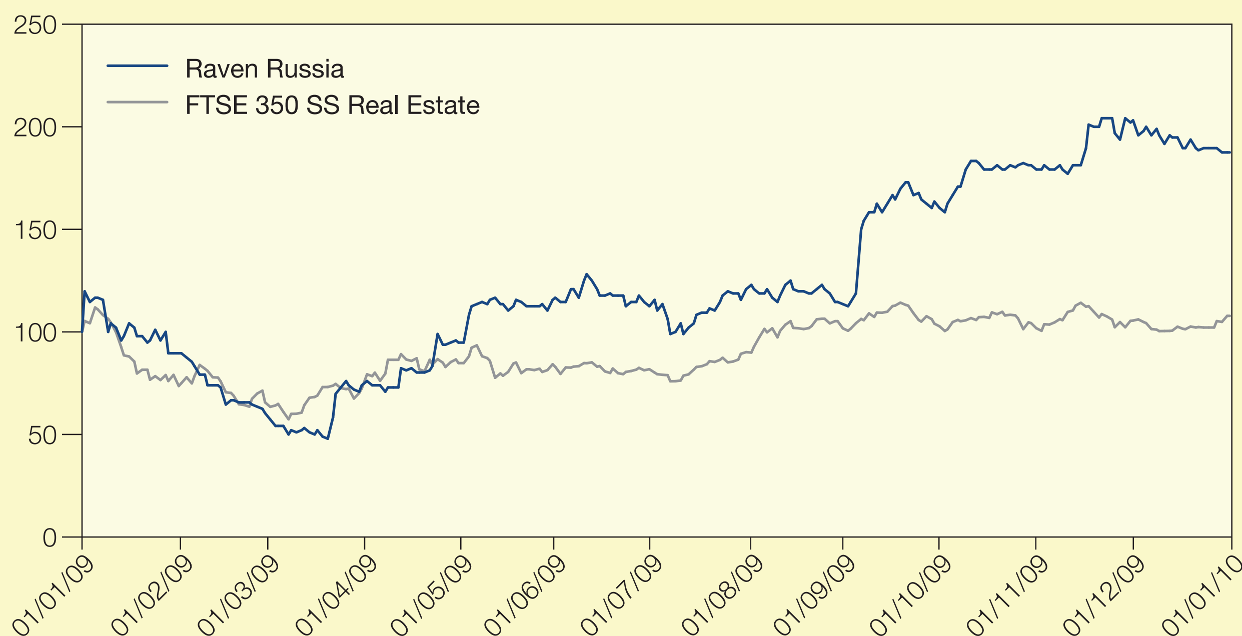
The remuneration of Non-executive Directors is determined by the Committee in consultation with the wider Board, including in particular the Executive Deputy Chairman and the Chief Executive. The Committee believes the pay of the Non-executive Directors reflects their commitment of time and the responsibilities of their roles. No Non-executive Director is entitled to any form of performance-related remuneration, including share options.

The remuneration of the Non-executives is set out below.

	Fees	Appointment Date	Unexpired term	Notice period	Contractual termination payment
Non-executive Director					
Richard Jewson	80,000	29 June 2007	Rolling contract	3 months	No provision for payment on termination
Stephen Coe	40,000	4 July 2005	Rolling contract	3 months	
David Moore	40,000	4 July 2005	Rolling contract	3 months	
Christopher Sherwell	40,000	1 April 2008	Rolling contract	3 months	

Performance graph

The graph below shows the performance of the Company's ordinary shares relative to the FTSE Real Estate Sector Index for the year ended 31 December 2009.



Source: Datasteam.

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 2009 in the Ordinary shares, Preference shares and Warrants of the Company, both at the beginning (or date of appointment if later) and the end of the year, are set out below:

Ordinary shares	1 January 2009	31 December 2009
Richard Jewson	154,229	194,229
Anton Bilton	18,373,460[1]	19,373,757[3,4]
Glyn Hirsch	139,863[1]	472,175[3,4]
Mark Sinclair	16,797[2]	16,797
Colin Smith	11,569	11,569
Stephen Coe	63,000	63,000
David Moore	89,564	89,564
Christopher Sherwell	29,000	29,000

(1) This excludes 1,329,253 Ordinary shares held by the Raven Mount Group plc Employment Benefit Trust of which Anton Bilton and Glyn Hirsch were potential beneficiaries.

(2) On 23 March 2009, date of appointment to office.

(3) Additions reflect Ordinary shares issued as a result of the acquisition of Raven Mount Group plc and the unwind of its option arrangements and Employment Benefit Trust.

(4) Includes Ordinary shares held by EFRBs.

Preference shares	1 January 2009[1]	31 December 2009
Richard Jewson	–	21,811
Anton Bilton	–	21,005,339[2]
Glyn Hirsch	–	3,133,050[2]
Mark Sinclair	–	20,887
Colin Smith	–	31,710
Stephen Coe	–	37,599
David Moore	–	57,052
Christopher Sherwell	–	–

(1) There were no Preference shares in issue at 1 January 2009.

(2) Includes Preference shares held by EFRBs and EBT under option.

Warrants	1 January 2009[1]	31 December 2009
Richard Jewson	–	20,500
Anton Bilton	–	20,569,345[2]
Glyn Hirsch	–	3,124,650[2]
Mark Sinclair	–	10,000
Colin Smith	–	10,443
Stephen Coe	–	25,000
David Moore	–	55,310
Christopher Sherwell	–	–

(1) There were no Warrants in issue at 1 January 2009.

(2) Includes Warrants held by EFRBs and EBT under option.

The Committee intend that this remuneration report is received and adopted by members at the annual general meeting of the Company due to be convened on the 26 May 2010.

Independent Auditor's Report

We have audited the group financial statements of Raven Russia Limited for the year ended 31 December 2009 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, statement the Consolidated statement of changes in equity, the Consolidated cash flow statement and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group 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 (APB's) Ethical Standards for Auditors.

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

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters that under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company;
- the Company's accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP
London
14 March 2010

Note:

1. *Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

The maintenance and integrity of the Raven Russia Limited website 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 website.

Group Income Statement

For the year ended 31 December 2009

	Notes	2009 Revenue US$'000	2009 Capital US$'000	2009 Total US$'000	2008 Revenue US$'000	2008 Capital US$'000	2008 Total US$'000
Gross revenue	4	112,204	–	112,204	71,311	–	71,311
Property operating expenditure and cost of sales		(61,880)	–	(61,880)	(31,808)	–	(31,808)
Net rental and related income		**50,324**	–	**50,324**	**39,503**	**–**	**39,503**
Administrative expenses	5	(33,852)	–	(33,852)	(24,705)	(5,384)	(30,089)
Settlement of advisory contract	12	–	–	–	(67,581)	–	(67,581)
Negative goodwill	12	–	–	–	7,564	–	7,564
Foreign currency profits/(losses)		1,020	(4,117)	(3,097)	(9,656)	(24,273)	(33,929)
Operating expenditure		**(32,832)**	**(4,117)**	**(36,949)**	**(94,378)**	**(29,657)**	**(124,035)**
Operating profit/(loss) before profits and losses on investment properties		**17,492**	**(4,117)**	**13,375**	**(54,875)**	**(29,657)**	**(84,532)**
Unrealised loss on revaluation of investment property	10	–	(57,933)	(57,933)	–	(39,145)	(39,145)
Unrealised loss on revaluation of investment property under construction	11	–	(50,544)	(50,544)	–	–	–
Impairment of investment property under construction	11	–	–	–	–	(38,918)	(38,918)
Operating profit/(loss)		**17,492**	**(112,594)**	**(95,102)**	**(54,875)**	**(107,720)**	**(162,595)**
Finance income	6	3,952	866	4,818	11,613	–	11,613
Finance expense	6	(57,120)	(892)	(58,012)	(21,066)	(17,343)	(38,409)
Loss before tax		**(35,676)**	**(112,620)**	**(148,296)**	**(64,328)**	**(125,063)**	**(189,391)**
Tax	7	6,914	2,103	9,017	7,653	11,449	19,102
Loss for the year		**(28,762)**	**(110,517)**	**(139,279)**	**(56,675)**	**(113,614)**	**(170,289)**
Earnings per share: Basic and diluted (cents)	8	–	–	(28.49)			(38.77)
Adjusted (EPRA) earnings per share: Basic and diluted (cents)	8	–	–	(7.04)			(3.04)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The revenue and capital columns are both supplied as supplementary information permitted by IFRS as adopted by the EU.

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 minority interests.

The accompanying notes are an integral part of this statement.

Group Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 US$'000	2008 US$'000
Loss for the year	**(139,279)**	**(170,289)**
Other comprehensive income:		
Change in fair value of available for sale financial assets	753	–
Foreign currency translation	(41,586)	(53,783)
	(40,833)	**(53,783)**
Total comprehensive income for the year	**(180,112)**	**(224,072)**

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

The accompanying notes are an integral part of this statement.

Group Balance Sheet

As at 31 December 2009

	Notes	2009 US$'000	2008 US$'000
Non-current assets			
Investment property	10	878,775	453,750
Investment property under construction	11	101,280	443,653
Plant and equipment		7,663	4,145
Intangible assets	12	13,442	–
Other receivables	15	18,214	153,092
Derivative financial instruments	18	195	64
Deferred tax assets	25	61,176	34,830
		1,080,745	1,089,534
Current assets			
Inventory	16	61,403	–
Trade and other receivables	17	68,815	82,597
Available for sale financial assets		4,232	–
Cash and short term deposits	19	123,710	108,435
		258,160	191,032
Disposal group assets classified as held for sale	20	51,654	–
Total assets		**1,390,559**	**1,280,566**
Current liabilities			
Trade and other payables	21	62,852	51,511
Derivative financial instruments	18	474	1,027
Interest bearing loans and borrowings	22	97,597	80,042
		160,923	132,580
Non-current liabilities			
Interest bearing loans and borrowings	22	347,973	356,926
Preference shares	23	219,444	–
Other payables	24	34,249	31,696
Derivative financial instruments	18	6,166	7,904
Deferred tax liabilities	25	24,267	16,420
		632,099	412,946
Liabilities associated with disposal groups classified as held for sale	20	51,654	–
Total liabilities		**844,676**	**545,526**
Net assets		**545,883**	**735,040**
Equity			
Share capital	26	9,924	9,921
Share premium		46,858	46,791
Warrants	27	8,584	–
Treasury shares	28	(13,841)	–
Special reserve		870,692	870,692
Capital reserve		(151,562)	(41,798)
Translation reserve		(112,676)	(71,090)
Retained earnings		(112,096)	(79,476)
Total equity	29	**545,883**	**735,040**
Net asset value per share (dollars):	30		
Basic		1.14	1.43
Diluted		0.97	1.43
Adjusted net asset value per share (dollars):	30		
Basic		1.14	1.47
Diluted		0.97	1.47

The financial statements were approved by the Board of Directors on 14 March 2010 and signed on its behalf by:

Mark Sinclair and Colin Smith

The accompanying notes are an integral part of this statement.

Group Statement of Changes in Equity

For the year ended 31 December 2009

	Notes	Share Capital US$'000	Share Premium US$'000	Warrants US$'000	Treasury Shares US$'000	Special Reserve US$'000	Capital Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Total US$'000
At 1 January 2008		**8,648**	**11,180**	**–**	**–**	**870,692**	**71,816**	**(17,307)**	**29,020**	**974,049**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(53,783)**	**(170,289)**	**(224,072)**
Scrip dividend issue of ordinary share capital		49	4,101	–	–	–	–	–	–	4,150
Ordinary shares issued on acquisition of subsidiary undertakings		1,224	31,510	–	–	–	–	–	–	32,734
Dividends paid	9	–	–	–	–	–	–	–	(55,074)	(55,074)
Transfer in respect of capital losses		–	–	–	–	–	(113,614)	–	113,614	–
Share-based payment expense	31	–	–	–	–	–	–	–	3,253	3,253
At 31 December 2008		**9,921**	**46,791**	**–**	**–**	**870,692**	**(41,798)**	**(71,090)**	**(79,476)**	**735,040**
For the year ended 31 December 2009										
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**753**	**(41,586)**	**(139,279)**	**(180,112)**
Warrants issued	27	–	–	8,593	–	–	–	–	–	8,593
Warrants exercised	27	3	67	(9)	–	–	–	–	–	61
Ordinary shares acquired	28	–	–	–	(13,841)	–	–	–	–	(13,841)
Dividends paid	9	–	–	–	–	–	–	–	(4,048)	(4,048)
Share-based payment expense	31	–	–	–	–	–	–	–	190	190
Transfer in respect of capital losses		–	–	–	–	–	(110,517)	–	110,517	–
At 31 December 2009		**9,924**	**46,858**	**8,584**	**(13,841)**	**870,692**	**(151,562)**	**(112,676)**	**(112,096)**	**545,883**

The accompanying notes are an integral part of this statement.

Group Cash Flow Statement

For the year ended 31 December 2009

	Notes	2009 US$'000	2008 US$'000
Cash flows from operating activities			
Loss before tax		(148,296)	(189,391)
Adjustments for:			
Finance income	6	(4,818)	(11,613)
Finance expense	6	58,012	38,409
Loss on revaluation of investment property	10	57,933	39,145
Loss on revaluation of investment property under construction	11	50,544	–
Impairment of investment property under construction	11	–	38,918
Foreign exchange losses arising from non-operating activities		3,097	33,929
Settlement of advisory contract	12	–	67,581
Negative goodwill	12	–	(7,564)
Impairment of investment in joint venture	5	–	5,384
Recognised share-based payments	31	190	2,410
		16,662	17,208
(Increase)/decrease in operating receivables		(9,365)	3,464
Increase in inventory		(224)	–
Increase in operating payables		8,350	1,271
		15,423	21,943
Tax paid		(514)	(3,698)
Net cash generated from operating activities		**14,909**	**17,975**
Cash flows from investing activities			
Payments for investment property under construction		(138,345)	(461,740)
Decrease/(increase) in VAT recoverable on construction		46,495	(58,743)
Capital expenditure		(1,113)	(3,381)
Acquisition of subsidiary undertakings		(3,578)	(33,135)
Cash acquired with subsidiary undertakings		31,211	159
Loans advanced		–	(101,363)
Loans repaid		–	1,326
Settlement of maturing forward currency financial instruments	6	(892)	(14,712)
Interest received	6	2,043	1,258
Net cash used in investing activities		**(64,179)**	**(670,331)**
Cash flows from financing activities			
Proceeds from long term bank borrowings		115,791	344,301
Repayment of long term borrowings		(110,784)	(5,167)
Proceeds from other borrowings		–	5,029
Repayment of other borrowings		(5,713)	(2,355)
Bank borrowing costs paid		(27,069)	(31,046)
Proceeds from issue of preference shares and warrants		106,999	–
Dividends paid on preference shares		(19,226)	–
Ordinary dividends paid	9	(4,048)	(50,923)
Net cash from financing activities		**55,950**	**259,839**
Net increase/(decrease) in cash and cash equivalents		6,680	(392,517)
Opening cash and cash equivalents		108,435	480,830
Effect of foreign exchange rate changes		8,667	20,122
Closing cash and cash equivalents	39	**123,782**	**108,435**

The accompanying notes are an integral part of this statement.

For the year ended 31 December 2009

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 Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3ST.

The audited financial statements of the Group for the year ended 31 December 2009 comprise the Company and its subsidiaries and were authorised by the Board for issue on 14 March 2010.

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 consolidated financial statements have been prepared for both current and prior periods. The consolidated 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 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.

Statement of compliance

The consolidated 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, except that the Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

IAS 1 Presentation of Financial Statements (Revised)
IAS 40 Investment Property (Amended)
IFRS 7 Financial Instruments: Disclosure (Amendment)
IFRS 8 Operating Segments

The principal effects of these changes on the financial statements of the Group are as follows:

IAS 1 Presentation of Financial Statements (Revised)

The standard requires the separation of shareholder and non-shareholder changes in equity. The Statement of Changes in Equity will now only provide detail relating to transactions with shareholders, with non-shareholder changes presented as a single line item "total comprehensive income for the year".

Non-shareholder changes in equity that were previously charged direct to equity, which for the Group is foreign currency translation gains and losses arising on consolidation, together with fair value movements on available for sale assets acquired in the year, are presented in a new performance statement called the Statement of Comprehensive Income.

IAS 40 Investment Property (Amended)

IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is now measured at fair value where previously it was carried at cost less any recognised impairment loss. The policy has been applied prospectively from 1 January 2009 and accordingly the amendment has no effect on prior years. A loss on the revaluation of investment property under construction of US$50.5 million has been recognised in the year ended 31 December 2009.

IFRS 7 Financial Instruments: Disclosure (Amendment)

The detailed disclosures required by this amended standard are set out in note 34.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting. The Group has concluded that the reportable segments determined in accordance with IFRS 8 are identical to that determined previously, being property investment and logistics together with property development segment acquired in the period. The detailed disclosures required by IFRS 8 are set out in note 37.

The IASB also issued various other interpretations and amendments to standards that did not have any effect on the financial performance or financial position of the Group and in many cases did not have any relevance to the activities of the Group. These were:

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 13 Customer Loyalty Programmes
IFRIC 16 Hedges of a Net Investment in a Foreign Operation
Improvements to IFRSs (May 2008)

Certain new interpretations and amendments or revisions to existing standards, which may be relevant to the Group, have been published that are mandatory for later accounting periods and which have not been adopted early. These are:

IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39 effective 1 July 2009
IFRS 9 Financial Instruments effective 1 January 2013
IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
IFRIC 18 Transfers of Assets from Customers effective 1 July 2009
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective 1 July 2010
Improvements to IFRSs issued April 2009

The Group is currently assessing the impact of these changes on its financial statements.

Restatement of prior period amounts

Management have considered the function of expenditure incurred by the Group's special purpose vehicles ("SPVs") and concluded that for some SPVs expenditure previously reported as administrative expenses was operational. The income statement for 2008 has been restated to reclassify US$3.1 million of administrative expenses to property operating expenses. This reclassification has no effect on the loss reported in the income statement for the year ended 31 December 2008.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and the SPVs controlled by the Company, made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

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.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, together with any direct costs associated with the acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Income Statement. Impairment tests on goodwill are undertaken annually at the financial year end. Impairment charges are included in the administrative expenses line item in the Income Statement. An impairment loss recognised for goodwill is not reversed.

Where the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the combination, the resulting negative goodwill is recognised immediately in the Income Statement.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake economic activity that is subject to joint control. The Group undertakes its joint ventures through jointly controlled entities. The consolidated financial statements include the Group's proportionate share of these entities' assets, liabilities, income and expenditure on a line by line basis from the date on which joint control commences to the date on which joint control ceases. Any premium paid for an interest in a jointly controlled entity above the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is accounted for in accordance with the goodwill accounting policy.

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.

(b) Logistics

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

(c) UK property development

The sale of both properties and land are 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 probably 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. 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, 6th 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.

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.

Where properties are acquired through corporate acquisitions and there are no significant assets or liabilities other than property, the acquisition is treated as an asset acquisition. In all other cases the acquisition is accounted for as a business combination, in which case, the assets and liabilities of a subsidiary or joint venture are measured at their estimated fair value at the date of acquisition.

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.

Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Plant and equipment principally comprises racking and related equipment utilised by the Group's Logistics division and depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which range from 3 to 20 years.

Inventory

Inventory is stated at the lower of cost and net realisable value. Such inventory includes land, work in progress and completed units that are available for sale. As residential development is speculative by nature, most inventory is not covered by forward sale contracts.

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 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.

(c) Available-for-sale financial investments

These comprise the Group's investment in unquoted equity securities and are presented as available for sale financial assets on the balance sheet.

Available-for-sale financial investments are carried at fair value with changes in the fair value recognised as other comprehensive income in the capital reserve until the investment is disposed, at which time the cumulative gain or loss is recognised in other operating income.

Financial liabilities and equity

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 listed 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 method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

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.

Treasury shares

Own equity instruments which are reacquired (treasury shares) 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 the capital reserve.

Share-based payments

The Group makes equity-settled share-based payments to certain employees (including senior executives) and service providers.

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.

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 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.

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.

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"). Following the acquisition of the Property Advisor and the subsequent period of integration of the operations of the Property Advisor with that of the Company, the Directors determined that the Company's functional currency changed from United States Dollars to Sterling. In accordance with IAS 21 the Company converted all of its assets, liabilities, income and expenditure to Sterling. The presentation currency of the Group continues to be United States Dollars, which the directors consider to be the key currency for the Group's operations as 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; 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 it is 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.

(a) Valuation of investment property

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 judgement

the Group considers information from a variety of sources and engages external, professional advisers to carry out third party valuations of its properties. These are completed in accordance with appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 6th Edition (the "Red Book"). This is an internationally accepted basis of valuation.

In completing these valuations the valuer considers the following:

(i) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease or other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

(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 which 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.

(c) 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.

(d) Goodwill and impairment

Goodwill only arises in business combinations. The amount of goodwill recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Goodwill is capitalised as an intangible asset with any impairment in the carrying value being charged to the income statement. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a future discount rate in order to calculate the present value of future cash flows.

(e) Acquisitions

The consideration payable in respect of each acquisition is dependent upon certain future events. In calculating the cost of each acquisition the Group has assessed the most probable outcome as at the balance sheet date. These amounts are reconsidered annually at each year end. The assessments include consideration of the future rental levels and costs of

construction of a property as well as the terms of the legal agreements governing each acquisition. Based on these factors management will consider whether a liability or a contingent liability should be recognised or disclosed at the balance sheet date.

(f) Classification of a joint venture or subsidiary undertaking

The Group's investment property under construction is typically held in a property specific SPV, which may be legally structured as a joint venture with a development partner, though in substance reflect the Group's investment in a wholly owned subsidiary.

In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the development are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking.

(g) Inventory

The Group is required to allocate site wide development costs between units being built or completed in the current period and those for future periods. In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and review inventory carrying values and ensure the appropriateness of the estimates made.

4. Gross Revenue

	2009 US$'000	2008 US$'000
Rental and related income	80,763	62,201
Proceeds from the sale of inventory property	15,014	–
Logistics	16,427	9,110
	112,204	71,311

The Group's leases typically include annual rental increases ("contingent rents") based on a consumer price index in Russia, Europe and USA, which are recognised in income as they arise. Contingent rents included in rental income for the year amounted to US$950k (2008: US$747k).

Details of the Group's contracted future minimum lease receivables are detailed in note 38.

5. Administrative expenses

	2009 Revenue US$'000	2009 Capital US$'000	2009 Total US$'000	2008 Revenue US$'000	2008 Capital US$'000	2008 Total US$'000
Employment costs	14,716	–	14,716	1,250	–	1,250
Directors' remuneration	3,116		3,116	527		527
Property Advisor management fees	–	–	–	6,169	–	6,169
Office running costs and insurance	4,105	–	4,105	355	–	355
Travel costs	1,334	–	1,334	159	–	159
External administrator fees	1,172	–	1,172	3,321	–	3,321
Auditors' remuneration						
– audit services	693	–	693	1,178	–	1,178
– non-audit services	1,030		1,030	–	–	–
Legal and professional	2,656	–	2,656	1,146	–	1,146
Abortive project costs	313	–	313	3,684	–	3,684
Depreciation	1,344	–	1,344	750	–	750
Other administrative expenses	2,279	–	2,279	809	–	809
Share of operating expenditure of joint ventures	904	–	904	2,947	–	2,947
Equity-settled share-based payment (note 30)	190	–	190	2,410	–	2,410
Impairment of goodwill (note 12)	–	–	–	–	2,265	2,265
Impairment of loans to joint venture (note 32)	–	–	–	–	3,119	3,119
	33,852	–	33,852	24,705	5,384	30,089

The Property Advisor management fees were project specific and are included in the cost of investment property under construction on consolidation, where construction was in progress. Cumulative fees of US$41.8 million (2008: US$41.8 million) are included in the cost of investment property and investment property under construction at 31 December 2009. On 26 November 2008 the Group completed the acquisition of the Property Advisor. Accordingly the management fees above represent fees charged by the Property Advisor in respect of completed assets up to 26 November 2008. Subsequent to that date, the fee is an intra-group charge, which is eliminated on consolidation.

6. Finance income and expense

	2009 US$'000	2008 US$'000
Finance income		
Income from cash and short term deposits	2,043	1,260
Interest income on loans receivable	380	10,353
Total interest income	2,423	11,613
Change in fair value of open forward currency derivative financial instruments	866	–
Change in fair value of open interest rate derivative financial instruments	1,529	–
Finance income	4,818	11,613
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	37,043	13,471
Interest expense on preference shares	20,077	–
	57,120	13,471
Loss on maturing forward currency derivative financial instruments	892	14,712
Change in fair value of open forward currency derivative financial instruments	–	2,631
Change in fair value of open interest rate derivative financial instruments	–	7,595
Finance expense	58,012	38,409

The above financial income and expense includes the following in respect of assets and liabilities not at fair value through profit and loss:

	2009 US$'000	2008 US$'000
Total interest income on financial assets	2,423	11,613
Total interest expense on financial liabilities	(57,120)	(13,471)
	(54,697)	(1,858)

7. Tax

	2009 US$'000	2008 US$'000
The tax expense for the year comprises:		
Current taxation	2,690	2,022
Increase in deferred tax asset (note 25)	(16,093)	(13,320)
Increase/(decrease) in deferred tax liability (note 25)	4,386	(7,804)
Tax credit	(9,017)	(19,102)

The credit for the year can be reconciled to the loss per the income statement as follows:

	2009 US$'000	2008 US$'000
Loss before tax	(148,296)	(189,391)
Tax at the Russian corporate tax rate of 20%	(29,659)	(37,878)
Tax effect of income not subject to tax and non-deductible expenses	32,409	32,516
Tax on dividends and other inter company gains	1,987	1,387
Tax effect of financing arrangements	(12,986)	(12,665)
Effect of change of corporation tax rate from 24% to 20%	–	(3,753)
(Over)/under provision in prior year	(768)	1,291
Tax credit	(9,017)	(19,102)

During 2008 the standard rate of Russian corporate tax reduced from 24% to 20%.

8. Earnings per share

The European Public Real Estate Association ("EPRA") issued Best Practice Policy Recommendations in July 2009, which gives guidelines for the calculation of performance measures. The Group has decided to adopt the EPRA earnings measure, which excludes investment property revaluations, impairments, gains and losses on disposal of investment property, intangible asset movements, gains and losses on derivative financial instruments and related taxation.

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

Earnings	2009 US$'000	2008 US$'000
Earnings for the purposes of basic and diluted earnings per share being the net loss for the year	(139,279)	(170,289)
Adjustments to arrive at EPRA earnings:		
Unrealised loss on revaluation of investment property	57,933	39,145
Unrealised loss on revaluation of investment property under construction	50,544	–
Impairment of investment property under construction	–	38,918
Settlement of advisory contract	–	67,581
Negative goodwill	–	(7,564)
Impairment of investment in joint venture	–	5,384
Loss on maturing foreign currency derivative financial instruments	892	14,712
Change in fair value of open forward currency derivative financial instruments	(866)	2,631
Change in fair value of open interest rate derivative financial instruments	(1,529)	7,595
Movement on deferred tax thereon	(2,103)	(11,449)
Adjusted EPRA earnings	(34,408)	(13,336)

Number of shares	2009 No '000	2008 No '000
Weighted average number of ordinary shares for the purposes of basic EPS and basic EPRA EPS (excluding treasury shares)	488,906	439,235
Weighted average number of ordinary shares for the purposes of diluted EPS and diluted EPRA EPS (excluding treasury shares)	488,906	439,235
EPS basic and diluted (cents)	(28.49)	(38.77)
EPRA EPS basic and diluted (cents)	(7.04)	(3.04)

The Company has a number of potential ordinary shares, being listed warrants (note 27), options and warrants to advisers on the formation of the Company (note 31) and awards made under the Employee Retention Scheme and Long Term Incentive Plan (note 31), none of which were dilutive for the year ended 31 December 2009. Since the year end the Company has made further awards under the Employee Retention Scheme and Long Term Incentive Plan and details of these awards are given in note 31.

9. Ordinary dividends

	2009 US$'000	2008 US$'000
Declared and paid during the year on ordinary shares:		
Final dividend for 2008 nil pence (2007: 4 pence)	–	34,305
Interim dividend for 2009 0.5 pence (2008: 3 pence)	4,048	20,769
	4,048	55,074

The Directors are proposing to declare a final dividend for 2009 of 0.5 pence.

In 2008 scrip dividends amounting to US$4.15 million were taken up by shareholders. A scrip alternative was not offered for the dividend declared and paid in 2009.

10. Investment property

	2009 US$'000	2008 US$'000
Balance at 1 January	453,750	346,250
Transfer from investment property under construction (note 11)	515,354	146,645
Transfer to disposal assets classified as held for sale (note 20)	(37,489)	-
Additions	5,093	-
Unrealised loss on revaluation of investment property	(57,933)	(39,145)
Balance at 31 December	878,775	453,750

It is the Group's policy to carry investment property at fair value in accordance with IAS 40 "Investment Property". The fair value of the Group's investment property at 31 December 2009 has been arrived at on the basis of market valuations carried out by Jones Lang LaSalle ("JLL"), external valuers to the Group and on independent valuations completed for banking purposes. JLL have consented to the use of their name in these financial statements.

The valuations used by the Directors in these financial statements have been carried out in accordance with The Royal Institution of Chartered Surveyors Valuation Standards, Sixth Edition (the "Red Book"). The definition of market value is "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The following assumptions were used in determining the valuations, which were specific to the Group:

No allowances have been made for any expenses of realisation or for taxation which might arise in the event of a disposal of a property;

The market values reported are gross of purchasers' costs, which would be incurred on the sale of assets as this is the recognised valuation approach in Russia; and

No account is taken of the future effect of any index based rent uplifts.

The Group has pledged investment property with a value of US$658 million (2008: US$398 million) to secure banking facilities granted to the Group (note 22).

11. Investment property under construction

	2009 US$'000	2008 US$'000
Balance at 1 January	443,653	251,775
Costs incurred	142,906	406,252
Acquisition	119,122	–
Impairment	–	(38,918)
Effect of foreign exchange rate changes	(28,260)	(28,811)
Transfer to investment property (note 10)	(515,354)	(146,645)
Transfer to disposal assets classified as held for sale (note 20)	(10,243)	–
Unrealised loss on revaluation of investment property under construction	(50,544)	–
Balance at 31 December	101,280	443,653

Borrowing costs capitalised in the year amounted to US$10.5 million (2008: US$8.1 million).

The Directors have valued land based on the amounts they consider they can achieve for permitted land and land with access and infrastructure. The Directors also considered updated acquisition appraisals, the key assumptions being developer's required returns, market rents and yields on completed properties. On this basis the Directors consider the fair value of the land bank to be US$101 million, which equates to an average price of US$21 per square metre.

In prior periods the Group carried investment property under construction at cost less impairments. In 2008 the Group carried out impairment tests on its investment property under construction in St Petersburg and regional cities in Russia. This involved calculating the value in use of each property by estimating the future cash flows and discounting these to determine their present value. The discount rate applied was 13% and it resulted in a write down in that year of US$38.9 million.

The Group has pledged investment property under construction with a carrying value of US$40 million (2008: US$246 million) to secure banking facilities granted to the Group (note 22).

12. Intangible assets

	Goodwill US$'000	Negative Goodwill US$'000	Advisory Contract US$'000	Total US$'000
Balance at 1 January 2008	2,265	–	–	2,265
Acquired through business combinations (note 35)	–	(7,564)	67,581	60,017
Impairment	(2,265)	–	–	(2,265)
Charge to income statement	–	–	(67,581)	(67,581)
Release to income statement	–	7,564	–	7,564
Balance at 31 December 2008	–	–	–	–
On acquisition of Raven Mount Group plc (note 35)	8,059	–	–	8,059
On change in financing arrangements for Roslogistics (note 35)	5,383	–	–	5,383
Balance at 31 December 2009	13,442	–	–	13,442

Goodwill impairment is reviewed by management annually. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a future discount rate in order to calculate the present value of future cash flows.

Goodwill acquired through the Raven Mount and Roslogistics business combinations has been allocated for impairment purposes to the Property Development and Logistic operating segments respectively. 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.

The acquisition of the Property Advisor in 2008 gave rise to an intangible asset from the valuation of the property advisory contract, and the underlying management and performance fees. This is considered to be reflective of the fair value of extinguishing the contract and therefore it was charged to the income statement in that year in full.

13. 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 2009	2008
CJSC Kulon Estates	Russia	100%	100%
CJSC Kulon Development	Russia	100%	100%
Fenix LLC	Russia	100%	100%
Petroestate LLC	Russia	100%	100%
EG Logistics LLC	Russia	100%	100%
CSJC Kulon Istra	Russia	100%	100%
Soyuz-Invest LLC	Russia	100%	100%
Reserv-Invest LLC	Russia	100%	100%
CSJC Noginsk Vostok	Russia	100%	100%
Resource Economia LLC	Russia	100%	100%
Kulon Spb LLC	Russia	100%	100%
AKM Logistics LLC	Russia	100%	100%
Megalogix Limited	Cyprus	100%	50%*
Logopark Don LLC	Russia	100%	50%*
Logopark Ob LLC	Russia	100%	50%*
Roslogistics Holdings (Russia) Limited	Cyprus	100%	50%*
Avalon Logistics Company LLC	Russia	100%	50%*
Raven Mount Group plc	England	100%	–
Raven Russia Property Advisers Limited	England	100%	100%
Raven Russia (Service Company) Limited	Guernsey	100%	100%
Raven Russia (Guernsey) 2 Limited	Guernsey	100%	100%

* Accounted for as a JV in 2008.

During the year the Company acquired Raven Mount Group plc and the remaining 50% of the shares of its joint ventures, Megalogix Limited and Roslogistics Holdings (Russia) Limited, along with their own subsidiary companies, which include Logopark Don LLC, Logopark Ob LLC and Avalon Logistics LLC. Further details of the acquisitions are provided in note 35.

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

14. Investment in joint ventures

The principal jointly controlled entities of the Group are as follows:

Name	Country of incorporation	Proportion of ownership interest 2009	2008
Coln Park LLP	England	50%	–
Megalogix Limited	Cyprus	–	50%
Roslogistics Holdings (Russia) Limited (trading as Avalon Logistics)	Cyprus	–	50%
Armbridge Consultancy Limited	Cyprus	–	50%

During the year the Group acquired the remaining 50% of the shares in each of the jointly controlled entities held at 31 December 2008. With the acquisition of Raven Mount Group plc in the year, the Group acquired its interest in Coln Park LLP.

The Group's interest in each jointly controlled entity has been accounted for by proportionate consolidation. The aggregate amounts recognised in the balance sheet and income statement were:

	2009 US$'000	2008 US$'000
Non-current assets	4	128,891
Current assets	14,782	21,659
Current liabilities	(10,921)	(14,476)
Non-current liabilities	–	(163,409)
Net assets/(liabilities)	3,865	(27,335)
Income	13,558	9,110
Expenditure	(12,169)	(15,459)
	1,389	(6,349)

15. Other receivables

	2009 US$'000	2008 US$'000
Loans receivable	13	136,523
VAT recoverable	7,402	8,626
Security deposit	1,722	1,788
Prepayments and other receivables	9,077	6,155
	18,214	153,092

VAT recoverable arises through 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.

Loans receivable were principally loans advanced to the Group's joint ventures. As the relevant joint ventures are now wholly owned subsidiary companies the loans are eliminated on consolidation. The loans receivable were unsecured, with a weighted average loan term of 4 years at 31 December 2008 and a weighted average interest rate of 13%.

16. Inventory

	Land held for development US$'000	Housing stock US$'000	Total US$'000
Balance at 1 January 2008 and 31 December 2008	–	–	–
Acquired through business combinations (note 35)	2,402	60,590	62,992
Costs incurred in the year	694	7,787	8,481
Cost of sales	–	(11,066)	(11,066)
Effect of foreign exchange rate changes	38	958	996
Balance at 31 December 2009	3,134	58,269	61,403

The Group has pledged inventory with a carrying value of US$50 million (2008: US$ nil) to secure banking facilities granted to the Group (note 22).

17. Trade and other receivables

	2009 US$'000	2008 US$'000
Trade receivables	12,641	5,007
Prepayments	11,221	3,666
VAT recoverable	35,806	66,570
Tax recoverable	3,564	4,627
Loans receivable	2,422	1,484
Accrued income	905	146
Other receivables	2,256	1,097
	68,815	82,597

The loans receivable were unsecured, with a weighted average interest rate at 31 December 2008 of 14%.

18. Derivative financial instruments

	2009 US$'000	2008 US$'000
Interest rate derivative financial instruments		
Non-current assets	195	64
Non-current liabilities	(5,781)	(7,206)
Forward currency derivative financial instruments		
Non-current liabilities	(385)	(698)
Current liabilities	(474)	(1,027)

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. The instruments have a notional value of US$276 million (2008: US$218.1 million) and a weighted average fixed or capped rate of 3.3% (2008: 3.5%).

The Group has also entered into a series of forward currency derivative financial instruments to hedge rentals received under leases denominated in euros. At 31 December 2009 there were open contracts to sell euros amounting to €11.9 million (2008: €11.8 million) and buy US Dollars amounting to US$16.2 million (2008: US$15.2 million) at an average rate of 1.36 (2008: 1.29).

The final forward currency derivative instruments in relation to managing the Russian Rouble construction costs settled during the year. US$2.6 million of US Dollars were sold to buy 68.6 million Russian Roubles at an average rate of 26.36 (2008: 26.01).

19. Cash and short term deposits

	2009 US$'000	2008 US$'000
Cash at bank and on call	43,675	63,465
Short term deposits	80,035	44,970
	123,710	108,435

Included within cash and short term deposits is US$3.6 million (2008: US$5.8 million) which is held as security for the Group's interest rate and foreign currency derivative financial instruments (note 18) and is thus restricted in the use to which it can be put by the Group.

The Group has also pledged short term deposits with a carrying value of US$25.5 million (2008: US$ Nil) as security for a bridging facility granted to the Group (note 22). US$10 million of the loan was outstanding at 31 December 2009.

Cash at bank and on call attract 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 1.16% (2008: 2.32%).

20. Disposal group

The disposal group represents an investment property, adjacent land and related assets and liabilities on the AKM project in St Petersburg. This included a loan facility with Nomos Bank, of US$44 million with a margin over US LIBOR of 12% and a term remaining of 4 years, secured on the property and land. As the asset will not generate sufficient income to service the debt, Nomos has agreed that it will accept the property and related assets, net of the liabilities, in consideration for the repayment of all outstanding amounts due under the bank facility. The disposal group represents the assets and liabilities involved, including the debt facility, and further details are provided in the table below.

	2009 US$'000	2008 US$'000
Non-current assets		
Investment property	37,489	–
Investment property under construction	10,243	–
Plant and equipment	45	–
Other receivables	186	–
Deferred tax asset	2,796	–
	50,759	–
Current assets		
Trade and other receivables	823	–
Cash and short term deposits	72	–
	895	–
Total assets	51,654	–
Current liabilities		
Trade and other payables	3,045	–
Interest bearing loans and borrowings	47,817	–
	50,862	–
Non-current liabilities		
Deferred tax	792	–
Total liabilities	51,654	–

21. Trade and other payables

	2009 US$'000	2008 US$'000
Investment property acquisition obligations	–	6,500
Trade and other payables	53,610	41,647
Tax payable	9,242	3,364
	62,852	51,511

Trade and other payables comprise mainly balances due to contractors for the construction activity in the period.

22. Interest bearing loans and borrowings

(a) Bank loans

	2009 US$'000	2008 US$'000
Loans due for settlement within 12 months	93,273	76,066
Loans due for settlement after 12 months	339,900	349,803
	433,173	425,869

(b) Other interest bearing loans

	2009 US$'000	2008 US$'000
Loans due for settlement within 12 months	4,324	3,976
Loans due for settlement after 12 months	8,073	7,123
	12,397	11,099
Totals		
Loans due for settlement within 12 months	97,597	80,042
Loans due for settlement after 12 months	347,973	356,926
	445,570	436,968
The Group's borrowings have the following maturity profile:		
On demand or within one year	97,597	80,042
In the second year	29,776	55,233
In the third to fifth years	252,240	283,566
After five years	65,957	18,127
	445,570	436,968

At 31 December 2009, the Group had drawn US$347.4million (2008: US$267million) of term investment debt secured on completed investment property. This investment debt bears a weighted average margin of 4.62% over US LIBOR (2008: 3.29%) and has a weighted average loan term remaining of 4.2 years (2008: 4.3 years).

The Group also has US$68.1 million (2008: US$193 million) of construction debt, which bears a weighted average margin of 4.76% (2008: 12%).

Included in the above construction debt is a Euro denominated construction facility of US$62.3 million equivalent, which bears a margin of 4.6% over EURIBOR. This facility had come to the end of its term at the year end and is shown as due within one year. The extension and restructuring of this facility into a US Dollar denominated loan with a two year term was agreed in February 2010.

In addition to the debt secured on the principal property portfolio above, the Group also had the following facilities in place at the year end.

As part of the refinancing of a construction facility with VTB Bank, secured on our asset, Logopark Don in Rostov, which was repaid in September 2009, a short term 15 month, £25 million (US$39.8 million) facility was established, secured against the Group's sterling cash deposits and bearing interest at a margin of 2.95% over LIBOR. The outstanding balance at 31 December 2009 was £6.3 million (US$10 million).

Following the acquisition of Raven Mount Group plc (note 35), a £6 million (US$9.5 million) one year revolver facility was established secured on the Group's inventory, which is located in the UK. It bears interest at a margin of 2.5% over LIBOR and at 31 December 2009 the outstanding balance was £3.7 million (US$5.9 million).

Coln Park LLP, a joint venture vehicle in which Raven Mount Group plc is a partner, has a facility of £7.4 million (US$11.8 million) outstanding at the year end and at a margin over LIBOR of 3%. The facility matures in September 2010.

The Group has met all cash covenants on its debt facilities during the year. No Loan to Value covenants have been breached although it remains a possibility that this could occur on certain facilities should lenders request new valuations. The facilities concerned are on a non-recourse basis to other Group companies and any marginal deficiencies can be made good if necessary. As required under IAS 1, in recognition of the possibility of a breach, US$9 million of bank loans have been reclassified as current liabilities although it is not anticipated that settlement of these liabilities is likely to occur within 12 months of the balance sheet date.

The Group has entered into hedging arrangements in respect of its interest rate exposure (note 18). US$237 million (2008: US$226.3 million) of Group bank borrowings have been fixed with three years remaining (2008: four years) at a weighted average rate of 7.32% (2008: 6.77%) and US$39 million (2008: US$41 million) capped at 5.5% (2008: 5.5%) for three years (2008: four years). This gave a weighted average cost of debt to the Group of 6.4% (2008: 8.3%) at the year end.

23. Preference shares

	2009 US$'000	2008 US$'000
Authorised share capital:		
400,000,000 (2008: nil) preference shares of 1p each	5,981	–

On 24 March 2009 the authorised share capital of the Company was increased by the creation of 400,000,000 preference shares.

	2009 Number	2008 Number
Issued share capital:		
At 1 January	–	–
Issued in the year for cash	76,155,000	–
On acquisition of Raven Mount Group plc (note 35)	66,409,478	–
Scrip dividends	750,701	–
At 31 December	143,313,179	–

The Company has issued preference shares, which entitle the holders to a cumulative preference dividend of 12% based on a par value per share of £1.

24. Other payables

	2009 US$'000	2008 US$'000
Investment property acquisition obligations	13,838	14,064
Rent deposits	9,238	6,850
Deferred revenue	49	60
Retentions under construction contracts	8,692	6,687
Other payables	2,432	4,035
	34,249	31,696

25. Deferred tax

(a) Deferred tax asset

	Tax losses US$'000	Other US$'000	Total US$'000
Balance at 1 January 2008	1,781	94	1,875
Effect of foreign exchange rate changes	(6,285)	–	(6,285)
Charge to income related to change in corporation tax rate from 24% to 20%	(258)	–	(258)
Credit to income	13,278	300	13,578
Credit to equity	25,920	–	25,920
Balance at 31 December 2008	34,436	394	34,830
Recognised on business combination (note 35)	2,917	–	2,917
Recognition on settlement of contracts	6,214	–	6,214
Effect of foreign exchange rate changes	225	–	225
Transfer to disposal group classified as held for sale (note 20)	(2,796)	–	(2,796)
Credit to income	16,090	3	16,093
Credit to equity	3,693	–	3,693
Balance at 31 December 2009	60,779	397	61,176

The Group has losses of US$130 million (2008: US$38.9 million) for which deferred tax assets have not been recognised.

Amounts credited to equity arise on the translation of loans, which comprise part of the net investment of the Group in foreign entities.

(b) Deferred tax liabilities

	Accelerated tax allowances US$'000	Revaluation of investment property US$'000	Total US$'000
Balance at 1 January 2008	3,540	21,718	25,258
Effect of foreign exchange rate changes	(1,034)	–	(1,034)
Credit to income related to change in corporation tax rate from 24% to 20%	(449)	(3,620)	(4,069)
Charge/(credit) to income	3,799	(7,534)	(3,735)
Balance at 31 December 2008	5,856	10,564	16,420
Recognised on business combination (note 35)	916	–	916
Recognition on settlement of contracts	1,974	–	1,974
Transfer to liabilities associated with disposal groups classified as held for sale (note 20)	(792)	–	(792)
Effect of foreign exchange rate changes	1,363	–	1,363
Charge to income	6,489	(2,103)	4,386
Balance at 31 December 2009	15,806	8,461	24,267

26. Share capital

	2009 US$'000	2008 US$'000
Authorised ordinary share capital:		
1,500,000,000 (2008: 1,000,000,000) ordinary shares of 1p each	27,469	20,105

On 24 March 2009 the authorised ordinary share capital of the Company was increased from £10 million to £15 million by the creation of an additional 500,000,000 ordinary shares.

	2009 Number	2008 Number
Issued share capital:		
At 1 January	512,552,915	430,040,566
Issued in the year	144,679	82,512,349
At 31 December	512,697,594	512,552,915

Of the authorised ordinary share capital at 31 December 2009, 154,810,632 (2008: 9,629,166) are reserved for options and warrants.

Details of own shares held in treasury are given in note 28.

27. Warrants

	2009 Number	2008 Number
At 1 January	–	–
Issued in the year for cash	76,155,000	–
On acquisition of Raven Mount Group plc (note 35)	66,409,478	–
Exercised in the year	(144,679)	–
At 31 December	142,419,799	–

	2009 US$'000	2008 US$'000
At 1 January	–	–
Issued in the year for cash	4,416	–
On acquisition of Raven Mount Group plc (note 35)	4,177	–
Exercised in the year	(9)	–
At 31 December	8,584	–

The warrants issued on acquisition of Raven Mount Group plc include 8.1 million warrants (US$502k) issued to settle a liability of Raven Mount Group plc.

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

In the period since 31 December 2009 2,537,321 warrants have been exercised.

28. Treasury shares

	2009 Number	2008 Number
At 1 January	–	–
Acquired in the year	34,035,054	–
At 31 December	34,035,054	–

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 associate costs of issuance.
Treasury shares	The cost to the Company of acquiring the own shares held by the Company and its subsidiary undertakings.
Special reserve	During 2005 and 2006 the Company applied to the Royal Court of Guernsey to reduce its share capital by cancellation of its share premium at that time and creation of a special reserve, which is an additional distributable reserve to be used for all purposes permitted under Guernsey Company law, including buy back of shares and the payment of dividends.
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 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.

30. Net asset value per share

	2009 US$'000	2008 US$'000
Net asset value	545,883	735,040
Intangible assets – goodwill	(13,442)	–
Deferred tax on revaluation gains	8,461	10,564
Fair value of interest rate derivative financial instruments	5,586	7,142
Adjusted net asset value	546,488	752,746
Assuming exercise of all dilutive potential ordinary shares		
– Listed warrants (note 27)	56,843	–
– ERS (note 31)	–	–
– LTIP (note 31)	407	–
Fully diluted net asset value	**603,738**	**752,746**
Number of ordinary shares at (note 26)	512,697,594	512,552,915
Less treasury shares (note 28)	(34,035,054)	–
	478,662,540	512,552,915
Assuming exercise of all dilutive potential ordinary shares		
– Listed warrants (note 27)	142,419,799	–
– ERS (note 31)	1,775,000	–
– LTIP (note 31)	1,020,000	–
Number of ordinary shares assuming exercise of all potential ordinary shares	**623,877,339**	**512,552,915**
Net asset value per share	1.14	1.43
Fully diluted net asset value per share	0.97	1.43
Adjusted net asset value per share	1.14	1.47
Adjusted fully diluted net asset value per share	0.97	1.47

31. Share based payments

(a) Terms

In 2005, as part consideration for the services offered by Cenkos Securities Limited and Kinmont Limited under the Placing Agreement, options were granted to these companies pursuant to which they have the right to subscribe for 1,530,000 and 382,500 ordinary shares respectively at £1.00 per share. The options are exercisable at any time during the period to 24 July 2010.

Also in 2005, to incentivise personnel of the Company's former Property Adviser involved in providing advice to the Group, the Company granted to the trustee of the Raven Mount Employee Benefit Trust an option to acquire up to 7.5% of its issued ordinary share capital from time to time less up to 100,000 ordinary shares under option to Adrian Collins, the Company's former Chairman. The options vested in three tranches and were exercisable over a period of 4 to 12 years following the Company's admission to AIM dependent upon cumulative performance criteria of between 9% and12% total share return having been met.

The first tranche of options held by the trustee and Adrian Collins lapsed as the associated performance criteria were not met. Upon the Company's acquisition of the Property Advisor the remaining options held by the trustee were cancelled and the Company agreed to grant replacement options to certain employees and former employees of the Property Advisor's group. These replacement options were issued in 2009 and 2010 and comprise the Employee Retention Scheme ("ERS") and Long Term Incentive Plan ("LTIP") more fully explained in the Remuneration Report.

The second tranche of options held by Adrian Collins lapsed as the associated performance criteria were not met.

Finally in 2005, the Company issued warrants to the Property Advisor pursuant to which the Property Advisor was granted the right to subscribe for 7,650,000 ordinary shares in the Company at £1 per ordinary share. These warrants were transferred by the Property Advisor to its then parent company, Raven Mount Group plc, immediately prior to the Company's acquisition of the Property Advisor. These warrants are now held by the Group following the Company's acquisition of Raven Mount Group plc during the year.

	2009		2008	
	No of options and warrants	**Weighted average exercise price**	**No of options and warrants**	**Weighted average exercise price**
Outstanding at the beginning of the period	9,629,166	100p	34,651,257	103p
Issued during the year				
– ERS	1,775,000	–	–	–
– LTIP	1,020,000	25p	–	–
Lapsed during the year	(33,333)	100p	(3,825,000)	100p
Repurchased through business combination	(7,650,000)	100p	–	–
Cancelled during the year	–	–	(21,197,091)	103p
Outstanding at the end of the period	4,740,833	46p	9,629,166	100p
Exercisable at the end of the period	1,912,500	100p	9,562,500	100p

The weighted average remaining contractual life of options and warrants was 4 years (2008: 1.8 years).

(b) Share-based payment charge

The options granted under the ERS were valued using the Black-Scholes option pricing model. The options granted under the LTIP were valued using a Monte Carlo simulation model. The key inputs to these models are:

	ERS	**LTIP**
Share price on grant	38.5p	38.5p
Exercise price	–	25.0p
Expected dividend yield	1.50%	1.50%
Risk free rate	0.81%	2.16%
Expected volatility	40%	27%

Expected volatility was calculated as the median volatility of the Company's ordinary share price for periods commensurate with the lives of the options. The risk free rate is based on the yield of UK sovereign bonds with maturities close to the expected expiry dates of the options.

The Group recognised a total share-based payment expense of US$190,000 (2008: US$3,253,000). Of the share-based payment costs US$190,000 (2008: US$2,410,000) was expensed and US$ Nil (2008: US$843,000) was included in the cost of investment property under construction.

(c) Other equity-settled payments

The Company issued 66,409,478 warrants as part of the consideration paid on the acquisition of Raven Mount Group plc (note 35) and in 2008 issued 80 million ordinary shares as part of the consideration paid on the acquisition of the Property Advisor.

32. Capital commitment

The Group has committed to fund and complete its development programme. At 31 December 2009, US$12.2 million of funding was required (2008: US$132 million), excluding VAT. Due to fluctuations in budgets, exchange rates and development profits payable, the actual commitment may differ from this amount.

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 5. There are no loan balances with directors.

Property Advisor/Raven Mount Group plc

Prior to the Company's acquisition of its Property Advisor and Raven Mount Group plc ("Raven Mount") (note 35), both were considered related parties to the Group. The Property Advisor was acquired in 2008 and in that year, prior to its acquisition, received US$26,854,955 for property advisory and management services provided to the Group.

The Company purchased the Property Advisor, and two related companies, from Raven Mount for a consideration of £15 million and the issue of 80 million ordinary shares. As part of this transaction Raven Mount granted the Company a licence to use Raven Mount's office for an annual licence fee of £300,000.

Also in 2008 Raven Mount transferred legal ownership to the Company of 50% of Armbridge Consultancy Limited, for the nominal value of the shares, together with repayment of loans to Raven Mount totalling approximately US$3.1 million.

Ozannes

David Moore is a partner in Ozannes, Advocates and Notaries Public. Ozannes provide independent legal advice to the Group. Total legal fees paid to Ozannes during the year amounted to £58,070 (2008: £283,394).

Joint Ventures

The Group has leased investment property to Avalon Logistics Company LLC, the operating subsidiary of Roslogistics Holdings (Russia) Limited, and provided loan finance to all three joint venture vehicles held at 31 December 2008, which the Group acquired out right during the year. A summary of the Income Statement and Balance Sheet impact of these transactions in the period prior to them becoming subsidiary undertakings of the Group is as follows:

	2009 US$'000	2008 US$'000
Net rental income	1,505	2,923
Loan interest receivable	240	10,320
Trade receivables	–	–
Loan receivable	–	136,012
Impairment of loan receivable (notes)	–	(3,119)

Remuneration of key management personnel

	2009 US$'000	2008 US$'000
Short term employee benefits	4,314	454
Post employment benefits	262	23
	4,576	477

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, available for sale financial investments, cash and short term deposits, trade and other payables, borrowings, preference shares and derivative financial instruments.

The tables and analyses below exclude financial instruments included within the disposal group (note 20) as they are expected to be settled within 12 months.

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, Russian Rouble and Euro. Foreign exchange risk arises from future commercial transactions (including construction contracts and lease receivables), recognised monetary assets and liabilities and net investments in foreign entities.

The majority of the Group's transactions are denominated in US Dollars.

In some cases underlying construction contracts on the Group's development projects are denominated in Russian Roubles. Non-deliverable forwards were taken out to hedge against the US Dollar/Russian Rouble cash flow exposure, when considered necessary, during the principal phase of construction of each project. All of these contracts have now matured as the Group's principal construction activities are now substantially complete. Whilst the table below indicates the exposure of the Group to monetary items in foreign currency, the largest foreign currency swings will occur during construction. The fact some of the Group's property owning subsidiaries have a functional currency of Russian Rouble and a presentation currency of US Dollars means that both the Balance Sheet and Income Statement are exposed to unrealised exchange movements on translation to presentation currency. During construction periods it is likely that the subsidiary companies will hold larger Rouble denominated cash balances to fund construction contracts, which will also increase exposure to fluctuations in currency rates.

At holding company level, the Group's exposure to Sterling is primarily driven by the need to pay a quarterly preference dividend, but also head office costs and ordinary dividends.

The table below summarises the Group's currency profile at 31 December.

As at 31 December 2009	US Dollar US$'000	Sterling US$'000	Russian Rouble US$'000	Other US$'000	Total US$'000
Non-current assets					
Loans receivable	13	–	–	–	13
Derivative financial instruments	195	–	–	–	195
Current assets					
Trade receivables	4,331	557	3,157	1,231	9,276
Loans receivable	64	–	–	–	64
Other current receivables	336	4,622	5,194	91	10,243
Available for sale financial assets	–	4,232	–	–	4,232
Cash and short term deposits	31,235	68,973	20,071	3,431	123,710
	36,174	78,384	28,422	4,753	147,733
Non-current liabilities					
Interest bearing loans and borrowings	336,783	11,190	–	–	347,973
Preference shares	–	219,444	–	–	219,444
Derivative financial instruments	6,166	–	–	–	6,166
Rent deposits	6,866	–	2,371	–	9,237
Investment property acquisition obligations	13,838	–	–	–	13,838
Retentions under construction contracts	–	–	2,891	5,801	8,692
Other payables	–	–	66	–	66
Current liabilities					
Interest bearing loans and borrowings	23,443	11,263	3	62,888	97,597
Derivative financial instruments	474	–	–	–	474
Other payables	2,994	12,326	10,617	382	26,319
	390,564	254,223	15,948	69,071	729,806

As at 31 December 2008	US Dollar US$'000	Sterling US$'000	Russian Rouble US$'000	Other US$'000	Total US$'000
Non-current assets					
Loans receivable	136,523	–	–	–	136,523
Derivative financial instruments	64	–	–	–	64
Other non-current assets	2,552	545	4,846	–	7,943
Current assets					
Trade receivables	2,130	–	1,071	412	3,613
Loans receivable	1,484	–	–	–	1,484
Other current receivables	239	625	8,326	–	9,190
Cash and short term deposits	66,467	6,811	25,907	9,250	108,435
	209,459	7,981	40,150	9,662	267,252
Non-current liabilities					
Interest bearing loans and borrowings	356,914	–	12	–	356,926
Derivative financial instruments	7,904	–	–	–	7,904
Rent deposits	4,263	–	2,441	146	6,850
Investment property acquisition obligations	4,840	9,224	–	–	14,064
Retentions under construction contracts	1,202	–	1,989	3,496	6,687
Other payabes	–	–	3,947	88	4,035
Current liabilities					
Interest bearing loans and borrowings	38,460	–	398	41,184	80,042
Investment property acquisition obligations	6,500	–	–	–	6,500
Derivative financial instruments	1,027	–	–	–	1,027
Other payables	11,418	4,818	26,053	2,722	45,011
	432,528	14,042	34,840	47,636	529,046

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 tables above present financial assets and liabilities denominated in foreign currencies held by the Group in 2009 and 2008. If the US Dollar weakened or strengthened by 10% against the Russian Rouble, Sterling or Euro, with all other variables in each case remaining constant, then post tax loss for the year and net asset value would move by:

	2009 US$'000	2008 US$'000
Russian Rouble	1,247	500
Sterling	17,584	500
Euro	6,432	3,500

The sensitivity to the Euro is principally a result of the Euro construction loan, which is described in note 22. Since the balance sheet date this loan has been refinanced in US Dollars. The majority of sterling sensitivity relates to the retranslation of the value of irredeemable preference shares.

Cash flow and fair value interest rate risk

The Group has significant interest-bearing cash resources, the majority of which are held in business accounts with its principal bankers.

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 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 unrealised loss of US$6.039 million at 31 December 2009 (2008: loss of US$7.595 million). Sensitivity analysis on the Group's interest rate borrowings, net of interest bearing deposits, indicate that a 1% increase in the relevant underlying rate would increase the loss for the year and decrease net assets by US$700,000 (2008: US$870,000). If the various LIBORs were to drop to zero then there would be an increase in the loss for the year and a decrease in net assets of US$600,000 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, loan receivables, available for sale financial investments and derivative financial instruments.

The credit risk on the Group's trade and other receivables is considered low due to the Group having 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. 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.

	2009 US$'000	**2008 US$'000**
At 1 January	–	–
Charge for the year	1,000	–
Utilised in the year	(623)	–
Unused amounts reversed	–	–
At 31 December	377	–

At 31 December 2009 there were no significant amounts of trade receivables that were past due for collection.

The Group has VAT recoverable of US$43 million (2008: US$75 million). The timing of recovery of these balances is subject to future revenue receipts and application to the Russian Courts. The Group forecasts the recovery of these balances based upon the timing of future revenue receipts and its experience of successful application to the Russian Courts. No balances are considered passed due or impaired at 31 December 2009 (2008: US$ 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 on 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. 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.

	Current US$'000	Year 2 US$'000	Years 3 to 5 US$'000	Years 5 to 10 US$'000
As at 31 December 2009				
Interest bearing loans and borrowings	97,627	29,807	252,286	65,976
Preference shares	27,455	27,455	82,365	137,275
Derivative financial instruments	474	385	5,781	–
Trade and other payables	58,153	–	–	–
	183,709	57,647	340,432	203,251
As at 31 December 2008				
Interest bearing loans and borrowings	80,042	62,356	276,443	18,127
Derivative financial instruments	1,027	–	7,904	–
Trade and other payables	51,511	–	–	–
	132,580	62,356	284,347	18,127

Details of the interest rates applicable to the Group's long term borrowings and preference shares are given in notes 22 and 23. Interest bearing loans and borrowings show the gross undiscounted cash flows. 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 bank overdrafts and other 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.

	2009		2008	
	Carrying value US$'000	**Fair value US$'000**	**Carrying value US$'000**	**Fair value US$'000**
Non-current assets				
Loans receivable	13	13	136,523	83,732
Derivative financial instruments	195	195	64	64
Other non-current assets	–	–	7,943	7,943
Current assets				
Trade receivables	9,276	9,276	3,613	3,613
Loans receivable	64	64	1,484	1,484
Other current receivables	10,243	10,243	9,190	9,190
Available for sale financial assets	4,232	4,232	–	–
Cash and short term deposits	123,710	123,710	108,435	108,435
Non-current liabilities				
Interest bearing loans and borrowings	347,973	229,656	356,926	218,909
Preference shares	219,444	212,776	–	–
Derivative financial instruments	6,166	6,166	7,904	7,904
Rent deposits	9,237	9,237	6,850	6,850
Investment property acquisition obligations	13,838	13,838	14,064	14,064
Retentions under construction contracts	8,692	8,692	6,687	6,687
Other payables	66	66	4,035	4,035
Current liabilities				
Interest bearing loans and borrowings	97,597	97,597	80,042	80,042
Investment property acquisition obligations	–	–	6,500	6,500
Derivative financial instruments	474	474	1,027	1,027
Other payables	26,319	26,319	45,011	45,011

Fair values have been calculated by using market values at the balance sheet date. The market values of loans receivable and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of short term deposits, VAT recoverable and 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 open market value. The fair value of derivatives is determined by a model with market based inputs. The fair value of available for sale financial assets was determined by reference to the sales proceeds received after the year end.

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 US$'000	Level 2 US$'000	Level 3 US$'000	Total fair value US$'000
As at 31 December 2009				
Assets measured at fair value				
Derivative financial instruments	–	195	–	195
Available for sale financial assets	–	–	4,232	4,232
Liabilities measured at fair value				
Derivative financial instruments	–	6,640	–	6,640
As at 31 December 2008				
Assets measured at fair value				
Derivative financial instruments	–	64	–	64
Available for sale financial assets	–	–	–	–
Liabilities measured at fair value				
Derivative financial instruments	–	8,931	–	8,931

* 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.

(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.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the 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 borrowings (including borrowings and trade and other payables as shown in the balance sheet) but excluding 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.

	2009 US$'000	2008 US$'000
Non-current liabilities (excluding preference shares)	412,655	412,946
Current liabilities	160,923	132,580
Liabilities associated with disposal groups classified as held for sale	51,654	–
Total borrowings	625,232	545,526
Less: cash and short term deposits (including disposal groups)	123,783	108,435
Net debt	501,449	437,091
Equity	545,883	735,040
Preference shares	219,444	–
Total capital	1,266, 776	1,172,131
Gearing ratio	39.58%	37.29%

35. Business combinations

(a) Raven Mount Group plc ("Raven Mount")

On 8 May 2009 the Company's acquisition of Raven Mount was pronounced unconditional. The Group considers Raven Mount to comprise a single cash generating unit. Prior to its acquisition Raven Mount was considered a related party to the Group. The acquisition of Raven Mount was in respect of 100% of its issued share capital.

Details of the fair values of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value US$'000	Adjustment US$'000	Fair value US$'000
Non-current assets			
Property, plant and equipment	59	–	59
Deferred tax assets	1,398	–	1,398
Current assets			
Inventories	66,171	(3,179)	62,992
Trade and other receivables	4,920	–	4,920
Available for sale investments	15,731	–	15,731
Cash and cash equivalents	29,914	–	29,914
Current liabilities			
Trade and other payables	(21,082)	–	(21,082)
Interest bearing loans and borrowings	(6,189)	–	(6,189)
Non-current liabilities			
Deferred tax liabilities	(916)	–	(916)
Net asset value	90,006	(3,179)	86,827
Goodwill (note 12)			8,059
			94,886
Discharged by:			
Issue of preference shares (note 23)			88,198
Issue of warrants (note 27)			3,675
Acquisition costs			3,013
			94,886

Included in the US$8 million of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies.

From the date of acquisition to 31 December 2009, Raven Mount contributed US$3,531k to the Group's loss for the year. Had the combination taken place at the beginning of 2009, the Group's loss before tax would have increased by US$1,271k and gross revenue from continuing operations would have increased by US$9,261k.

(b) Roslogistics Holdings (Russia) Limited ("Roslogistics")

Following a change to the financing arrangements of the Group's logistics joint venture, Roslogistics, the Group considers the substance of the arrangement to be that of a parent and subsidiary. The change was deemed effective from 1 May 2009. The Group considers Roslogistics to be a single cash generating unit.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value US$'000	Adjustment US$'000	Fair value US$'000
Non-current assets			
Property, plant and equipment	2,372	–	2,372
Intangible assets	323	(323)	–
Deferred tax assets	1,519	–	1,519
Current assets			
Trade and other receivables	2,304	–	2,304
Cash and cash equivalents	299	–	299
Current liabilities			
Trade and other payables	(3,994)	–	(3,994)
Interest bearing loans and borrowings	–	–	–
Non-current liabilities			
Interest bearing loans and borrowings	(10,437)	3,119	(7,318)
Net asset value	(7,614)	2,796	(4,818)
Goodwill (note 12)			5,383
			565
Discharged by:			
Cash consideration paid			500
Acquisition costs			65
			565

Included in the US$5 million of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected values of synergies and an assembled workforce.

From 1 May 2009 to 31 December 2009, Roslogistics contributed US$709k to the Group's loss for the year. Had the combination taken place at the beginning of 2009, the Group's loss before tax would have increased by US$2,427k and gross revenues from continuing operations would have increased by US$13,710k.

(c) 2008 Business combination – Property Advisor

On 9 July 2008 the Company entered into a framework agreement to acquire its Property Advisor, Raven Russia Property Management Limited, together with two related companies, Russian Property Management Limited and Raven Russia Property Advisors Limited (collectively the "Property Advisor"), which the Group considers comprise a single cash generating unit.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value US$'000	Adjustment US$'000	Fair value US$'000
Non-current assets			
Property, plant and equipment	952	–	952
Intangible assets (note 12)	–	67,581	67,581
Current assets			
Trade and other receivables	5,482	–	5,482
Cash and cash equivalents	159	–	159
Current liabilities			
Trade and other payables	(1,058)	–	(1,058)
Net asset value	5,535	67,581	73,116
Negative goodwill (note 12)			(7,564)
			65,552
Discharged by:			
Cash consideration			27,987
Issue of 80 million ordinary shares			32,734
Acquisition costs			4,831
			65,552

The fair value of shares issued as consideration was determined by reference to their closing price on 26 November 2008.

The acquisition reflects the internalisation of services previously outsourced to the Property Advisor and thus disclosures regarding the contribution to the loss for the year ended 31 December 2008 are not considered relevant.

36. Subsequent events

Details of post year end re-financings are set out in note 22 and post year end warrant exercises are set out in note 27.

37. Segmental information

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

Property investment – acquire, develop and lease commercial property in Russia and the CIS Logistics – provision of warehousing, transport, customs brokerage and related services in Russia and the CIS Property development – construct and sell residential property in the UK.

Financial information relating to investment property is provided to the Board on a property by property basis. The information provided is 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 aggregated into a single reporting segment.

Information on the property development segment provided to the Board is aggregated and comprises the gross profit recognised on the sale of inventory, including the share of profits or losses of its joint venture.

The logistics segment is a discrete business and the Board is presented with operating profits or losses after deduction of administrative expenses.

Administrative expenses are reported to the Board by segment. Foreign currency gains or losses, 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 loss, the loss from investment property would have increased by US$35,249k (2008: US$21,066k) and the loss from property development by US$9,617k (2008: US$ nil). Aggregate segment loss would have increased by US$44,866k (2008: US$21,066k).

Year ended 31 December 2009

	Property investment US$'000	Logistics US$'000	Property development US$'000	Total US$'000
Net operating income	46,116	–	–	46,116
Operating gain on logistics services	–	2,405	–	2,405
Proceeds from sale of inventory property	–	–	15,014	15,014
Cost of sales of inventory property	–	–	(13,211)	(13,211)
Impairment of goodwill	–	–	–	–
Impairment of loans to joint venture	–	–	–	–
Impairment of investment property under construction	–	–	–	–
Unrealised loss on revaluation of investment property	(57,933)	–	–	(57,933)
Unrealised loss on revaluation of investment property under construction	(50,544)	–	–	(50,544)
Administrative expenses	(22,545)	(5,845)	(5,462)	(33,852)
Segment loss	**(84,906)**	**(3,440)**	**(3,659)**	**(92,005)**
Settlement of advisory contract				–
Negative goodwill				–
Foreign currency losses				(3,097)
Finance income				4,818
Finance expense				(58,012)
Loss before tax				**(148,296)**

As at 31 December 2009

	Property investment US$'000	Logistics US$'000	Property development US$'000	Total US$'000
Assets				
Investment property	878,775	–	–	878,775
Investment property under construction	101,280	–	–	101,280
Inventory	–	–	61,403	61,403
Cash and short term deposits	96,168	220	27,322	123,710
Segment assets	**1,076,223**	**220**	**88,725**	**1,165,168**
Other non-current assets	–	–	–	100,690
Other current assets	–	–	–	73,047
Total assets	**–**	**–**	**–**	**1,338,905**
Segment liabilities				
Interest bearing loans and borrowings	434,269	–	11,301	445,570
Capital expenditure				
Payments for investment property under construction	138,345	–	–	138,345

Year ended 31 December 2008

	Property investment US$'000	Logistics US$'000	Property development US$'000	Total US$'000
Net operating income	39,606	–	–	39,606
Operating loss on logistics services	–	(103)	–	(103)
Proceeds from sale of inventory property	–	–	–	–
Cost of sales of inventory property	–	–	–	–
Impairment of goodwill	(2,265)	–	–	(2,265)
Impairment of loans to joint venture	(3,119)	–	–	(3,119)
Impairment of investment property under construction	(38,918)	–	–	(38,918)
Unrealised loss on revaluation of investment property	(39,145)	–	–	(39,145)
Administrative expenses	(22,227)	(2,478)	–	(24,705)
Segment loss	**(66,068)**	**(2,581)**	**–**	**(68,649)**
Settlement of advisory contract				(67,581)
Negative goodwill				7,564
Foreign currency losses				(33,929)
Finance income				11,613
Finance expense				(38,409)
Loss before tax				**(189,391)**

As at 31 December 2008

	Property investment US$'000	Logistics US$'000	Property development US$'000	Total US$'000
Assets				
Investment property	453,750	–	–	453,750
Investment property under construction	443,653	–	–	443,653
Inventory	–	–	–	–
Cash and short term deposits	107,785	650	–	108,435
Segment assets	**1,005,188**	**650**	**–**	**1,005,838**
Other non-current assets	–	–	–	192,131
Other current assets	–	–	–	82,597
Total assets	**–**	**–**	**–**	**1,280,566**
Segment liabilities				
Interest bearing loans and borrowings	434,155	2,813	–	436,968
Capital expenditure				
Payments for investment property under construction	461,740	–	–	461,740

The Group recognised revenue of US$11.1 million and US$13.3 million (2008: US$13.6 million and US$14.4 million) from single external tenants amounting to greater than 10% of Group revenues. These amounts arise from rental income in the property investment segment.

38. Operating lease arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments:

	2009 US$'000	2008 US$'000
Within one year	64,846	50,279
In the second year	61,929	44,605
In the third to fifth year (inclusive)	176,798	112,367
After five years	82,659	99,312
	386,232	306,563

39. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	2009 US$'000	2008 US$'000
Cash and short term deposits per balance sheet	123,710	108,435
Cash included within disposal group assets (note 20)	72	–
	123,782	108,435

Notice of Annual General Meeting

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek advice from your own stockbroker, bank manager, solicitor, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Raven Russia Limited (the "Company"), please send this document and the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your holding of ordinary shares in the Company, please contact your stockbrokers, bank or other agent as soon as possible.

For ordinary shareholders, and for information purposes only, to preference shareholders, option holders and warrant holders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Raven Russia Limited (the "Company") will be held at 1 Le Truchot, St Peter Port, Guernsey, GY1 6EH on 16 April 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions.

Ordinary Resolutions

1. To receive the financial statements and the report of the directors and of the auditors of the Company for the year ended 31 December 2009.

2. To approve the directors remuneration report for the year ended 31 December 2009.

3. To re-appoint Richard Jewson as a director of the Company.

4. To re-appoint Chris Sherwell as a director of the Company.

5. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the directors to determine their remuneration.

6. To declare a final dividend of 0.5p per ordinary share of 1p each in the capital of the Company in respect of the period ended 31 December 2009 to be paid to ordinary shareholders.

Special Resolutions

7. To authorise the Company, pursuant to Article 10.1 of the articles of incorporation of the Company (the "Articles") and in accordance with section 315 of The Companies (Guernsey) Law 2008 (the "Law") and in substitution for the existing authority granted at the Annual General Meeting of the Company held on 1 September 2009, to make market acquisitions (as defined in section 316 of the Law) of ordinary shares of 1p each in the capital of the Company (the "Ordinary Shares") provided that:

   (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 100,000,000;

   (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 1p;

   (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 105% of the average of the middle market quotations (as derived from the London Stock Exchange) for the Ordinary Shares for the five business days immediately preceding the date of purchase;

   (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date of this resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract after such expiry.

8. To authorise the Company, pursuant to Article 10.1 of the Articles and in accordance with section 315 of the Law and in substitution for the existing authority granted at the Annual General Meeting of the Company held on 1 September 2009, to make market acquisitions (as defined in section 316 of the Law) of cumulative redeemable preference shares of 1p each in the capital of the Company (the "Preference Shares") provided that:

   (a) the maximum number of Preference Shares hereby authorised to be purchased shall be 100,000,000;

   (b) the minimum price (exclusive of expenses) which may be paid for a Preference Share shall be 1p;

   (c) the maximum price (exclusive of expenses) which may be paid for a Preference Share shall be 105% of the average of the middle market quotations (as derived from the London Stock Exchange) for the Preference Shares for the five business days immediately preceding the date of purchase;

   (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire 18 months from the date of this resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Preference Shares under such authority and may make a purchase of Preference Shares pursuant to any such contract after such expiry.

9. To amend the Articles by inserting the following new Article 129.5 immediately after the existing Article 129.4:

   "129.5 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."

By order of the Board

Benn Garnham
Secretary

Dated: 26th March 2010

Registered Office:
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3ST

Notes:

1. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not later than forty eight hours before the time appointed for holding the meeting being no later then 10.00 a.m. on the 14 April 2010.
3. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. Please indicate in the box provided in the enclosed form of proxy if the proxy appointment is one of multiple appointments being given. If you wish to appoint more than one proxy, each proxy must be appointed on a separate form of proxy and please enter in the box provided the number of shares in respect of which the proxy is appointed. Additional forms of proxy may be obtained from the Companies' transfer agent. Alternatively you may photocopy the enclosed form of proxy the required number of times before completing it. All forms of proxy must be signed and returned together in the same envelope.
4. Completing and returning a form of proxy will not prevent a member from attending in person at the meeting and voting should he or she so wish.
5. The Company, pursuant to article 132.2 of the Articles, specifies that only those members entered on the register of members of the Company as at 10.00 a.m. on 14 April 2010 shall be entitled to attend or vote at the meeting in respect of shares registered in their name at that time. Changes to entries on the register after 10.00 a.m. on 14 April 2010 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Advisers

Registered Office:
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3ST

Nominated Advisers, Joint Brokers & Financial Advisers:
Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

Joint Brokers:
Singer Capital Markets Limited
One Hanover Street
London
W1S 1AX

Principal Bankers:
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HSBC
HSH Nordbank
Investec Private Bank
Lloyds TSB
Royal Bank of Scotland International

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Company Secretary:
Benn Garnham

Valuer:
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Moscow

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The Registry
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Independent Auditors:
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