**STRICTLY CONFIDENTIAL – FOR ADDRESSEE ONLY**

## Report and Valuation for

**MIRLAND DEVELOPMENT CORPORATION PLC**

## Of the Properties together known as

**“THE MIRLAND DEVELOPMENT CORPORATION ASSETS”, RUSSIA**

## Date of Valuation

**30TH OF JUNE 2010**

## Date of report issue

**7TH OF AUGUST 2010**

## Prepared by

**Cushman & Wakefield**
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For the attention of Mr. Roman Rozental

7TH of August 2010

Dear Mr. Rozental

**MIRLAND DEVELOPMENT CORPORATION PLC ("the Company")**
**Various Properties Together Known As The "Mirland Development Corporation Assets" ("The Properties")**

In accordance with the contracts between ourselves and MirLand Development Corporation plc dated 30th of June 2010 respectively, we have pleasure in reporting to you as follows:

## 1.1 SCOPE OF INSTRUCTIONS

We, Cushman & Wakefield (herein referred as "*C&W*"), have considered each property as set out in the Appendix.

We are instructed to prepare this Valuation Report for financial reporting purposes.
The effective date of each valuation is 30th of June 2010.

Each valuation has been prepared in accordance with the Practice Statements, 6th edition, contained in the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors in May 2003 ("*the Red Book*") as amended, and prepared by an appropriate valuer who conforms to the requirements as set out in the Red Book, acting in the capacity of External Valuer.

We confirm that this Valuation Report is a Regulated Purpose Valuation as defined in the Red Book.

### 1.2 BASIS OF VALUATION

Each property is either: held as an investment; for development; or is in the course of development and has, as instructed and in accordance with the requirements of the Red Book, been valued on the basis of Market Value, as defined in the Red Book as:

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

### 1.3 TENURE AND TENANCIES

We have not reviewed the Title Deeds or Leases and each valuation has been based entirely on the information which the Company has supplied to us as to tenure, tenancies and statutory notices. We understand each property is either held by the Company, its subsidiaries, or jointly with third parties. We have valued a 100% share of the tenure stated in each property, unless otherwise specifically stated, as if each property was held entirely by the Company as at the valuation date. We have not made any adjustment to value, which may be appropriate when considering fractural ownership for each individual property. In the summary below, an apportionment has been provided taking into account the share ownership of each property as provided to us by the Company. This is a straight apportionment based on these percentages, and no further deductions have been made to reflect minority share ownerships or the fact of fractional ownership. This number therefore may differ from the Market Value for the share ownership of individual properties, particularly when only a minority interest is held by the Company.

A number of properties are held leasehold on ground leases from Moscow City Government. The standard terms of these leases are that rents are reviewed annually (upwards, or downwards) in accordance with a city-wide formula that is set by the Moscow City Government. Each ground lease is subject to Term Extension Right Clause as standard, allowing for the extension of the duration of the lease upon expiry, on the same terms and conditions. However you should be aware that the effectiveness of the Term Extension Right Clause remains untested in the market because few leases have reached expiry. Our valuation assumes that the ground lease at each property can be extended in accordance with the Term Extension Right Clause.

Where a property is either "*currently in the course of development*" or "*held for future development*" and is held leasehold, the land leases generally confer the landlord's permission to develop. Where the considered development scheme differs from that anticipated by the land lease, our valuation assumes that the required variation to the landlord's permission will be forthcoming without material cost or delay. Where a property is to be held leasehold but the terms of the land lease are not finalised, our valuation takes into account any additional, reasonable, risks of delay and cost in receiving landlord's permissions. We have assumed

that there are no unforeseeable circumstances that would cause additional cost or delay in excess of that generally experienced.

Unless disclosed to us to the contrary and recorded in the property descriptions, each valuation is on the basis that:

a) the property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;

b) where the interest held in the property is leasehold, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;

c) leases to which the property may be subject are on standard market terms, and contain no unusual or onerous provisions or covenants which would affect value;

d) all notices have been served validly and within appropriate time limits;

e) the property excludes any mineral rights; and

f) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or by its employees on service occupancies.

In certain cases we have been informed by the Company that land lease rights are "*in the process of being formulated*". Unless otherwise stated our valuation is for a full share interest in the Property and assumes that a good and marketable title exists. This should be taken into account in consideration of individual properties. Where specific outstanding costs have been identified to us as being required to arrive at ownership of a full share interest in the requisite Property or in order to obtain the necessary permits, these costs have been taken into account in the valuation in full.

For some properties we have been informed by the Company that investment contracts are held for the development. In these cases our valuations assume that a ground lease and an ownership certificate will be issued upon completion of the development, as is normal development practice in Moscow.

### 1.4 NET ANNUAL RENT

The net annual rent for each property is referred to in the Schedule at Appendix One. Net annual rent is defined in the Listing Rules as:

*"the current income or income estimated by the valuer:*

*(i) ignoring special receipts or deductions arising from the property;*
*(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and*

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

## 1.5 TOWN PLANNING

We have not made formal searches, but have generally relied on verbal enquiries and any informal information received from the Local Planning Authority, or from the Company. Each valuation is on the basis that the property has been erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach of planning or building regulations. Except where stated otherwise, each valuation is on the basis that each property is not affected by proposals for road widening, Compulsory Purchase, planning inquiry, or archaeological investigation.

We are informed by the Company that for a number of "properties held for development", the relevant planning permission approvals are either; "*in the process of being applied for*", or "*in the process of being updated*". Each valuation assumes that all required planning permission consents will be received within a normally acceptable timescale and that there are no such issues which would materially delay the issuance of the required consent, or have a material effect on value or marketability.

Although, where appropriate, we have considered the Company's business plan to develop each property, each valuation reflects our opinion of an appropriate development that could reasonably be expected to form the basis of a bid for a property by a third party. I.e. the Highest and Best Use as defined by the International Valuation Standards has been considered for each property. The Highest and Best Use is defined in Paragraph 3.4 of IVS 1 as: *"The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued".*

## 1.6 STRUCTURE

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

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

We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, each valuation is on the basis that no hazardous or suspect materials or techniques have been used in the construction of any property.

### 1.7 SITE AND CONTAMINATION

We have not investigated ground conditions/stability and each valuation is on the basis that any buildings have been constructed, having appropriate regard to existing ground conditions. Where the property has development potential, our valuation is on the basis that there are no adverse ground conditions which would affect building costs. However, where you have supplied us with a building cost estimate, we have relied on it being based on full information regarding existing ground conditions. We have considered the Company's construction estimates in the light of typical market norms.

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

### 1.8 PLANT AND MACHINERY

Where the interest held in the property is freehold, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. Where the interest held in the property is short leasehold (<50 years), these items have been treated as belonging to the landlord upon reversion of the lease.

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

### 1.9 INSPECTIONS, AREAS AND DIMENSIONS

We have inspected each property internally and externally (except the properties held for development in Penza, Saratov and Kazan) unless specific reference is made to a limited inspection. Further inspections have been carried out where there have been significant changes to any individual property, and these further inspection dates, where applicable, are identified in the property descriptions below.

No measured surveys have been carried out by C&W. We have relied entirely on the site and floor areas and dimensions provided to us by the Company. We have assumed that these are correct and calculated on the appropriate basis, as normally adopted by the local property market. Any references to the age of buildings are approximate.

### 1.10 GENERAL PRINCIPLES

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

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

Where we have reflected development potential in a valuation, we have assumed that all structures at the property will be completed using good quality materials and first class workmanship and that the development scheme will let to tenants who satisfy the tenant mix policy and are of reasonable covenant status and on typical market lease terms.

No allowances have been made for any expenses of realisation arising from a sale or development of each property. Each valuation does not make allowance either for the cost of transferring sale proceeds internationally or elsewhere within the Company, or for any restrictions on doing so. No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over each property. Where a grant has been received, no allowance has been made in our valuations for any requirement to repay the grant.
A purchaser of a property is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this Valuation Report has been prepared.

The valuation of each property has been undertaken by the professional(s) identified in the valuation schedule below.

We strongly recommend that no disposal of any property should be undertaken without proper exposure to the market. Each valuation assumes that there is an active letting and funding market. This Valuation Report should be read in conjunction with the contracts referred to above, our terms of engagement and in particular our Standard Terms and Conditions of Appointment of Cushman & Wakefield as Valuers.

### 1.11 MARKET UNCERTAINTY

Where uncertainty could have a material effect on an opinion of value, the Red Book requires a valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The global banking crisis and consequent reduction in the availability of debt, coupled with the economic downturn, have caused property values to experience sharp falls in value and liquidity, with very few transactions being completed.

Although recent transactions could be considered distressed, it is inappropriate to conclude that all recent market activity represents forced transactions. An imbalance between supply and demand (for example, fewer buyers than sellers) is not always a determinant of a forced transaction. A seller might be under financial pressure to sell, but it is still able to sell at a market price if there is more than one potential buyer in the market and a reasonable amount of time is available for marketing. Similarly, transactions initiated during bankruptcy should not automatically be assumed to be forced.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied.

Some parts of the market, particularly for secondary or vacant properties, have experienced particularly nil transaction volumes. As a consequence, there's hardly any market evidence upon which to base our valuation and so we have had to exercise a greater degree of judgement than usual. We have considered both current and historic market evidence available and endeavoured to reflect current market sentiment, although the signals are mixed. We strongly recommend that you keep the valuation of the subject property under review. You should also anticipate a longer marketing period than would previously have been expected in the event that the property is offered for sale.

### 1.12 SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

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

### 1.13 CONFLICT OF INTEREST

We confirm that there are no conflicts of interest in our advising you on the value of the Properties.

The fee paid to us bears no impact whatsoever on the outcome of the appraisal. The goal of this Report is not to attain a previously agreed market value or its derivative, favorable to the interests of the Client.

## 1.14 DISCLOSURE

The members of The Royal Institution of Chartered Surveyors signing this Report have previously been the signatories to the valuations provided to the Company for the same purposes as this Valuation Report. C&W have previously carried out these valuations for the same purpose as this Valuation Report on behalf of the Company.

## 1.15 AGGREGATE VALUATION

Subject to the foregoing, and based on values current as at 30th of June 2010, we are of the opinion that the aggregation of the Market Value of each 100% share of each freehold and leasehold interest each property, as set out in the appendix, is the total sum of (rounded):

**US$779,000,000**

**SEVEN HUNDRED SEVENTY NINE MILLION US DOLLARS**

**NET OF VAT**

This sum may be apportioned as follows:

| | Freehold (rounded) | Leasehold (rounded) |
|---|---:|---:|
| Properties held as Investments | US$70,800,000 | US$201,900,000 |
| Properties in the Course of Development | US$180,400,000 | US$31,000,000 |
| Properties Held for Development | US$231,600,000 | US$63,300,000 |
| **Total** | **US$482,800,000** | **US$296,200,000** |

Based on the information supplied to us as regards ownership, we are of the opinion that the Market Value of the Company's beneficial share in each Property, on the basis outlined above is the total sum of (rounded):

**US$696,347,000**

**SIX HUNDRED NINTY SIX MILLION AND THREE HUNDRED AND FORTY SEVEN THOUSAND US DOLLARS NET OF VAT**

This sum may be apportioned as follows:

| | Freehold (rounded) | Leasehold (rounded) |
|---|---|---|
| Properties held as Investments | US$34,692,000 | US$158,976,000 |
| Properties in the Course of Development | US$180,400,000 | US$31,000,000 |
| Properties Held for Development | US$227,979,000 | US$63,300,000 |
| **Total** | **US$443,071,000** | **US$253,276,000** |

The valuation stated above represents the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot. We set out the value ascribed to each property in the appendix.

We have considered an appropriate development commencement date and development period for each property in isolation, based on each property's particular circumstance. Each valuation does not consider any effect of multiple properties being developed concurrently (e.g. any resource, expense or savings issues if undertaken by a single developer), or released to the market (occupation or investment) together.

The Summary Valuation Schedule shows our opinion of the appropriate discount rate on an un-leveraged basis as used in the Market Valuation for each property. This discount rate is calculated on the assumption that each property would be held for a reasonable period to allows stabilisation of income upon development completion, with the exception of the development of residential property for sale, and that no debt is used.

## 1.16 CONFIDENTIALITY

The contents of this Valuation Report are intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Valuation Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Valuation Report is combined with others.

Notwithstanding the preceding paragraph, our prior written approval shall not be required for the reproduction and inclusion of this report, in its entirety or only parts of this report, in respect of the MirLand Development Corporation financial reporting related to its public listing at AIM.

Yours faithfully

For and on behalf of Cushman & Wakefield

**Tim Millard MA(Cantab) MRICS**

Managing Partner Russia & CIS

**Stanislav Bibik MScSurv CCIM MRICS**

Deputy Head of Valuation Department

Associate

Valuation Advisory Services

## APPENDIX ONE

**VALUATION METHODOLOGY**
**GLOBAL ASSUMPTIONS**
**SCHEDULE OF VALUES**
**PROPERTY SCHEDULES : SUMMARY TABLE**
**PROPERTY SCHEDULES : PROPERTIES HELD AS INVESTMENTS**
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## VALUATION METHODOLOGY

There are three generally adopted approaches used to value property: *The Sales Comparison Approach; The Income Approach*; and *The Cost Approach*. We have valued the properties using the income approach, taking account of sales comparables where available. The cost approach has not been used as this produces a "Non-Market Value" suitable for financial statements relating only to "specialised properties". An overview of The Sales Comparison Approach and The Income Approach and how these relate to the Russian Market, follows.

**The Cost Approach**

Under IVS this approach is relevant to specialised properties (i.e. properties that are rarely if ever sold on the open market … due to their uniqueness which arises from their specialised nature and design of the buildings, their configuration, size, location or otherwise) and Limited Market Property (i.e. properties that because of market conditions, unique features, or other factors attract relatively few buyers).

**The Sales Comparison Approach**

This method involves analysing all available information on sales of comparable properties that have taken place and making adjustments in the prices achieved to reflect the differences in the properties sold and the property to be valued. This approach hinges on the availability of reliable market evidence of comparable sales. Distinction must be drawn between information that is known to be accurate and reported information that is second hand or at best hearsay. Only information that is known to be accurate can be relied upon with any degree of comfort to provide an accurate valuation.

There are severe difficulties of applying this valuation approach in emerging real estate markets, including Russia, as due to their comparative immaturity the availability of reliable market information is very limited. To reflect this, the International Valuation Standards Committee ("IVSC") (the leading international body for setting valuation standards) devoted a recent White Paper to the study. It identifies specific problems for valuers in emerging markets, which apply very well to Moscow and to Russia – and these problems also tend to inhibit the operation of the market as a whole, in particular as regards investment.

The principal problem is a lack of transparency and a relatively low volume of recorded deals. In mature property markets there is a wealth of information available on completed sales transactions, in the form of yields and total sales prices, and this makes it relatively straight-forward to apply this valuation technique to any property. In Russia this sort of information is often not available, and where the details of transactions are publicized their accuracy can not always be guaranteed. In addition, a large number of sales transactions in Russia take place "off-market" and therefore details of them are seldom known beyond those who were party to the deal.

The volume of completed deals is very low in all sectors of the Russian real estate market. In addition – as outlined above, deal information is rarely reported accurately and is often manipulated for other reasons benefiting the separate parties to any sale deal. Therefore it is often necessary to use offered prices as a basis for assessing the opinion as to value using the sales comparison approach.

Development sites are transacted, but these transactions are usually "off-market" and therefore reliable comparable information is therefore only available to the parties to the transactions and their advisers – who are usually bound by confidentiality restrictions.

We are aware of the details of a number of transactions of land held for development. This comparable information has been taken into account in assessing the valuations herein, and where possible these comparables are referred to. However – in most cases we are bound by confidentiality and therefore can only provide guideline information.

We applied this method where it was applicable in order to develop our judgement on the market value of each property.

For the purpose of this valuation we applied this method to the properties where it was possible to find relevant comparable offers and information on their status and price. This method was applied while valuing land plots, intended for retail complex development in Penza and Kazan and a land plot in Saratov, intended for development of a logistics complex.

In respect of the land plot in Moscow (Skyscraper project), it should be stated that there are no similar comparables, possessing identical characteristic. Therefore we applied only the DCF method while valuing these Properties.

**Special Assumption - Using prices from inactive markets**[1]

A quoted market price in an active market for an identical asset or liability is most representative of fair value and is required to be used (generally without adjustment). Transaction prices in inactive markets might be inputs when measuring fair value, but may not be determinative.

Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current. However, these factors alone do not necessarily mean that a market is no longer active and determining that a market is not active requires judgement. An active market is one in which transactions are taking place regularly on an arm's length basis. What is 'regularly' is a matter of judgement and depends upon the facts and circumstances of the market for the instrument being measured at fair value.

Regardless of the level of activity, transaction prices that do not represent distressed transactions cannot be ignored when measuring fair value using a valuation technique, although they might require significant adjustment based on unobservable data. When a market becomes inactive, it is not appropriate to conclude that all market activity represents forced liquidations or distress sales.

However, it is also not appropriate to conclude automatically that any transaction price is determinative of fair value. Determining fair value in a market that has become inactive depends on the facts and circumstances and may require the use of significant judgement. Regardless of the valuation technique used, an entity must include appropriate risk adjustments that market participants would make, such as for credit and liquidity.

[1] Using judgment to measure the fair value of financial instruments when markets are no longer active. An IASB Staff Summary. October 2008.

## GLOBAL ASSUMPTIONS FOR THE SALES COMPARISON APPROACH

We have used the Sales Comparison Approach to develop an opinion of land values. Within this approach, we have analyzed prices offered by owners for similar sites in the market. In making comparisons, we have adjusted the sale prices for differences between the Properties and the comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

In the valuation of the freehold interest in the Properties, the Sales Comparison Approach has been used to establish the prices being paid for similarly zoned land. The most widely used and market oriented unit of comparison for properties with characteristics similar to those of the subject is the sale price per square meter of land area. All transactions used in this analysis are analyzed on this basis.

The major elements of this approach include tenure, permitted use of the land plot, status of the comparable, location of the property, its size, access to public utilities, documentation and technical conditions.

### Discussion of Adjustments

While assessing the adjustments, we were guided by common practice and based our assumptions on our previous experience in valuation of similar kind of assets.

### Tenure

This adjustment describes the type of rights in regards of the property: freehold or leasehold. Practically all comparables used are held freehold as well as the subject Properties. Whereas the comparable is held leasehold for 49 years, an adjustment of 5% was made. An adjustment of 10% was made to the Comparable 1 for Saratov Logistics as the land plot is in the process of official registration and legalization of 49-year old leasehold rights, which will be acquired in 3-4 months.

### Status

Adjustments for the type of comparable usually reflect the status of the comparable itself. As all comparables are open offers, we made necessary adjustments taking into account the discount that each owner is ready to give to the buyer.
We made downward adjustments in the range of 5 to 10% to reflect the size of the discount the owners are ready to give in each case.

### Permitted use

This adjustment describes the permitted use every land plot has got. As all comparables have one and the same permitted use as the Properties, we did not make any adjustments in this respect.

As there were no deviations from the applicable zoning plan, no adjustments have been made in this respect to the subject Properties.

### Project Documentation and Technical Conditions

Existence of Project documentation and Technical conditions of different utilities always significantly increases the value of the land plot. This adjustment represents a money-based adjustment, which is measured not in the percentages but in the amount of money per 1 sq. m. invested into the project and connected with acquisition of all necessary documentation and technical conditions. In our case this adjustment was applied only in respect of the Kazan land plot, which is undergoing the Project stage.

### Location

An adjustment for location is required when the location characteristics of a comparable property are different from those of the subject property. We have estimated the data relative to the location of the subject Properties including their specific location and immediate surroundings. Based on our analysis, we have made a downward adjustment to those comparables considered superior in location versus the subject. Conversely, an upward adjustment was made to those comparables considered inferior.

### Size

The size adjustment generally reflects the inverse relationship between the unit price and the lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Hence, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

### Public Utilities

The public utilities adjustment usually reflects access to all necessary utilities such as gas, electricity and water supply. We have made a downward adjustment to those comparables where all technical conditions were agreed whereas for the subject Properties it was assumed that all necessary utilities are located nearby.

### Weight

Taking into account nature, character and main characteristics of the comparable land plots, while valuing the land plots in Saratov and Penza, we have weighted the adjusted values in order to come to the market value per 1 sq. m of the subject Properties. Bigger weights were given to those Comparables, which are more similar to the subject Properties in their main characteristics and therefore their adjusted value better reflects the market value of the subject Property.

On the basis of all adjustments made we have estimated the market value for the subject Properties, derived from the average meaning of the adjusted prices for comparable sites or weighted average where appropriate. Summary tables are presented in the Appendix 6.

**The Income Approach**

The most commonly used technique for assessing Market Value within the Income Approach is Discounted Cash-flow. This is a financial modelling technique based on explicit assumptions regarding the prospective cash-flow to a property or business and the costs associated with being able to generate the income. To this assessed cash-flow is applied a market-derived discount rate to establish a present value of the income stream. This Net Present Value ("NPV") is an indication of Market Value[2]. This approach is considered to be the most sophisticated valuation technique, over and above even the Sales Comparison Approach, because it allows differences between comparable sales and the subject property to be explicitly considered and analysed. It is therefore less based on subjective judgements but objectively on market available information.[3]

For the basis of the current valuations where for the majority of properties consents exist for a specific type of development, the income approach is the most relevant. The residual value for properties under development or properties held for future development is the NPV of all future income streams less the NPV of all future costs. The costs include all of the development costs still outstanding in respect of each property, taxes paid over the operation incomes and tax for the sale of assets, and future incomes are assessed based on current returns for completed properties of a similar nature in the market adjusted to reflect the expected completion date for the particular project and anticipated future trends in rents and / or sales prices.

The difficulty in applying this method in the Russian market is assessing the correct market derived discount rate, due to the very small number of transactions, the lack of transparency in the reporting of information and in the wide variations in returns required on projects from different investors.

The costs and incomes associated with the project have been assessed on the basis of standard construction costs in the market together with property or project specific information provided by the developer and current market returns adjusted to reflect anticipated future trends.

In order to assess the residual valuation of the land a discount rate has to be applied to the projected cash-flows. The discount rate is market derived and reflects the minimum returns a typical investor would require to undertake a project of this type. This approach then provides the maximum value that an investor would be willing to pay for the land in its current condition, being the Net Present Value of all identified future costs and incomes at the necessary rate of return.

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[2] International Valuation Standards Sixth Edition – Guidance Note 9
[3] International Valuation Standards Committee Newsletter - Global Valuation Issues (Sept. 2003)

In the Russian market this approach specifically excludes the use of debt and the effect of leverage. The availability of debt, and on what terms, varies widely from investor to investor, and there is no market standard – especially in a comparatively immature debt market such as Moscow. Pre-debt discount and capitalisation rates are therefore used to represent the risk-return requirement of investors.

## GLOBAL ASSUMPTIONS FOR THE INCOME APPROACH

For the subject Properties some general assumptions have been made in developing the residual valuations.

These are summarised below:

**Acquisition Cost**

The properties are mainly owned. However, in the modelling process the Market Value for a third party purchaser has been treated as the initial investment;

**Development Proposals**

It has been assumed where project documentation exists that any development would conform to the overall sizes as provided to us unless it is reasonable to assume that development could take place in some other form;

**Utilities & Road Improvement**

In Russia the cost of providing utilities and executing necessary road improvements can vary widely. Where utilities need to be provided or road works executed it has been assumed that the cost estimates supplied to us are accurate;

**Construction Phasing**

All projects, unless specifically stated otherwise, have been assumed to be constructed in one phase. Due to the size of the Saint Petersburg (Residential and Trade Centre), Yaroslavl Phase 2 and Perkhushkovo projects it has been assumed that they would be phased and that the phasing would be designed to maximise the returns from the site;

**Construction Costs**

Construction costs have been assessed in accordance with standard rates in the market that a third party developer / purchaser would expect to have to pay in the course of the development of each project. All the costs were provided to us by the Company, a reliable and a well-known developer, and were then double-checked by ourselves, based on the tables and construction costs guidance that we have got in-house as well as the data on other developments in Russia that we have from the information provided on other valuation projects;

**Construction Contract**

An advance payment is included in the cost calculations, which is charged to the first quarter of the construction contract. A hold-back against defects requiring remedy is also included and is charged to the quarter after completion of construction of the relevant phase. The remaining construction costs are applied equally throughout the development period;

**Permit & Design Costs**

Where there are outstanding permitting costs these have been assessed in line with the anticipated numbers as supplied by the client as, once again, there can be a wide variation in the permitting costs. Design costs – where appropriate have been assessed in line with market standards;

**Assumed Sale**

In order to assess the capital value of a completed development, we have assumed that a property is to be held upon completion for a period until the net income stabilizes, and thereafter is sold. Taxes for the operation period and for the sale of assets were deducted from the proceeds (See taxes below). This is a valuation technique and does not necessarily represent the intention of the owner;

**Discount Rate**

We have considered the perceived risk associated with the subject Properties, as there is a direct correlation between a property's perceived risk and expected rate of return to an investor. Based on our knowledge of required rates of return for various investments, in particular real estate, as well as through discussions with persons active in the real estate market of Moscow, St. Petersburg and other regions, we have been able to estimate an appropriate discount rate that reflects the perceived risk and required rate of return for a property such as the subject one.

The term "discount rate" is a rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Thus the discount rate is used to determine the amount an investor would pay today (present value) for the right to receive an anticipated stream of payments (e.g., cash-flows) in the future.

Generally, the discount rate is the rate of return that would be required by an investor to purchase the stream of expected benefits (e.g., future cash-flows), given the risk of achieving those benefits. Risk is generally defined as the degree of certainty or uncertainty as to the realisation of expected future returns. In terms of a discounted cash-flow projection, this can be interpreted as the probability and extent to which the future projections will be realised. In other words, it is the risk of achieving the projections.

The discount rate selected must be based on the same definition of cash-flow utilised in the valuation model.

The level of yield may vary in different areas of each region for many reasons such as condition, desirability of location, which might be related to such factors as accessibility, visibility, reputation, etc. Investors expect larger returns when investing in high-risk income properties. A discount rate, appropriate for each Property, was applied in each case.

While assessing the yields, we as appraisers had to work in conditions of market slowdown. As a consequence, there has been a significant reduction in market evidence upon which to base our valuation and so we have had to exercise a greater degree of judgment than usual. This is due to low level of investment activity which results in an imbalance between supply and demand therefore leading to forced transactions and distressed sales. Therefore we based our valuation on our overall experience and our knowledge of the market. While assessing an appropriate level of yields to each property in the portfolio, we used the available information about generalized capitalization rates for a certain real estate sector and a certain balance between prudent sellers' and willing buyers' expectations as well as analyzed general trends and correlations between all market variables. Therefore the yields were mainly derived from the market perception and knowledge rather than from any kind of mathematical calculations, which cannot be fully relied on in view of the market volatility and low activity. All the numbers were confirmed internally with our in-house investment team that has its own range of external and internal sources of information, which is formed on the basis of regular discussions with buyers and sellers, available market data as well as with other consulting and investment companies.

When analyzing the level of yield for Mirland Business Centre properties located on 2nd Khutorskaya street, we have analyzed perceived level of risk associated with these properties which is discussed in greater detail below.

Based on the analysis of all salient facts and available information we have assessed the level of yield for MAG business centre as 12% and 12.5% for Hydromashservice. This was made due to the fact of the higher vacancy levels for Hydromashservice property and correspondingly, the higher level of risk associated with leasing and marketing of the property.

When assessing the level of yield for Century building, we have taken into account that it was fully completed as at the date of valuation however the vacancy rate was around 15%. In addition the building was partly over-rented with a binding lease contract which was also taken into account in our valuation. Taking into account existing leasing and marketing risk for the property and considering the timing and the lease terms applied in the valuation, we have appropriately set the of yield for the subject property at the level of 15%. We believe this provides a reasonable risk premium.

During our analysis of Tamiz office building we have taken into account all the relevant characteristics of the building and the current plans of the Company to complete fit-out works in the building by the end of 2010 which we believe reasonable. Taking into account the above information we are of opinion

that a discount rate of 14% represents a reasonable level of yield for the subject property;

**Exit Capitalization Rates**

The capitalization rates are derived from our analysis of recent market transactions, together with our market knowledge derived from Cushman & Wakefield's investment agency coverage. In view of the current state of the market a greater degree of judgment was applied than would be the case in more mature markets where there is a large amount of transactional evidence. Nevertheless the yield levels used in the valuation calculation are based on market evidence and our experience of working with investors looking to invest in the market and our knowledge of the levels of return that they are seeking from their investments.

It is necessary to note that the Russian investment market is revving up with prime capitalization rates at the level of 10% for offices, 11% for retail premises and 12% for warehouse properties. We expect a further decline of capitalization rates by the end of the year within 1%, and we may see the pre-crisis yields for the best properties on the market. On the basis of our market analysis, our discussions with major investment market players and recent capital markets transactions, both executed and in the process of final negotiations, we have been able to assess the exit capitalisation rates for the subject commercial properties.

Now most of the money interested to move into the market is focused on the best assets in Moscow. In addition, well managed properties with good reputation and solid rent rolls will command a scarcity premium and will be most attractive to buyers and bankers alike. We believe that the improvement in macro fundamentals will lift interest in the retail and warehouse sectors, particularly once consumer spending accelerates to the extent we believe it has. Residential property is also attractive key of interest. Market capitalisation rates have been projected based on the assessment that the property investment market for Moscow, Saint Petersburg and the regions will become more sophisticated over the period and that the number of active investors will increase. We consider these to be both logical and appropriate;

**Rental Rates**

Rental rates for commercial office and retail spaces have been projected together with capitalisation rates, for the period of the cash-flow. Sales prices for residential developments have been assessed for the reasonably expected completion dates. These figures are based on research carried out by *Cushman & Wakefield* and market information. Rental rates in comparable properties in each particular city are presented in Appendix Two “Market Commentary”.
In respect of commercial rents they are exclusive of operating expenses and VAT and have been assessed on a conservative projection of future market movement. They therefore provide realistic minimum figures that it is anticipated can be achieved;

**Rental Rates Growth**

Due to current market situation, it is very difficult to project any rental growth in future, especially on office premises even though it is believed now that the market is rather stabilized and starting its recovery back towards pre-crisis levels.

We have adopted a more conservative approach to valuation and decided not to apply any growth rate on office premises except for Skyscraper and retail premises except for Yaroslavl and Saratov.

We believe that Skyscraper project has a big potential comparing to the current situation as at the date of valuation. It is well-located in a rapidly growing district of Moscow, which is being developed now and will be even more actively developing in the near future. We believe that the Skyscraper project when developed will be a landmark property reflecting new trends of the Moscow office real estate market. It will set the new submarket standards, being the submarket maker. Therefore we are of opinion that the rental growth that is applied in the valuation model represents a premium for the uniqueness of the project and its future potential in the market (5%

for retail, office components and underground parking).

Growth rates for Saratov shopping center of 7% for gallery, 10% for accessories and food-court and 5% for other groups of tenants are determined by existing preliminary agreements for about 90% of the space. Yaroslavl phase 2 rental growth assumptions were mainly based on the existing phase 1 lease contracts which provide the best comparable evidence. Therefore 3% of rental indexation represent rather conservative estimation;

**Sale Prices**

Sales prices for residential properties have been analyzed on the basis of the current sales program together with the current market situation. In addition, we have analyzed the current deals in the market as at the date of valuation.;

**Review / Renewal Period**

This is the length of the initial leases. The rents for the initial leases remain fixed for their entire term, in line with current market practices where indexation and rent reviews are not prevalent, and the rent during this period will depend upon the prevailing market rental rate in the year of completion. The assumed length of initial leases varies depending upon the property class – office leases are typically 5 years and retail leases are typically 3 to 5 years;

**Vacancy Rate**

Vacancy has been assumed for the duration of each project and depends upon the property class, its location, the local market and the relative merits of each anticipated project. Vacancy rates in a cutaway view of each particular Property in each particular city were agreed with our internal brokers' departments, which have deep knowledge and large experience in all sectors of commercial real estate all over Russia;

**Operating Expenses**

For commercial properties these are assumed to be paid by the tenant at cost, and they are therefore cash-flow and VAT neutral and they are not included in the cash-flow analysis. For residential properties it is also assumed that operating expenses will be passed through to residents in the form of a service charge or similar;

**Security Deposit**

It is common for tenants to pay security deposits in the Russian market which are held interest free by the Landlord and offset against the last relevant period of the lease. Standard levels of Security Deposit have been assumed for different property classes. These deposits are treated as financing cash-flow and will be off-settable against the final relevant period of each lease;

**Debt Assumptions**

In assessing the Market Value of property it has been assumed that no debt is used. There are wide variations as to the financing terms available in the as yet immature Russian property finance market and it is not therefore possible to apply standard terms.
Therefore unleveraged yields are used to provide a consistent approach;

**VAT Rate**

The VAT rate has been taken at the current rate of 18% introduced at the beginning of 2004. The VAT rate is of importance because although in theory VAT in Russia is immediately recoverable from the government the practice is slightly different. The VAT paid on construction and other development costs is considered a VAT credit account in favour of the landowner. VAT on future rents can be retained and offset against the VAT account until it is zeroed out. This has a significant effect on cash-flow. For the purchase of existing properties VAT is payable in respect of that part of the purchase price apportioned to building improvements. VAT is not payable in respect of the part (or whole) of the purchase price that relates to the land plot (or land lease).

It has been assumed that all of the costs in association with the development of the project will be subject to VAT and also that all of the tenants (where appropriate) will be VAT paying. Where applicable the current VAT credit account has been taken into account – depending upon the tenure of the property. I.e. freehold property sales are subject to VAT, but sales of shares in a company are not. For the purposes of this valuation all properties have been assessed on a freehold basis as opposed to the existence of any SPVs;

**Cash Reserve**

A contingency account against future capital expenditures is a prudent measure. Contributions to this cash reserve have been set depending on the different criteria of each proposed development;

**Agent's & Brokers Fees**

Standard market practice is to use brokers to lease commercial space. This has been taken into account;

**Depreciation**

Assessed over 50 years on a straight line basis, in line with local regulations excluding that part of the balance sheet value that relates to the underlying land value. The type of tenure affects the annual depreciation and will therefore affect the level of costs which are deductible for profit tax purposes. A sale of a freehold property results in the property being held on the balance sheet at the transaction value and usually results in a higher level of depreciation and therefore a higher level of tax deductible costs, potentially increasing income. Where a property is held in a Special Purpose Vehicle (SPV) any sale of the shares will not affect the value of the property on the balance sheet (usually the existing depreciated construction cost) and this will ordinarily result in a lower level of depreciation. As outlined above, all of the properties in this report have been valued on the basis of a freehold sale;

**Taxes**

Similarly property tax is payable on the book value of any property, excluding that part that relates to the underlying land value, currently at 2.2% and the nature of the tenure will affect the overall level of property tax payable. There may also be effects on the level of other taxes payable due to the type of tenure. The standard corporate profit tax rate is currently at 20.0% and has been included in our financial analysis, i.e. taxes were deducted from the

operation profits during the operation period and from capital gains due to sale of assets;

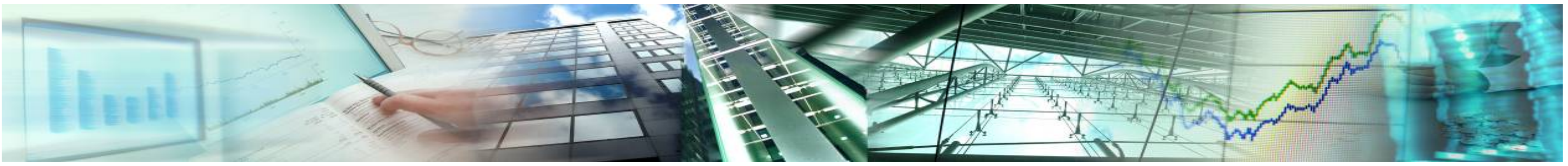
**Development Assumption**

The current Report and Valuation are based on the assumption that all concepts proposed by the Company are legally possible and the proposed development schemes will be realized by the Company under current conditions and commercial terms. Therefore the Values provided are related to the size and use of the planned project, but are subject to change, the risk for which is taken into account in the discount rates applied.

## SCHEDULE OF VALUES

A summary table is included below. The appendices contain information for each of the individual properties within the classes of: "Properties *held* as investments", "Properties *in the course of development*", and "Properties *held for development*".

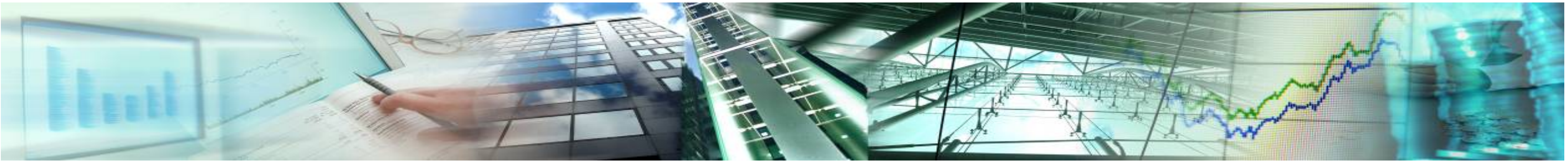
## SUMMARY TABLE



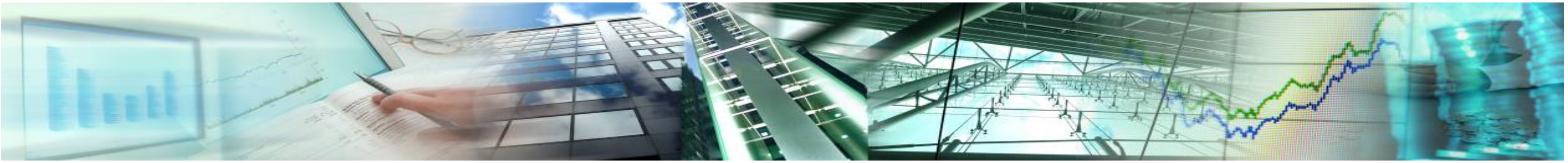
## MirLand Development Corporation Assets - Overview of Market Values as at 30th of June 2010

| Ref. | City | Property Name and Address | Portfolio Market Value as of 30th of June 2010 (Rounded) | Percentage Owned by MirLand | MirLand Market Value as of 30th of June 2010 (Rounded) | Total sqm of Land | Projected Net Leasable / Saleable Area in sqm upon Completion (excl. Parking) | Market Value per sqm of Projected Net Leasable Area | Discount Rate | Projected Exit Date | Projected Exit Capitalisation Rate for Commercial (Uncompleted Only) | Projected Exit Sales Price (Uncompleted Only) | Projected Corporate Profit Tax on Exit Sales Price of Commercial Units (Uncompleted Only) Rounded | Projected Exit Sales Price per sqm of Net Leasable Commercial Area (Uncompleted Only) | Total Outstanding Investment (excl. VAT & Land for commercial properties and incl. VAT for residential projects) | Total Commercial NOI as of 2010 Market Rental Values (Assuming 100% Occupancy and Fully Completed) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 001 | Moscow | Hydromashservice, 2-Khutorskaya str., 38A | $59 900 000 | 100% | $59 900 000 | 12 237 | 17 198 | $3 483 | 12,50% | Completed | Completed | Completed | Completed | Completed | Completed | $7 142 000 |
| 002 | Moscow | MAG, 2-Khutorskaya str., 38A | $54 400 000 | 100% | $54 400 000 | 21 940 | 19 867 | $2 738 | 12%/14% | Completed | Completed | Completed | Completed | Completed | Completed | $7 792 000 |
| 003 | Moscow Region | Western Residence, Perkhushkovo, Odintsovsky district | $85 500 000 | 100% | $85 500 000 | 225 300 | 65 629 | $1 303 | 18,00% | 2015 | Residential | $188 756 000 | Residential | Residential | $38 600 000 | Residential |
| 004 | Saratov | Triumph Mall, 167 Zarubina street | $94 900 000 | 100% | $94 900 000 | 22 000 | 27 396 | $3 464 | 14,00% | 2012 | 11,00% | $119 099 000 | $4 823 000 | $4 347 | $3 000 000 | $12 166 000 |
| 005 | Moscow | Skyscraper, Dmitrovskoe schosse, 1 | $55 500 000 | 100% | $55 500 000 | 9 079 | 92 000 | $603 | 17,50% | 2016 | 8,50% | $750 734 000 | $85 723 000 | $8 160 | $283 396 399 | $63 812 000 |
| 006 | Saint Petersburg | Triumph Park, Residential | $204 400 000 | 100% | $204 400 000 | 408 314 | 630 900 | $324 | 21,00% | 2014-2020 | Residential | $1 803 790 000 | Residential | Residential | $910 244 000 | Residential |
| 007 | Saint Petersburg | Triumph Park, Trade Center | $16 500 000 | 100% | $16 500 000 | 81 663 | 96 000 | $172 | 21,00% | 2017/2019 | 9%/9% | $328 949 000 | $36 363 000 | $3 427 | $142 096 000 | $30 799 000 |
| 008 | Yaroslavl | Vernissage Mall, Kalinina str. | $70 800 000 | 49% | $34 692 000 | 120 000 | 34 056 | $2 079 | 13,00% | Completed | Completed | Completed | Completed | Completed | Completed | $8 953 000 |
| 009 | Yaroslavl | Phase II | $7 100 000 | 49% | $3 479 000 | 180 000 | 55 245 | $129 | 23,00% | 2015 | 10,50% | $88 731 000 | $8 218 000 | $1 606 | $42 094 000 | $6 425 000 |
| 010 | Moscow | Tamiz Building | $31 000 000 | 100% | $31 000 000 | 4 500 | 12 218 | $2 537 | 14,00% | 2012 | 10,00% | $45 409 000 | $2 864 000 | $3 717 | $4 000 000 | $4 309 000 |
| 011 | Moscow | Century Buildings | $87 600 000 | 51% | $44 676 000 | 5 800 | 21 851 | $4 009 | 15,00% | Completed | Completed | Completed | Completed | Completed | Completed | $10 110 000 |
| 012 | Kazan | Triumph House | $7 800 000 | 100% | $7 800 000 | 22 000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 013 | Penza | Retail Center | $2 500 000 | 100% | $2 500 000 | 52 790 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 014 | Saratov | Logistics Complex | $1 100 000 | 100% | $1 100 000 | 260 000 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | | **Total** | **$779 000 000** | | **$696 347 000** | | | | | | | **$3 325 468 000** | | | **$1 423 430 399** | |

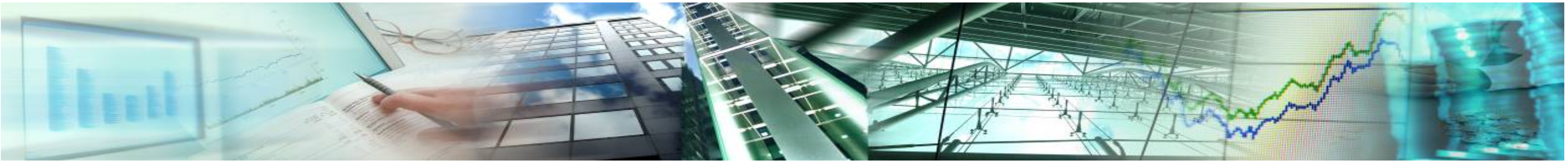
## PROPERTIES HELD AS INVESTMENTS



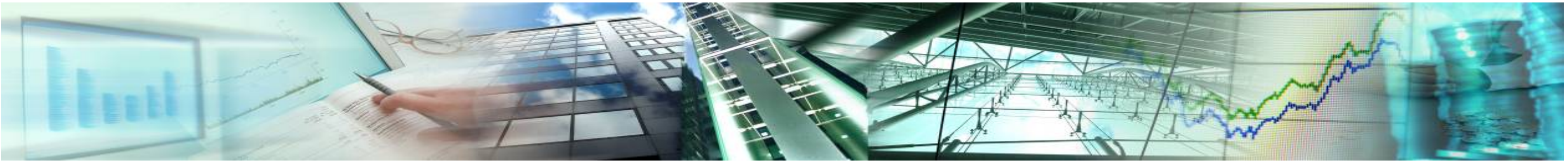
| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **"MAG"**<br><br>**2-Khutorskaya street, 38A**<br><br>**Moscow, Russia** | The Property is located in approximately 10 minutes walking distance from the nearest metro station Dmitrovskaya. This location is in the north portion of the Moscow Novoslobodsky Business District, approximately 2 kilometres from the Third transport ring road.<br>MAG is a former factory site containing several buildings, which have been refurbished and transformed into new class B office space. According to information provided to us total leasable area is 19,866 sq. m. and 175 parking slots. As at the date of valuation there were 1,865 sq. m. of vacant space out of 12,385 sq. m., which represents 15.06% of the total rentable area.<br>On the 20th of March, 2010 a fire broke out in building #26, which is a part of MAG complex. As a consequence, the building with the total area of 7,481 sq. m is under renovation now. Total outstanding investments for renovation are US$4,852,941.<br>According to the Long Term Lease Agreement #M-09-031793 of 29th of September 2006, Mashinostroenie and Hydravlika OJSC leases a land plot of 1.2879 ha until 1st of September 2055.<br>The land plot with a total area of 1.0257 ha is held by Mashinostroenie and Hydravlika OJSC under the Decree of the Northern Administrative district of Moscow # 9590 from 19.12.2007 on the leasehold basis up to 30.11.2032. | Differing length periods. | US$4,954,000 | US$7,792,000 | **US$54,400,000**<br><br>**US$54,400,000** for the 100% share interest held by the Company according to information provided to us. |



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **"Hydromashservice"**<br><br>**2-Khutorskaya street, 38A**<br><br>**Moscow, Russia** | The Property is located in approximately 10 minutes walking distance from the nearest metro station Dmitrovskaya. This location is in the north portion of the Moscow Novoslobodsky Business District, approximately 2 kilometres from the Third transport ring road.<br>Hyidromashservice is a former factory site containing several buildings, which have been practically fully refurbished and transformed into new class B office space. As at the date of valuation the majority of the space was completed. According to information provided to us total leasable area is 17,198 sq. m., of which 6,937 sq. m. or 40.34% are not leased and 175 parking places. The Property has originally been constructed and used as an industrial premise in the former century. The Company did not provide us with any information regarding the age of the Property. The building improvements are owned by Hydromashservice LLC according to ownership certificates provided by the Company.<br>According to the Amendment Agreement No.5 of 29.09.2006 to the land lease agreement # M-09-025311, dated 28.11.2003,<br>Hydromashservice LLC leases a land plot of 1.2237 ha. | Differing length periods. | US$6,439,533 | US$7,141,900 | **US$59,900,000**<br><br>**US$59,900,000** for the 100% share interest held by the Company according to information provided to us. |

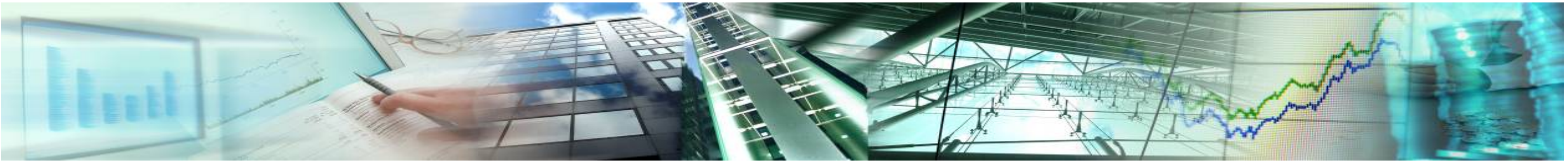


| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **"Century Buildings"**<br><br>**2-Khutorskaya street, 38A**<br><br>**Moscow, Russia** | The Property is located in approximately 10 minutes walking distance from the nearest metro station Dmitrovskaya. This location is in the north portion of the Moscow Novoslobodsky Business District, approximately 2 kilometres from the Third transport ring road.<br>The property is represented by two Class B office buildings with a total leaseable area of 21,851 sq. m. located on the land plot with the total area of 0.58 hectares. There are 3,266 sq. m. or 14.95% vacancy in the building. Currently the building is offered on the market for lease.<br>The land plot is held in the leasehold and the building is held in the freehold. | Differing length periods. | US$10,110,177 | US$8,740,600 | **US$87,600,000**<br><br>**US$44,676,000** for the 51% share interest held by the Company according to information provided to us. |
| **"Vernissage Mall"**<br><br>**Moskovskoye Shosse & Kalinina street**<br><br>**Yaroslavl Region, Russia** | The Property is represented by a modern retail complex with entertaining areas which opened on the 27th of April 2007 with a total leaseable area of 34,056 sq. m. Gross buildable area comprises 40,787 sq. m. The complex consists of one ground floor and a guest ground parking with 1,450 slots. About 655 sq. m are vacant at present<br>The Property is located at the intersection of Kalinina street (ring road of Yaroslavl) and Moskovskoye shosse at the border of the city of and the Yaroslavl region. The city centre (6 km) can be reached in about 15 to 20 minutes driving distance. The district is mostly residential, with a large residential micro-district in the north and individual housing surrounding the subject Property. | Differing length periods. | US$8,953,159 | US$8,953,159 | **US$70,800,000**<br><br>**US$34,692,000** for the 49% share interest held by the Company according to information provided to us. |

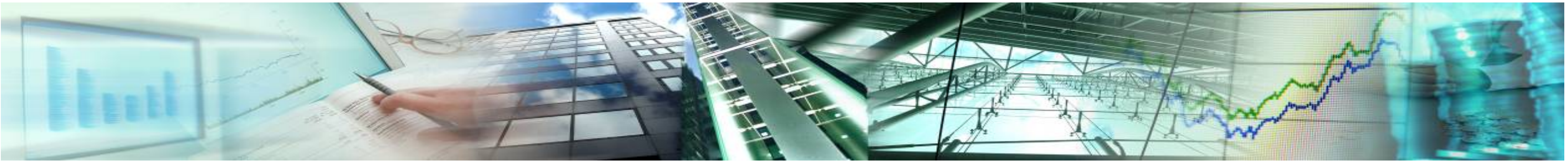


| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | The Property answers all European standards in terms of technical and engineering conditions as well as in terms of management services.<br>The Mall has a list of prestigious tenants bound with the Owner of the Property by long-term relations.<br>The tenure of the land plot (12 hectares in size) is freehold (according to the Ownership Certificate 76-AA #170178). The remaining land area of 18 hectares is reserved for future development (see “Yaroslavl: Phase II”). | | | | |

## PROPERTIES IN COURSE OF DEVELOPMENT



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **Western Residence**<br><br>**Perkhushkovo Odintsovo District**<br><br>**Moscow Region, Russia** | The Property is represented by two adjacent land plots with a total area of 22.53 ha:<br>Land plot #1 with a total area of 10.57 ha;<br>Land plot #2 with a total area of 11.96 ha<br>The Property is in course development and is intended to provide 163 luxury homes, including about 71 town houses and about 92 business class houses of different types (according to the information provided by the Company). Apart from residential premises a managing company building with a total saleable area of 300 sq. m. and 1,570 sq. m. of saleable retail will be constructed.<br>According to the information provided by the Company as at the date of this Report, construction of 40 cottages, 37 townhouses and one administrative building representing the 1st phase of development were 92% completed. Infrastructure and utilities were in process of connection. Following construction completion, the Company plans to dispose the residential units to end users.<br>7 houses from the 1st phase were already sold as of the date of valuation.<br>Total outstanding development costs are estimated at US$38,600,000 (including VAT) for both phases.<br>The Property is located in the Moscow Region in the Odintsovo district close to the Mozhayskoe shosse in | Upon completion the units are expected to get sold on a single unit basis. | Upon completion the units are expected to get sold on a single unit basis. | Upon completion the units are expected to get sold on a single unit basis. | **US$85,500,000**<br><br>**US$85,500,000** for the 100% share interest held by the Company according to information provided to us (Assuming built and fully sold on market terms US$188,756,000) |



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | approximately 15 km distance to the west from MKAD (Moscow Ring Road) and approximately five km from Perkhushkovo railway station. The neighbouring land plots are characterised by housing settlements and forests.<br>The tenure of the land plots is freehold. | | | | |
| **"Triumph Mall"**<br><br>**167 Zarubina Street**<br><br>**Saratov, Russia** | The Property is represented by a land plot of 22,000 sq. m. The Property is intended for development of a retail mall including parking facilities.<br>According to information provided by the Company as at the date of this Report, the skeleton of the building was 98% completed. In addition, prelease agreements for 86% and BTS for additional 7% of the leaseable area were signed.<br>The planned 27,444 sq. m. of net leasable area are divided into different structures: retail gallery, retail (anchors) and retail (semi-anchors). Customer parking for 175 surface parking lots and 310 underground parking places will be further included. Total outstanding development costs are estimated at US$3,000,000 (excluding VAT).<br>The construction started in June 2007 and the Shopping Mall is to be opened in September 2010.<br>The subject Property is located at the intersection of Astrakhanskaya and Kutyakova streets in 15 minutes' walking distance from the historical centre of Saratov, near Saratov airport and Saratov railway station. | n/a | n/a | US$12,166,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 5% for the gallery for 2010-2011, which is reduced then to 3% from 2012 | **US$94,900,000**<br><br>**US$94,900,000** for the 100% share interest held by the Company according to information provided to us (Assuming built and fully let on market terms US$119,099,000) |



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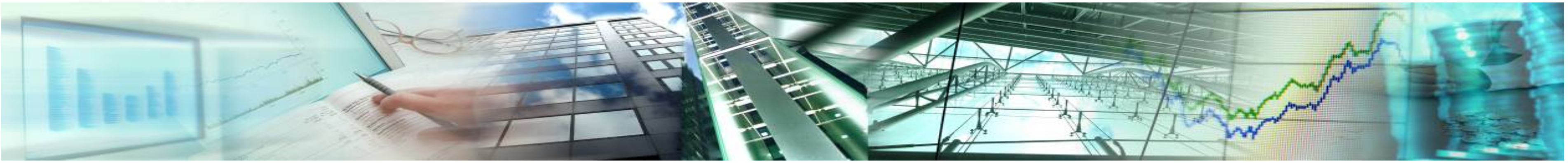
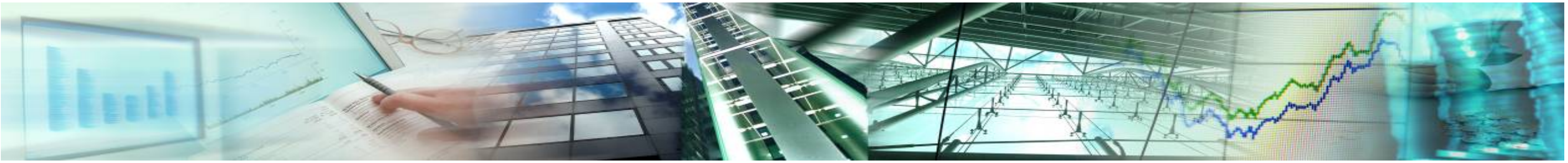
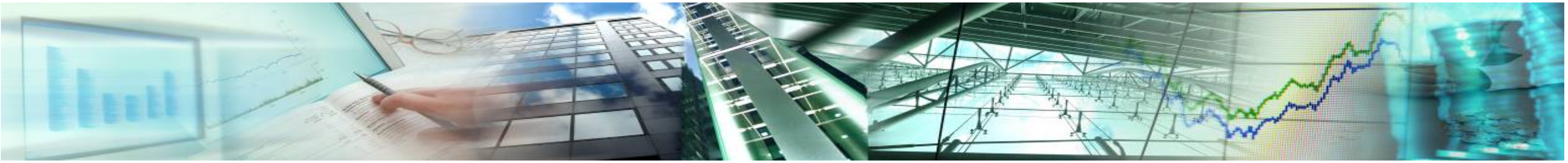


| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | The north-eastern border faces Zarubina street. Universitetskaya street is in the north-west from the site and Astrakhanskaya street is the south-eastern frontier. The south-western border of the site is Kutyakova street. The surroundings are predominantly retail, residential and industrial premises.<br>The tenure of the land plot of 2.2 ha is freehold. | | | | |
| **"Tamiz"**<br><br>**2-Khutorskaya street, 38A**<br><br>**Moscow, Russia** | The Property is located in approximately 10 minutes walking distance from the nearest metro station Dmitrovskaya. This location is in the north portion of the Moscow Novoslobodsky Business District, approximately 2 kilometres from the Third transport ring road.<br>The Property represents a land plot of total area of 0.45 Ha under development of an office building. According to information provided by the Company the total area of future office building is 12,218 sq. m. The building will have 5 floors not including one mezzanine floor and a technical floor. There are 18 surface parking spaces intended for lease.<br>At the date of valuation, all skeleton and facades construction was completed and the whole project was 92% completed, the ownership was obtained and the state permission was received.<br>The main internal works were start in January 2010 and the whole project will be finished by November 2010. | n/a | n/a | US$4,309,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 10% in 2010-2011 decreasing to 5% in 2012 for offices and surface parking. | **US$31,000,000**<br><br>**US$31,000,000** for the 100% share interest held by the Company according to information provided to us (Assuming built and fully let on market terms US$45,409,000) |

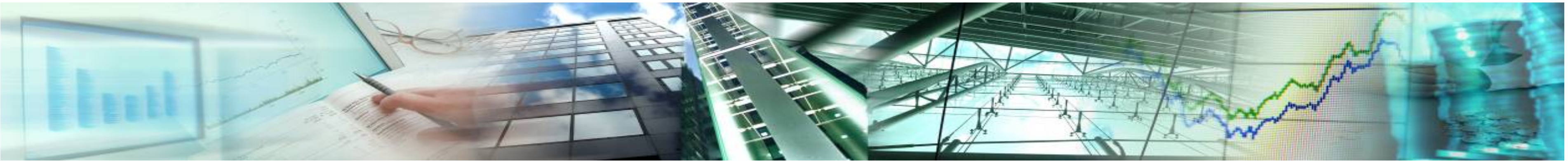


| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | Total outstanding development costs are estimated at the level of US$4,000,000 (excluding VAT). | | | | |
| **"Triumph Park, Residential" and "Triumph Park, Trade Center"**<br><br>**30 Pulkovskoe Shosse**<br><br>**Saint Petersburg, Russia** | The Property is represented by a land plot of 40.8314 hectares in total which is intended for future development of residential apartment dwellings including appertaining community buildings and parking facilities. Gross buildable area of the Property will comprise 788,625 sq. m.<br>A high-voltage power line passes the site along the eastern land plot boundaries. The power line takes a comparable small part of the land plot.<br>The concept of the Residential part provided to us suggests constructing all in all 9,000 residential dwellings comprising an average saleable area of 63.5 sq. m. per apartment (571,200 sq. m. in total) in 7 phases. The quality of the apartments is split into "Economy" class - 399,840 sq. m. of total area and "Comfort" class - 171,360 sq. m. of total area.<br>The construction of the first phase was started in August 2008 with the consecutive phases following at a time difference of one and a half years each. Moreover, some 59,700 sq. m. net area of community buildings as well as some 7,639 underground parking spaces as well as open parking areas along the streets will be constructed as part of the Saint Petersburg Residential project.<br>The construction started in August 2008 and will take place in | Residential:<br>Upon completion the units are expected to get sold on a single unit basis.<br><br>Commercial:<br>n/a | Residential:<br>Upon completion the units are expected to get sold on a single unit basis.<br><br>Commercial:<br>n/a | Residential:<br>Upon completion the units are expected to get sold on a single unit basis.<br><br>Commercial:<br>US$30,799,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 15% in 2010-2011 decreasing | **Total Value for Residential &Trade**<br><br>**US$220,900,000**<br><br>**US$220,900,000** for the 100% share interest held by the Company according to information provided to us (Assuming built and fully sold on market terms US$2,132,739,000) |

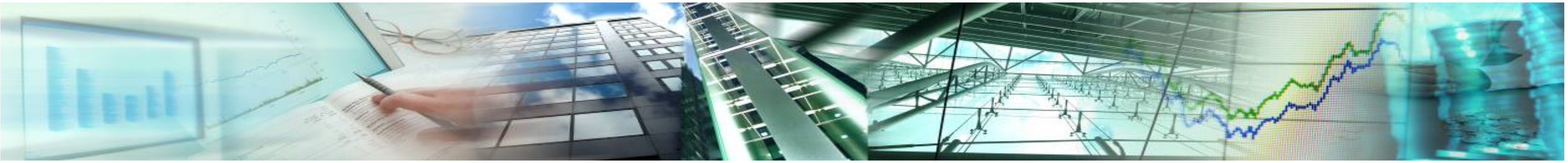


| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | 7 phases, with the last one being completed in 2019.<br>We have also been informed that the general plan of the project was approved as well as the detailed planning.<br>The Property is located in the second line to the main road (Pulkovskoe Shosse) connecting the Saint Petersburg airport to the city centre. The distance to the airport is approximately five km. The city centre is about 16 km away.<br>The tenure of the land plot is freehold.<br>Commercial part of the property is represented by a land plot of 8.16628 hectares in total and is part of 40.8314 hectares site which is intended for future development of class B office and retail space including parking facilities in three phases.<br>It is planned to construct 60,000 sq. m. of leasable area of Class B office space in 3 phases, about 36,000 sq, m. of retail premises in 3 phases with construction expected to start in June 2013 and the last phase being completed in May 2017. The planned retail areas are split into two different forms – street retail and shopping center. gross buildable area of the property will comprise 115,200 sq. m.<br>Total outstanding development costs are estimated at US$1,052,340,580 (together for commercial and residential parts) (excluding VAT for commercial part and including VAT for residential part). | | | to 10% in 2012-2013 and then to 5% in 2014 on office and retail premises. | |

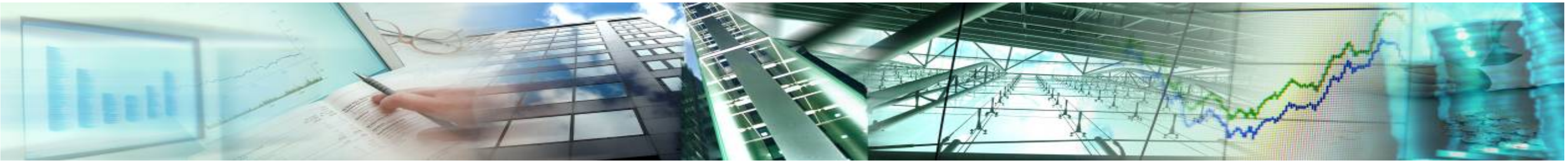
## PROPERTIES HELD FOR FUTURE DEVELOPMENT



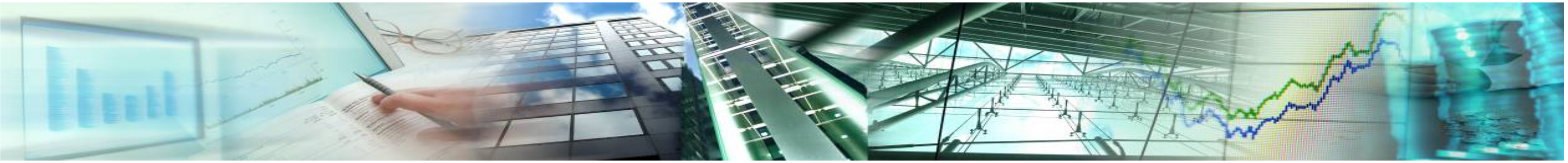
| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **"Skyscraper"**<br><br>**Dmitrovskoye Shosse 1B**<br><br>**Moscow, Russia** | The property is represented by a land plot of 9,079 sq. m. of total area and intended for future construction of a multi-storey office building including retail areas in the lower floors. In accordance with the information provided by the Company, the project passed state Gosekspertiza, ARI was approved by the Moscow authorities and the concept design was approved by Chief Architect of Moscow. According to the concept provided by the Company the planned construction will include (all leasable area) 85,000 sq. m. of office space, 7,000 sq. m. of retail space and 1,690 underground parking spaces. gross buildable area excluding parking will comprise 106,000 sq. m. Construction is expected to take place in one phase starting in July 2011 and expected to be completed in December 2014. The tenure of the land plots is leasehold.<br>The site is located in Northern Administrative District of Moscow. The Property is confined by transportation routes of the North-Eastern part of the junction formed by Dmitrovsky lane in the North, and slip road to Dmitrovskoye Shosse in the North-East, Rizhskaya railroad line in the South and street railway depot in the West. Dmitrovskoye Shosse has four lanes each way. Both of the roots are high traffic routes.<br>Total outstanding development costs are estimated at US$283,396,399 (excluding VAT). | n/a | n/a | US$63,812,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 20% in 2010 decreasing to 15% in 2012-2014 and then to 7% in 2015. | **US$55,500,000**<br><br>**US$55,500,000** for the 100% share interest held by the Company according to information provided to us (Assuming built and fully let on market terms US$750,734,000) |



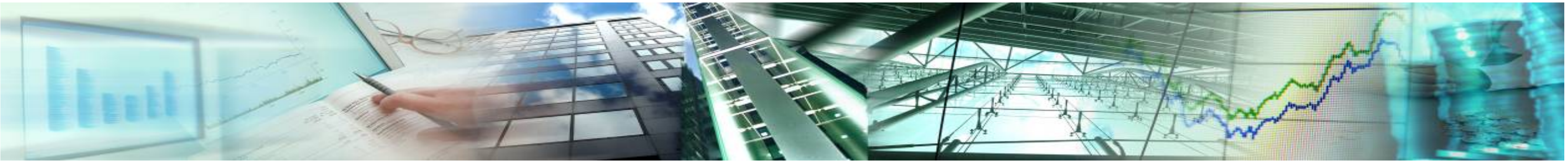
| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **“Triumph House”**<br><br>**Okolnaya street, 28A**<br><br>**Kazan, Russia** | The Property represents a land plot with total area of 2.2 ha intended for construction of a two-storied Home Design Centre. Mostly the site is surrounded by residential buildings from the west, south and east. From the north the Site is bounded by industrial zone.<br>Total gross leasable area will be 31,479 sq. m of which 26,277sq. m will be for lease. Total gross buildable area will comprise 44,737 sq. m. Another part of the property (5,193 sq. m.) will be constructed for one specific owner (the Behetle Company) and will be sold to him upon construction. Construction costs will be paid gradually in course of development by the future owner. After completion the Client will get 20% benefit. This fact was taken into consideration in our models An underground parking for 534 lots and 465 on-roof parking slots will be constructed.<br>The site is located in the Central part of Kazan on the intersection of Gorkovskoe highway, Bolotnikova street, Frunze street and Vosstaniya street.<br>According to information provided, the Company has finally approved the land zoning and in the process of receiving of building permits for the zero cycle of construction. Construction will begin in March 2011 and will be finished in February 2013. Total outstanding development costs are estimated at US$36,567,731 (excluding VAT). | n/a | n/a | n/a | **US$7,800,000**<br><br>**US$7,800,000** for the 100% share interest held by the Company according to information provided to us |



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **"Yaroslavl Phase II"**<br><br>**Moskovskoye Shosse & Kalinina street**<br><br>**Yaroslavl, Russia** | The Property is represented by a land plot of approximately 18 hectares (remaining part of the Yaroslavl land plot which has not been used for the development of the Yaroslavl mall) which is unimproved as at the date of valuation.<br>According to information provided by the Company the construction of a big box retail complex incorporating some 55,245 sq. m. of total leasable area with an entertainment zone is planned in the future. Construction is supposed to be divided into 2 phases with the first one to be started in January 2012 and the second finished in December 2013.<br>Total outstanding development costs are estimated at around US$42,094,000 (excluding VAT).<br>The Property is located at the intersection of Kalinina street (ring road of Yaroslavl) and Moskovskoye shosse at the border of the city of and the Yaroslavl region. The city centre (six km) can be reached in about 15 to 20 minutes driving distance. The district is mostly residential, with a large residential micro-district in the north and individual housing surrounding the subject Property.<br>The tenure of the land plot is freehold (according to the Ownership Certificate 76-AA #170178) | n/a | n/a | US$6,425,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 10% for retail gallery, food court and other small tenants. | **US$7,100,000**<br><br>**US$3,479,000**<br>for the 49% share interest held by the Company according to information provided to us (Assuming built and fully let on market terms US$88,731,000) |



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| **Logistics Complex**<br><br>**1,3 km to the south-east of Dubki village**<br><br>**Saratov Region, Russia** | The Property represents an undeveloped land plot of approximately 26 hectors held for construction of a logistics complex.<br>According to information provided by the Company the construction of a logistics complex incorporating some 104,000 sq. m. of total area is planned in the future. Construction is supposed to be divided into 3 phases with the first phase starting in December 2011 and the last one completed in July 2014.<br>Total outstanding development costs are estimated at US$82,338,040 (excluding VAT).<br>The Property is located in close proximity to Dubki village in Saratov district, Saratov region.<br>The tenure of the land plot is freehold (according to the Ownership Certificate 64-AB #286547) | n/a | n/a | n/a | **US$1,100,000**<br><br>**US$1,100,000** for the 100% share interest held by the Company according to information provided to us |
| **Penza Shopping Center**<br><br>**Sosnovka district, Penza, Russia** | The Property represents an undeveloped land plot of approximately 5.3 ha held for construction of a retail shopping center.<br>According to information provided by the Company the construction of a shopping center incorporating some 18,024 sq. m. of total leasable area (19,584 sq. m of gross buildable area) is planned in the future. Construction is supposed to begin in March 2012 and will be completed in February 2014.<br>We have been informed by the Company that the contract | n/a | n/a | n/a | **US$2,500,000**<br><br>**US$2,500,000** for the 100% share interest held by the Company according to information provided to us |



| Property Address: | Description, Status and Tenure: | Terms of Existing Tenancies: | Net Annual Rent: | Estimated Net Annual Rent: | Market Value: |
|---|---|---|---|---|---|
| | with the management company was in the process of signing and the concept was under development.<br>Total outstanding development costs are estimated at US$27,770,201 (excluding VAT).<br>The Property is located in the south-eastern district of Penza, Sosnovka district at the intersection of Izmailova Street and Antonova Street in close proximity to a developing residential district.<br>The tenure of the land plot is freehold (according to the Ownership Certificate 58-AA #392826) | | | | |

# APPENDIX TWO

## MARKET COMMENTARY

### RUSSIAN ECONOMY OVERVIEW

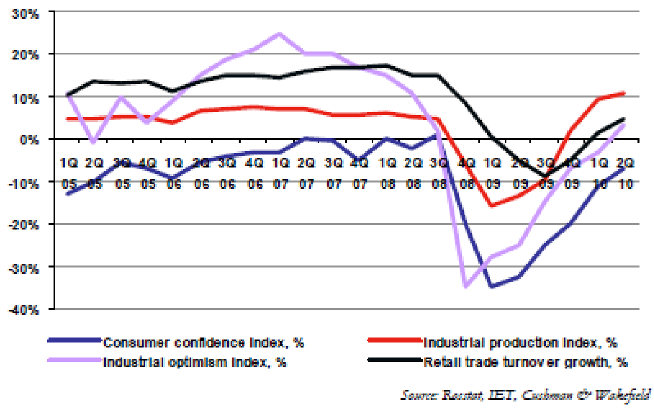
| ECONOMY TRENDS | | |
|---|---|---|
| GDP (Jan–May 2010 YoY) | 4 % | ↗ |
| INFLATION QII 2010 | 4.4% | ↘ |
| INDUSTRIAL PRODUCTION | 10.3% YoY (12.6% MoM) | ↗ |
| MAIN CAPITAL INVESTMENTS | 5.5% YoY | ↗ |
| UNEMPLOYMENT, May 2010 | 7.3% | ↘ |

According to the Ministry for Economic development, Russia's GDP increased by 5.8% YoY in May 2010 and 0.4% MoM, cumulative growth in January-May 2010 amounted to 4% YoY. The increase was mainly caused by industrial production and retail trade.

Published by Rosstat data for May-June 2010 showed a continuing growth: in May of this year compared to May 2009 industrial production grew by 12.6% and in January-May to the corresponding period of last year - 10.3 %.

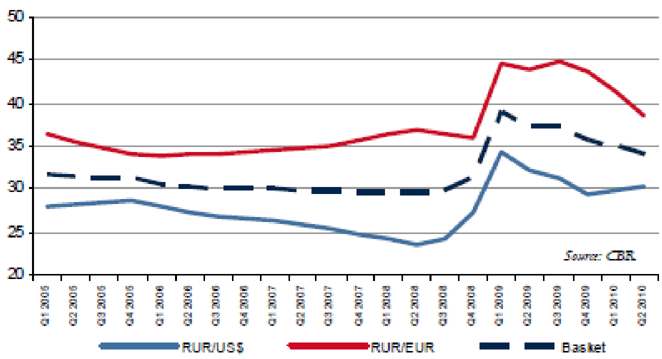
The supporting measures initiated earlier in Q4 2009 and Q1 2010 started to bring the outcomes, like the state program of old cars disposal that gives a serious workload for main and auxiliary industries (the program will likely to be succeeded by the program for old trucks and busses disposal, with proposed budget of 2-3 bn RUR, that is under discussion at the moment). However, partially this growth is connected with the revision of indexes calculation technique conducted by Rosstat. The new technique chose 2008 as the basis year and shifted balance of composing indexes from extractive towards manufacturing industries.

## RUSSIA'S MACRO INDEXES DYNAMICS




Industrial production indexes were recalculated starting from 2006 according to the new method. The revised data showed growth of industrial production in January-April 2010 by 9.7% YoY, which is 2.8% higher than the previous estimation. Manufacturing indexes increased from 8.3% (old) by 13.3% (revised) - this shows significant difference from the old method.
For the third consecutive month we may see the growth of basic capital investments: 5.5% YoY in May and 1% MoM. The economy growth is likely to continue with the state acting as the initiator for economy recovery.

## RUR/USD AND RUR/EUR EXCHANGE RATES




Retail trade turnover showed positive growth: 0.6% MoM and 5.1% YoY in May 2010. This shows an increase of 2.9% since the beginning of the year.

Consumer's preferences are still "rational": the demand is shifted towards cheaper goods and food segment. The turnover of food products increased by 4.6% YoY in January – May 2010, while non-food turnover grew only by 1.3% at the same period

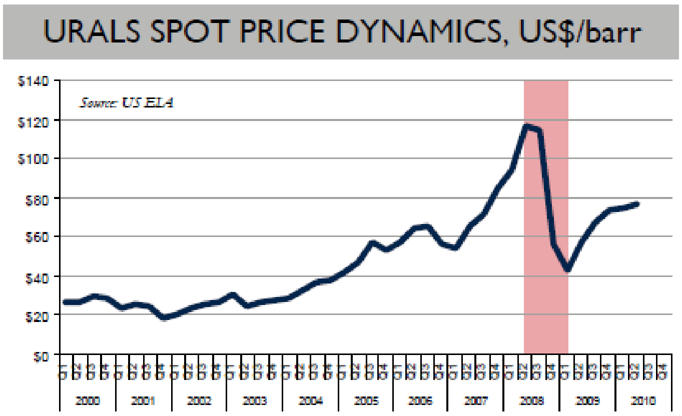
CPI of Q1 2010 made 4.4% comparing to 7.4% at the same period in 2009.

The YoY inflation growth is stable at around 6%. The increase of CPI in spring is associated with seasonal price growth and governmental service fares. It is expected that the YoY growth rate will decrease towards 5% by September.

The ruble is stable against the double currency basket and is currently at 34 RUR per basket (around 31 RUR per USD and 38 RUR per Euro).

On June 1st, Central Bank of Russia cut the refinancing rate to 7.75% (by 25 bps). On the one hand this will obviously make loans more available, increasing the amount of money in the economy and the growth of consumption. On the other hand the chairman of Sberbank G. Gref said that the Russian banking system is not ready for low interest rates and that banks may bear losses.

At the beginning of June, encouraged by positive statistics the government approved a forecast of economic development for 2011-2013 prepared by the Ministry of Economic Development. According to the forecast, the annual GDP will grow by 3.4% - 4.2%, IP will grow by 3.1% - 4.2%, basic capital investments will grow at a rate of 6.3% - 8.1%. At the same time CPI will be at the level of 6.0% - 4.5%, the average RUR/USD rate will be 29.3 - 27.9.




The annual oil price value became a continuous key discussion point between the Ministry of Finance and Economic Development . The Ministry of Finance insisted on $70 while the Ministry of Economic Development—76$ per barrel over the next three years. The compromise was met at the price of 75$ per barrel.

This helped the Ministry of Economic Development reduce the budget deficit forecasted for 2011 from 4% to 3.4%. However the positive dynamics of the Russian economy is still in the hands of the world oil market, in spite of all the innovation development programs.

## RUSSIA MACRO FORECAST BY URALSIB CAPITAL

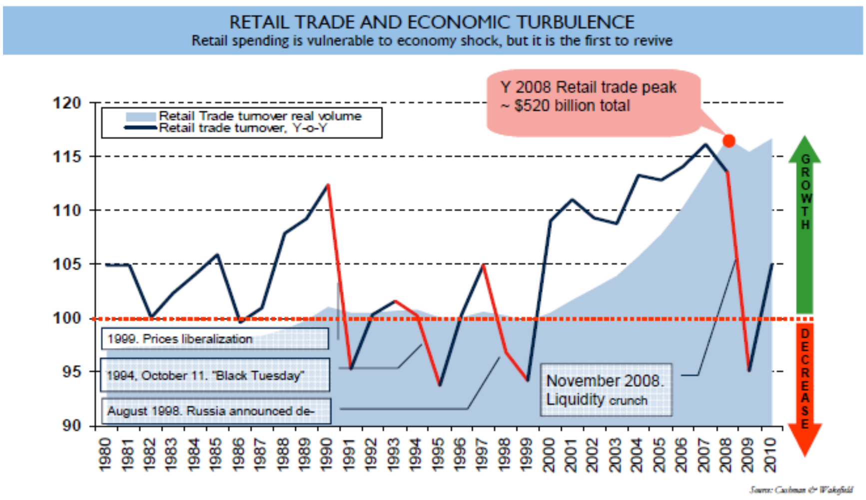
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010F | 2011F | 2012F |
|---|---|---|---|---|---|---|---|---|---|---|
| GDP, % YoY / Реальный рост ВВП, % в годовом исчислении | 7.3 | 7.1 | 6.4 | 7.7 | 8.1 | 5.6 | −7.9 | 5.5 | 3.8 | 5.4 |
| GDP, bn US$ / ВВП, в млрд. долл. США | 431.9 | 591.7 | 764.6 | 985.1 | 1,289.5 | 1,671.4 | 1,230.7 | 1,503.8 | 1,776.1 | 2,033.3 |
| Industrial Output, % YoY / Объем пром. производства, % в годовом исчислении | 7.0 | 6.1 | 4.0 | 3.9 | 6.3 | 2.1 | −10.8 | 8.1 | 5.3 | 6.0 |
| Real Disposable Income, % YoY / Чистый располагаемый доход, % в годовом исчислении | 14.9 | 8.4 | 11.1 | 10.2 | 10.4 | 2.7 | 2.3 | 4.1 | 3.4 | 3.0 |
| CPI, % YoY / ИПЦ , % в годовом исчислении | 12.0 | 11.7 | 10.9 | 9.0 | 11.9 | 13.3 | 8.8 | 7.5 | 8.0 | 6.3 |
| Retail Trade Turnover, % YoY / Оборот розничной торговли, % в годовом исчислении | 8.8 | 13.3 | 12.8 | 13.0 | 15.2 | 13.0 | −5.5 | 4.6 | 6.8 | 7.4 |
| Annual Exports, bn US$ / Объем Экспорта, в млрд. долл. США | 135.9 | 183.2 | 243.8 | 303.9 | 369.5 | 472.0 | 303.7 | 409.7 | 442.0 | 457.4 |
| Annual Imports, bn US$ / Объем Импорта, в млрд. долл. США | 76.1 | 97.4 | 125.4 | 164.7 | 215.1 | 291.8 | 191.8 | 255.1 | 275.1 | 284.7 |
| Current Account Balance, bn US$ / Платежный баланс, в млрд. долл. США | 35.4 | 58.6 | 83.6 | 94.5 | 76.6 | 98.9 | 49.0 | 88.5 | 104.1 | 112.2 |
| RUR/US$ rate, eop / Курс RUB/долл. США, на конец года | 29.45 | 27.75 | 28.78 | 26.33 | 24.55 | 29.39 | 30.19 | 28.24 | 26.84 | 27.47 |
| RUR/US$ rate, avg / Курс RUB/долл. США, средний | 30.66 | 28.81 | 28.28 | 27.19 | 25.58 | 24.85 | 31.74 | 29.13 | 27.69 | 27.18 |

Outlook for all macro indicators for this year is in the green zone. One may argue that recovery does not take place fast enough, but general sentiment is positive.

Decrease of rents in commercial real estate that happened in 2009 was beneficial for the economy. With real estate costs being for many companies the second largest slice, labor cost 30-40% decrease allowed many companies to reduce base cost significantly. This created additional opportunities for business and as the result there is significant improvement in tenant activity. In Q2 the amount of A class premises leased was the same as in the peak years of 2007-2008. The historical record was reached thanks to the TNK-BP deal in NordStar Tower.

SC Vegas, one of the biggest shopping malls in Moscow is fully leased and will start functioning at full capacity by September.

Retail trade recovers after the 2009 decrease, fueled by the increase of government spending and return of consumer credits.



## CAPITAL MARKETS OVERVIEW

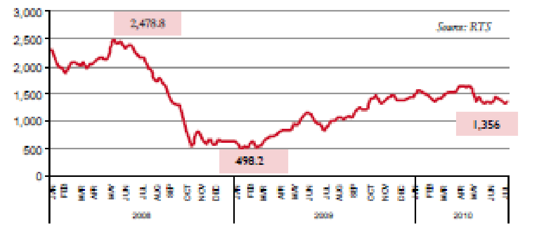
| INVESTMENT MARKET TRENDS | | |
|---|---|---|
| INVESTMENT VOLUME Q II 2010 | US$ 660 mn | ↗ |
| YIELDS (CAP RATES) | 10–12% | ↘ |

Q2 showed that investors are still interested in commercial real estate. We saw a 30% increase in growth comparing to the previous quarter —this can be characterized as a qualitative growth of the investment market.

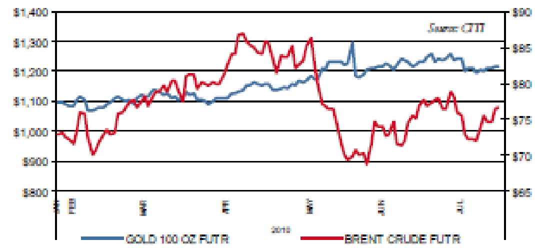
In the last quarter we saw the biggest deal of the past six months: purchase of Northern Tower business center, the transaction value is estimated at 260 million U.S. dollars.

The investment market is revving up, negotiable prime capitalization rates are at 10%-level for office premises, 11% for retail and 12% for W&I objects. We expect a further decline of capitalization rates by the end of the year within 1%, and hopefully we may see the pre-crisis yields for the best objects on the market.

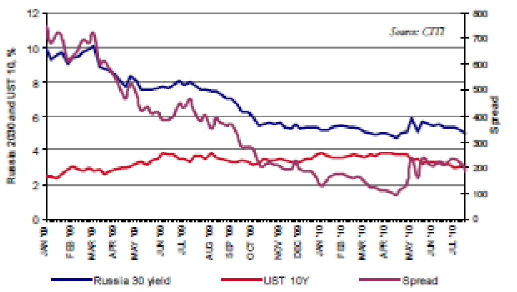
RTS INDEX



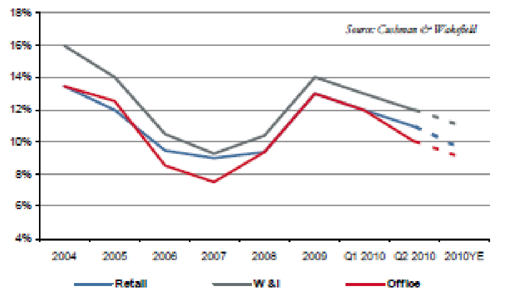

BRENT AND GOLD 100 OZ FUTURES




RUSSIA 2030 vs. UST10 YIELDS




HISTORICAL CAP RATES IN MOSCOW




Despite a large number of investment projects supported by the government (such as Sochi Olympics, Skolkovo, AvtoVAZ revival, Sukhoi Superjet etc.) commercial investments look less riskier. New commercial funds such as—VTBC-DC Real Estate Partners, Qatar TFI and

Gazprombank are created to invest in commercial real estate market; additional capital will be attracted by Storm Real Estate.

Competition appears from former tenants who shifted from leasing to own-purpose purchases wishing to gain benefits from low prices. With greater freedom of choice (ownership or subletting), they can also compete in the landlord market.

Now, the interest of investors is focused on office, retail and hospitality market; by the end of the year we will see several major deals.

INVESTMENT DEALS OF H1 2010

| Property name | City | Prop type | GLA / Rooms | Grade | Deal type | Investor(s) | Deal amount (estimation) | Price per SQ M | Investor's origin |
|---|---|---|---|---|---|---|---|---|---|
| Volna (Wave Tower) | Moscow | Office | 16,520 | A | Owner occupation | Sogaz | $100,000,000 | $6,053 | domestic |
| Europark SC | Moscow | Retail | 39,235 | | Investment | Tashir | $60,000,000 | $1,529 | domestic |
| ALPI portfolio | Regions | Retail | 340,000 | | Investment | GK Regions | $117,000,000 | $344 | domestic |
| BC on Sadovnicheskaya | Moscow | Office | 7,312 | A | Investment | Progress-capital (Lebediansky) | $60,000,000 | $8,206 | domestic |
| BC on Krasnaya Presnya | Moscow | Office | 6,104 | B+ | Owner occupation | StroyCredit Bank | $30,000,000 | $4,915 | domestic |
| Sheremetievo-2 Hotel | Moscow | Other | 293 | mid-market | Investment | Wenaas Hotel Russia AS | $65,000,000 | $221,843 | foreign |
| Caterina Park (Eurolune) | Moscow | Other | 260 | mid-market | Investment | UMACO Group | n/a | n/a | foreign |
| BC on Nastas'insky per. | Moscow | Office | 4,787 | B+ | Owner occupation | FINAM Holding | $38,000,000 | $7,938 | domestic |
| BC on Universitetskaya emb. | St. Petersburg | Office | 8,200 | A | Investment | Bierre Lumiere Holding SA | $15,000,000 | $1,829 | foreign |
| Prokhorov Mansion | Moscow | Office | 3,000 | B+ | Owner occupation | Rosenergobank | $23,000,000 | $7,667 | domestic |
| Capital Plaza | Moscow | Office | 38,000 | A | Investment | VTB Capital | $180,000,000 | $4,737 | domestic |
| Northern tower | Moscow | Office | 62,700 | A | Investment | Pharmstandart | $260,000,000 | $4,147 | domestic |
| Western gates | Moscow | Office | 61,795 | B+ | Owner occupation | Evraz Group | $160,000,000 | $2,589 | domestic |
| Bakhrushina House | Moscow | Office | 4,159 | B+ | Investment | UFG Real Estate II | $35,000,000 | $8,415 | foreign |
| BC Regent Hall | St. Petersburg | Office | 11,600 | B+ | Investment | Renaissance Development | $25,500,000 | $2,198 | foreign |

## MOSCOW OFFICE MARKET

### OVERVIEW

| OFFICE MARKET TRENDS | | |
|---|---|---|
| TOTAL STOCK | 11.1 mn sq m | ↗ |
| VACANCY RATES | 15.7% | ➡ |
| RENTAL RATES, CLASS A | US$ 660 | ➡ |
| DEMAND (TAKE UP) | 350,000 sq m | ↗ |

Office market is the most active segment of commercial real estate both for tenants and investors. The demand is almost as high as it was in the "boom" period of 2007-2008. Q2 take-up was 346,000 sq m, which corresponds to the average level of 2007 take-up (385,000 sq m per quarter). However the demand structure differs:

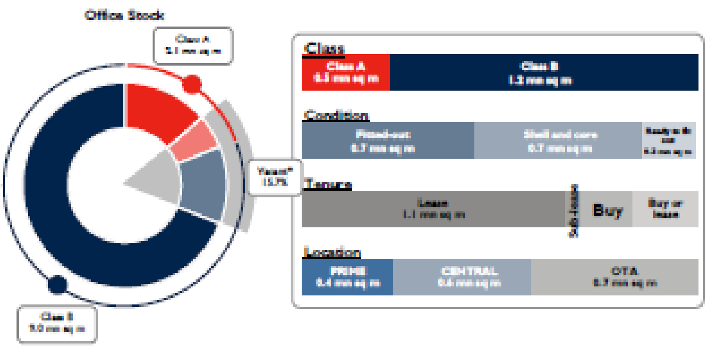
Requirements, which have been frozen in crises period, are back on the market;

Deals are stimulated by fair rents, which are the lowest for the past 5 years. As a result, a lot of tenants currently located in non-quality offices (class C) are looking to upgrade their location;

A small number of tenants are ready for long term planning; there are no pre-lease agreements on the market.

High demand, leading to a large number of deals, gives hope to landlords and investors on the possible growth of rates. However, we believe that the current demand is strongly regulated by rental rates and it might decrease along with rental rates growth

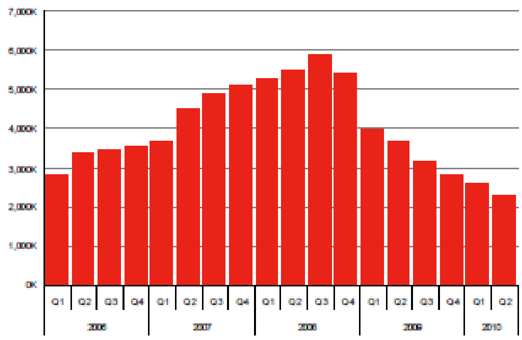
OFFICE STOCK AND VACANT SPACE DISTRIBUTED BY TYPE




### SUPPLY

There are 11.1 mn quality offices in Moscow (18.7% of Class A and the remaining of Class B). During the last 1.5 years the office space under construction has been decreasing - there are less both delivered buildings and projects under construction. There were no announcements about new office constructions in 2010.

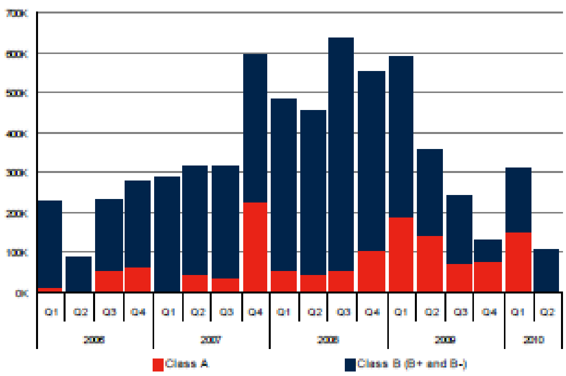
OFFICE SPACE UNDER CONSTRUCTION
CLASS A & B, SQ M




Eight Class B buildings were delivered in Q2 (103,000 sq m. in total) and no Class A buildings.

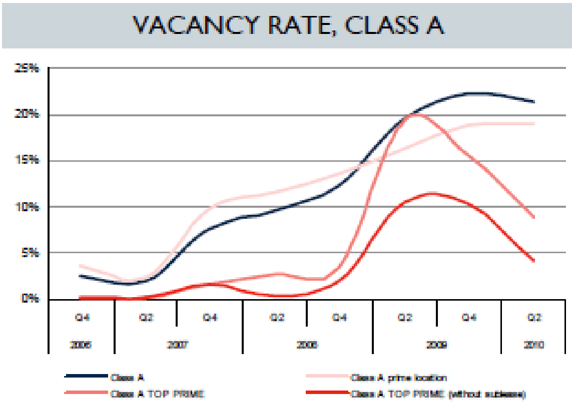
The pipeline structure has changed in favor of Class A projects; in 2010-2011 a number of large and important Class A office buildings is planned to be delivered.

NEW CONSTRUCTION: CLASS A & B, SQ M



## VACANT SPACE

There are about 1.7 mn sq m of quality vacant offices ready to move in. The average Moscow vacancy rate is 15.7% (21.9% for Class A offices and 14.3% for Class B). The vacancy rate is on the same level for the last 4 quarters. In 2010 the vacancy rate for prime Class A building decreased significantly and the shortage of space for top prime Class A objects became evident.




## DEMAND

High tenant activity resulted in a large number of closed deals. Q2 2010 take-up is 346,000 sq m. H1 results are comparable with the same periods of "boom" years (2007-2008): 600,000 sq m in 2010 vs. 720,000 sq m in 2007 and 1,000,000 sq m in 2008.

**BIGGEST LEASE DEALS IN Q2 2010 (4,000+)**

| *Property name* | *Class* | *Area (sq m)* | *Tenant* |
|---|---|---|---|
| NordStar | A | 37,700 | TNK-BP |
| Summit Complex | A | 8,900 | Sanofi Aventis |
| Pavlovskiy BC, Phase II | A | 4,800 | ENEL |
| White Square Building B 15, Lesnaya St | A | 4,400 | Gruppa ChTPZ ZAO |
| Pavlovskiy BC, Phase II | A | 4,300 | Merck |
| WTC III | A | 4,300 | Acron |

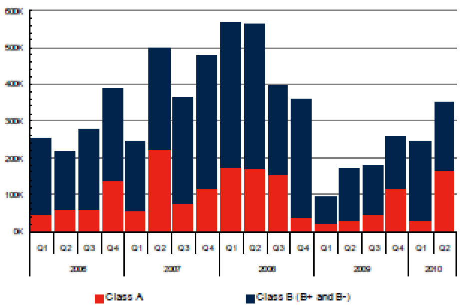
The share of Class A deals in the take-up is about 47%, which is much higher than in previous years, when the normal share is about 25-30%.

Net absorption is high and about 90% of take-up (usually it was about 60-70% in the pre-crisis years). At the same time there are not so many tenants who are looking for expansion. Most likely high net absorption increases due to tenants coming to the quality market from low quality (Class C) offices.

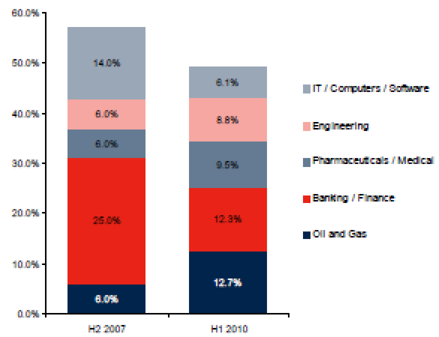
The list of most active industries on the office market is the same as before the crisis — these are Oil and Gas, Finances, Pharmaceutical, Electronics/Engineering and IT. Tenants from these Top 5 industries absorbed 49% of the H1 2010 take-up.

There are no pre-lease deals still; new buildings are coming to the market without tenants.

QUARTERLY TAKE-UP OF OFFICE SPACE IN MOSCOW, '000 SQ M



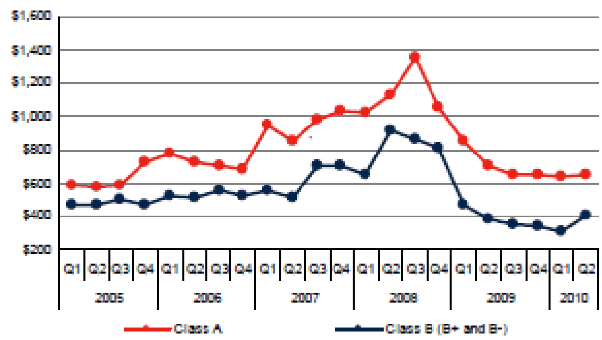

OFFICE DEMAND STRUCTURE in H1 2010




## RENTAL RATES

Despite the fact that asking rental rates in some buildings started to increase (on average by 20-30%, and sometimes even more), in general the market rates are stable. Within the quarter average rental rates increased slightly; Class A average asking rental rate is about $600, Class B+ average asking rental rate is about $420. If the tenants' activity remains at the current high level, average rental rates will continue to grow. Most likely the growth will be moderate and not more than 5-10% for the whole year.

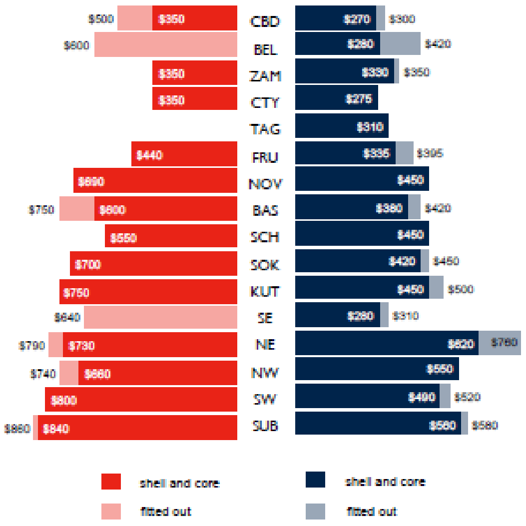
BASE ASKING RENTS, USD / SQ M / ANNUM




The gap between asking rental rates and deal rates is vanishing.

Incentives - such as rent free periods, fit-our compensation, etc - are back to the pre-crisis level.

**RENTAL RATES BY SUBMARKETS, USD / SQ M / ANNUM**




## OUTLOOK

Most likely the demand will be high till the end of the year. But the excessive availability will restrain the rental rates growth.

If the demand will continue to remain at a high level (2011-2012) it is most likely that in a couple of years we will see a new rise of prices in the office market sector.

However, there is no evidence of long-term demand growth. It is likely that after the deferred demand depletion (which could decrease even by the end of this year) the number of active tenants on the market will decrease as well.

**LIST OF MAIN CLASS A BUILDINGS WHICH WILL BE DELIVERED IN 2010–2011**

| Property | Address | GLA, sq m | Developer | Year |
|---|---|---|---|---|
| **Diamond Hall** | Olimpiyskiy prosp., vl. 12/16 | 35,000 | Midland Group | 2010 |
| **Imperial House** | Yakimanskiy per., vl. 6 / Maronovskiy pereulok | 9,175 | Capital Group | 2010 |
| **Vivaldi Plaza** | Kozhevnicheskaya ul., vl. 8/4 | 66,633 | Otkritie-Nedvizhimost' | 2010 |
| **Summit Complex** | Tverskaya ul., 22 | 18,570 | Metalloinvest-Development | 2010 |
| **Dom Park Kultury** | Zubovskiy bul., vl.13 | 5,733 | Basilica Estate Development | 2010 |
| **Preobrazhenskaya pl., vl. 8** | Preobrazhenskaya pl., vl. 8 | 80,000 | Starr Investments | 2010 |
| **Empire Tower** | Krasnopresnenskaya nab. Site 4 | 39,000 | MosCityGroup | 2010 |
| **Legend BC** | Tsvetnoy bul., vl. 2, bld. 1 | 30,413 | Capital Group | 2011 |
| **Mall of Russia** | Krasnopresnenskaya nab., sites 6, 7, 8 | 4,729 | AFI Development | 2011 |
| **Hotel Moskva** | Okhotnyy Ryad ul., 2 | 10,000 | DekMos | 2011 |
| **Aquamarine BC Phase III** | Ozerkovskaya nab., 22-24 | 39,956 | AFI Development | 2011 |

## REGIONAL MARKETS COMMENTARY

What are the most attractive regions for development?

- This is by far the most common question real estate analyst are asked. Moscow market is huge in comparison to regional ones, though regional markets often offer exclusive opportunities.

| TOP REGIONAL CITIES for real estate development * |
|---|
| Ekaterinburg |
| Volgograd |
| Kemerovo |
| Rostov-On-Don |
| Samara |
| Novosibirsk |
| Voronezh |
| Nizhny Novgorod |
| Saratov |
| Barnaul |

* *based on the results of Cushman & Wakefield econometric modeling*

Regional markets are usually more stable; however the small size of these markets creates a risk of oversupply in case of construction of objects that exceed the market capacity. The current economic policy of the Russian government adds attractiveness to the regional market; increase of state costs and support of local businesses stimulates the flow of capital

Consumer market is currently driven by increased salaries in the Government sector but this increase has a much stronger effect in regions than in Moscow or St. Petersburg.

-

ACTUAL RENTS, USD/SQ.M
Triple Net equivalent

| *Shopping centers* | | *Q4 2009* | *Q1 2010* | *% change* |
|---|---|---|---|---|
| Moscow | | $1,100 | $1,150 | 5% |
| St Petersburg | | $1,165 | $1,151 | -1% |
| Ekaterinburg | | $735 | $726 | -1% |
| Novosibirsk | | $457 | $421 | -8% |
| ***W&I*** | | ***Q4 2009*** | ***Q1 2010*** | ***% change*** |
| Moscow | | $105 | $110 | 5% |
| St Petersburg | | $95 | $90 | -5% |
| Ekaterinburg | | $92 | $92 | 0% |
| Novosibirsk | | $90 | $90 | 0% |
| ***Offices*** | | ***Q4 2009*** | ***Q1 2010*** | ***% change*** |
| Moscow | Class A | 650 | 640 | -2% |
| | Class B | 340 | 310 | -9% |
| St Petersburg | Class A | 464 | 455 | -2% |
| | Class B | 385 | 365 | -5% |
| Ekaterinburg | Class A | 348 | 333 | -4% |
| | Class B | 258 | 238 | -8% |
| Novosibirsk | Class A | 332 | 325 | -2% |
| | Class B | 221 | 209 | -6% |

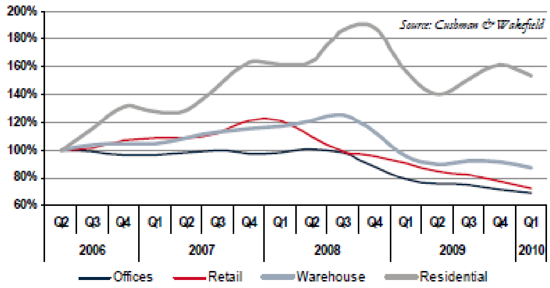
Also, the government supports regional factories and infrastructure projects, shifting focus from Moscow primarily commercial-based business to regional developments.

We believe that real estate markets in regions will start recovery in the mid term.

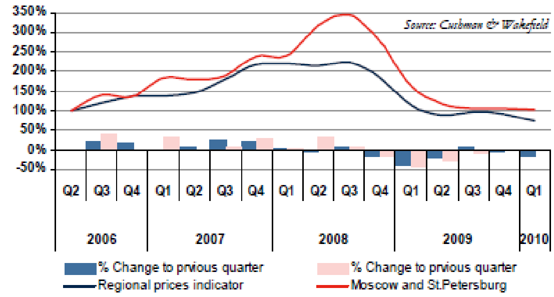
The residential market showed more stability during the difficult times due to 3 factors:

- Fundamental undersupply;
- Stable income in upper affluent group.
- Residential apartments are smaller-sized investment tools for private investors.

REGIONAL REAL ESTATE INDICATORS
Residential remains strong




REGIONAL vs. MOSCOW MARKET
Less growth potential in regions




## RETAIL IN RUSSIA

| RETAIL MARKET TRENDS | | |
|---|---|---|
| VACANCY RATES (prime shopping centers) | 1.9% | ↘ |
| PRIME RENTAL RATE | US$ 2,200 | → |

Positive macroeconomic trends throughout 2010 stimulated the growth of consumer confidence and sales. Despite the fact that some new shopping centers are still experiencing occupancy difficulties, rental rates for prime premises started to grow. We expect further improvement of sentiment and growth in rents.

Moscow market was the first to recover. While regional cities are still stagnating we expect improvement in H2 2010.

## CONSUMER DEMAND

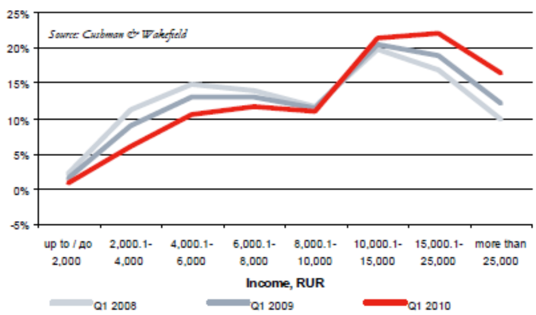
In 2010 the consumer market changed significantly in comparison to previous year. Statistics show that consumers started to save up more and spend less. This is confirmed by the growth of deposits.

Retail turnover for January - May increased by 2.9% YoY. According to Rosstat retail turnover in May grew by 5.1% YoY.

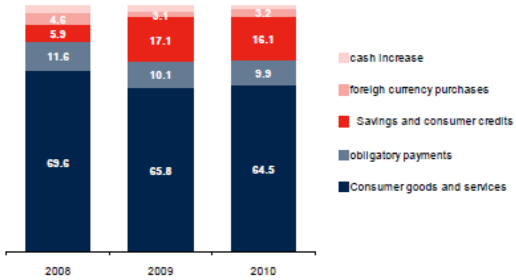
Within the second quarter the consumer confidence index (Rosstat) has grown by 3% and is within 7% of the maximum value in the boom period of 2008.

According to tourist companies, their turnover is on the level of 2008; this means that people are willing to travel and spend money.

CONSUMER INCOME STRUCTURE DYNAMICS




CONSUMER COST STRUCTURE DYNAMICS




Source: Cushman & Wakefield

Solid savings create a strong base for growth in retail sales. If retailers are able to meet the needs of buyers, there are all preconditions for growth in sales.

## SHOPPING CENTERS

In 2010 perspectives of new retails formats are back on the Russian market. Several operators are planning to construct factory outlets in Moscow region. Fashion House Development, which is managing four outlets in Eastern Europe, plans to deliver its first Russian project in 2010 on Leningradskoye shosse near Sheremetevo airport. The other land plot is in Leningradskiy region. The first outlet may appear in 2012.
For the first time in the past year and a half developers are announcing new projects. S. Holding Company has acquired a land plot at the intersection of Rublevo-Uspenskoye highway and Schmidt St., and plans to start construction in December 2010. AST Company bought 36ha land plot on MKAD (Leninsky district of Moscow region) and plans to build a shopping center.

300+ CITIES, 2010 DELIVERIES

| Name | Address | Retail GLA, sq m |
|---|---|---|
| Omsk | Festiva (Astore Plaza) | 25,000 |
| Novosibirsk | Versal | 18,875 |
| Ul'yanovsk | Pushkarevskoe Koltso | 18,598 |
| Voronezh | Maximir (former Maximum) | 42,176 |
| Voronezh | Arena | 40,000 |
| Astrakhan | Grand-River | 18,000 |
| Belgorod | City Mall Belgorodskiy | 50,304 |
| Irkutsk | Karamel | 18,000 |

## RETAILERS

A number of new brands are going to enter the Russian market, these are: K-Rauta (has already bought two land plots), Kingfisher , Chili's, Hooters, Bublic (opened in Q2, new Russian café chain), Diesel (plans to come back on Russian market), Kiabi (will be opened soon in Moscow), Wal-Mart (plans to come to Russian market through the acquisition of some Russian retail chain, possibly Lenta).

| RETAILERS' RESULTS OF Q2 2010 AND EXPANSION PLANS | | |
|---|---|---|
| | ***Продукты / Food retailers*** | |
| X5 | Завершился ребрендинг 53 магазинов сети Патэрсон: 22 – в дискаунтеры «Пятерочка» и 31 в супермаркеты «Перекресток».Новый гипермаркет «Карусель» открылся в ТЦ «Вива» (Москва). | The end of re-branding of 53 Paterson supermarkets was announced: 22 to Pyaterochka (discounter) and 31 to Perekrestok (supermarket). New Karusel hypermarket opened in Viva (Moscow) shopping center. |
| Magnit / Магнит | В течение пяти месяцев открылось 196 новых магазинов, а также распределитель-ный центр в Великом Новгороде. Гипермаркеты открылись в Таганроге и Ейске. | During last five months 196 new shops and one logistic center were opened in Veliky Novgorod. Hypermarkets were opened in Taganrog and Eysk. |
| Auchan / Ашан | Новый Ашан-Сити открылся в Москве (ТЦ Филион) | New Auchan –City hypermarket was opened in Moscow (SC Filion) |
| Dixy / Дикси | За первые четыре месяца было открыто более двадцати магазинов, еще столько же находится на стадии открытия.<br>Всего в 2010 году компания рассчитывает открыть более 100 новых магазинов. | During first four month more than twenty shops were opened, and the same quantities of shops are now on the opening stage. Plans to open 100 new shops in 2010. |
| O'Key | В планах «О'Кей» стоит открытие около 40 гипермаркетов до 2012 года, половина из которых появится в Москве и Санкт-Петербурге.<br>Ближайшие планы открытие магазина в Краснодаре. | Plans to open 40 supermarkets until 2012, half of them will be in Moscow and St. Petersburg.<br>In the nearest future a supermarket in Krasnodar will be opened. |
| Ramstore / Рамстор | Торговые комплексы в Москве переводятся под бренд «Капитолий». | Shopping Centers in Moscow change their name from Ramstor to Kapitilii |
| Prisma | Открылся супермаркет в Санкт-Петербурге | Supermarket was opened in St.Petersburg |
| Victoria / Виктория | Новый супермаркет «Виктория» планируется в ТРЦ «Карат» | New supermarket will be opened in the SC Karat |
| Bakhetle / Бахетле | Откроется в Военторге Москва | Will be opened in Voentorg Moscow |
| Polushka / Полушка | Новый супермаркет на Невском проспекте в Санкт-Петерурге. | One new supermarket on the Nevskii Prospekt in St.Petersburg |
| Yest' / Есть | В ближайших планах – три новых супермаркета в Санкт-Петербурге. | Plans to open three new shops in St.Petersburg |
| Utkonos / Утконос | Закрывает розничные точки (в ближайшее время будет закрыто около 30) | Closes all retails outlets (in the nearest future 30 shops will be closed) |
| Mir Vkusa / Мир вкуса | Выставлена на продажу, покупателем бизнеса может стать X5 Retail Group или петербргская «О'Кей» | Company has been put on sale. Potential buyers: X5 Retail Group or O'Kay. |

| | ***DIY*** | |
|---|---|---|
| KIKA | Открылся новый магазин в Краснодаре. | New shop was opened in Krasnodar. |
| Family room | Новый гипермаркет в Москве (ТЦ Золотой Вавилон) | New shop was opened in Moscow (SC Zolotoy Vavilon) |
| METRO | Строительство гипермаркета в Магнитогорске (413 тысяч жителей) начнется в 2011 году, а открытие магазина запланировано на 2012 год.<br>Первый малоформатный магазин Metro Punct в России будет открыт в Москве в 2011 году. | The development of hypermarket in Magnitiogorsk will start in 2011 and delivery is planned for 2012.<br>First community store Metro Punct in Russia will be opened in 2011 |
| Metrika / Метрика | Сеть DIY магазинов «Метрика» планирует открыть до пятнадцати новых магазинов в 2010 году. Основной акцент будет сделан на города в Северо-Западном федеральном округе России.<br>По данным агентства РИА Новости, с начала года «Метрика» уже открыла пять магазинов. В краткосрочной перспективе компания рассчитывает открывать по 1−2 магазина в месяц. | Plans to open about 15 new stores in 2010. The main accent would be made on the development in the cities of North-West Federal District of Russia.<br>Metrica is already opened 5 shops since the beginning of 2010. In the short run period company plans to open about 1-2 stores per month. |
| OBI | Открылся в Москве (ТЦ Филион ). | Was opened in Moscow (SC Filion). |
| Uyuterra / Уютерра | Компания ООО «ПланетаСтрой», развивающая федеральную сеть магазинов товаров для дома брендом «Уютерра», откроет от 8 до 10 новых супермаркетов в 2010 году. | OOO PlanetaStroy, the owner of Uyuterra brand plans to open 8-10 new supermarkets in 2010. |
| K-Rauta | Первые в столичном регионе магазины K-Rauta будут построены на пересечении Варшавского шоссе и МКАД и на Ленинградском шоссе в Солнечногорском районе | Two first stores K-Rauta in Moscow region were build on Leningradskoe Shosse (Solnechnogorsk region) and Varshavskoe Shosse (MKAD) |
| Starik Hottabych / Старик Хоттабыч | Открылся в Нижнем Новгооде | Was opened in Nizhny Novgorod |

| Кафе, рестораны / Cafe, restaurants, fast–food chains | | |
|---|---|---|
| Subway | Планирует увеличить российскую сеть на 150–160 заведений в 2010 году. | Plans to open 150-160 café  in 2010 |
| Coffee House / Кофе Хаус | 2010 году компания откроет около десяти новых кофеен. | Plans to open about 10 coffee houses in 2010 |
| Dunkin' Donuts | В 2010 году франчайзи планирует открыть около 10–20 кофеен в Москве, а в течение трех-пяти лет довести сеть до пятидесяти заведений. | Franchisee plans to open 10-20 coffee houses in Moscow in 2010  and about 40 additional coffee houses during next three-five years. |
| Burger King | Планы  открыться в Перми | Plans to open restaurant in Perm |
| Kofein / Кофеин | В 2010 году компания планирует открыть 8–10 новых заведений. В следующие два годы московская сеть планирует открывать по 10–15 кофеен ежегодно. После этого развитие может быть ускорено, если будет запущен франчайзинг. В 2011 году первые кофейни «Кофеин» должны появиться в Санкт-Петербурге. | Plans to open 8-10 new places. In the next two years the company plans to open about 10-15 coffee houses annually in Moscow. The expansion could increase with the launch of franchisee. In 2011 first Kofein will be opened in St.Petersburg |
| Bublik / Бублик | Первое кафе новой сети открылось в середине июня 2010 года на Тверском бульваре. | The first café of new chain of restaurants was opened in the middle 2010 on the Tverskoi Bulvar |
| Baskin Robbins | Планирует открыть около 30–35 новых кафе-мороженых в городе на Неве до конца 2012 года. | Plans to open 30-35 new café in St.Petersburg towards 2012 |

## APPENDIX THREE

## BOOK VALUES*

### 31.03.2010

| Name of Property | Presented in FS USD'000 |
|---|---|
| **Investment Properties under construction** | |
| | **Mirland Share** |
| Saratov Mall | 85 851 |
| Skyscraper | 52 764 |
| Techagrocom | 15 545 |
| Tamiz buildings | 29 848 |
| Penza | 3 115 |
| St. Petersburg commercial | 12 899 |
| Kazan Mall | 8 655 |
| Novosibirsk logistic | - |
| Saratov Logistic | 1 000 |
| | **209 677** |
| **Investment Properties** | |
| Hydro | 56 494 |
| MAG | 52 410 |
| Century | 43 134 |
| Yaroslavl Mall-stage 1 | 30 662 |
| Yaroslavl Mall-stage 2 | 2 340 |
| | **185 040** |

* The table represents the figures as mentioned in the Client's last Financial Statements. The information has been provided to us by the Client.

## APPENDIX FOUR

## SUMMARY OF MAIN VALUATION PARAMETERS

| Ref. | City | Property Name and Address | Discount Rate | | | | | Projected Exit Capitalisation Rate for Commercial (Uncompleted Only) | | | | | Total Commercial NOI of Market Rental Values (Assuming 100% Occupancy and Fully Completed) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 30.06.2008 | 31.12.2008 | 30.06.2009 | 31.12.2009 | 30.06.2010 | 30.06.2008 | 31.12.2008 | 30.06.2009 | 31.12.2009 | 30.06.2010 | 30.06.2008 | 31.12.2008 | 30.06.2009 | 31.12.2009 | 30.06.2010 |
| 001 | Moscow | Hydromashservice, 2-Khutorskaya Str., 38A | 10,00% | 14,00% | 13,50% | 13,00% | 12,50% | Completed | Completed | Completed | Completed | Completed | $9 826 000 | $9 576 000 | $8 766 000 | $7 552 000 | $7 142 000 |
| 002 | Moscow | MAG, 2-Khutorskaya Str., 38A | 10,00% | 14,00% | 14,00% | 12,50% | 12%/14% | Completed | Completed | Completed | Completed | Completed | $10 584 000 | $10 861 000 | $9 052 000 | $7 792 000 | $7 792 000 |
| 003 | Moscow | Tamiz Building | 16,00% | 19,00% | 17,25% | 16,50% | 14,00% | 8,50% | 10,00% | 10,00% | 9,50% | 10,00% | $7 759 000 | $5 321 000 | $5 321 000 | $4 201 000 | $4 309 000 |
| 004 | Moscow | Century Building | 12,50% | 17,00% | 17,00% | 17,00% | 15,00% | 8,75% | 11,00% | Completed | Completed | Completed | $14 845 000 | $11 110 000 | $10 278 000 | $9 587 000 | $10 110 000 |
| 005 | Moscow | Skyscraper, Dmitrovskoe schosse, 1 | 17,00% | 19,00% | 19,00% | 19,00% | 17,50% | 7,25% | 8,50% | 8,50% | 8,50% | 8,50% | $89 442 000 | $55 295 000 | $53 810 000 | $61 048 000 | $63 812 000 |
| 006 | Moscow Region | Western Residence, Perkhushkovo, Odintsovsky district | 15,00% | 21,00% | 21,00% | 19,00% | 18,00% | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential |
| 007 | Yaroslavl | Vernissage Mall, Kalinina Str. | 10,00% | 14,50% | 14,50% | 14,50% | 13,00% | Completed | Completed | Completed | Completed | Completed | $8 149 000 | $8 149 000 | $8 766 000 | $8 860 000 | $8 953 000 |
| 008 | Yaroslavl | Phase II | 17,00% | 25,00% | 25,00% | 25,00% | 23,00% | 9,50% | 11,00% | 11,00% | 11,00% | 10,50% | $9 998 000 | $9 628 000 | $10 042 000 | $7 100 000 | $6 425 000 |
| 009 | Saint Petersburg | Triumph Park, Residential | 17,50% | 23,00% | 23,00% | 23,00% | 21,00% | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential | Residential |
| 010 | Saint Petersburg | Triumph Park, Trade Center | 18,00% | 22,00% | 23,00% | 23,00% | 21,00% | 7,92%/7,5% | 9%/10% | 10%/9% | 9%/9% | 9%/9% | $37 125 000 | $28 980 000 | $29 400 000 | $30 885 000 | $30 799 000 |
| 011 | Saratov | Triumph Mall, Zarubina Str., 167 | 13,00% | 18,00% | 18,00% | 16,00% | 14,00% | 9,20% | 12,00% | 12,00% | 11,00% | 11,00% | $11 438 000 | $13 022 000 | $12 350 000 | $12 146 000 | $12 166 000 |
| 012 | Saratov | Logistics Complex | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 013 | Kazan | Triumph House | 18,00% | 25,00% | 25,00% | 25,00% | n/a | 8,10% | 11,00% | 11,00% | 10,50% | n/a | $12 479 000 | $9 138 000 | $8 645 000 | $8 013 000 | n/a |
| 014 | Penza | Retail Center | 25,00% | 25,00% | 25,00% | 25,00% | n/a | 9,17% | 10,00% | 10,00% | 10,00% | n/a | $14 208 000 | $4 630 000 | $4 890 000 | $4 515 000 | n/a |

## APPENDIX FIVE

## DISCOUNT RATE BREAKDOWN

For the purpose of our valuation we calculated the discount rate on the basis of a cumulative method:

DR = Risk Free Rate +Investment Risk +Liquidity Risk + Management Risk + Specific Risk (if applicable).

When assessing the discount rate for non-completed Properties, we added additional risks associated directly with the construction process.

We have calculated the discount rate on the basis of a long term risk-free rate plus a risk premium in accordance with international valuation practice. Risk Free Rate is estimated on the basis of the most liquid and secure investments. The risk-free rate has been taken from the yield of Euro-Cbonds Sovereign Russia to reflect the long-term horizon of real estate investments. As of the date of valuation this number is estimated to be around 5.43%. The generally applied discount rate has therefore been calculated from the risk-free rate of 5.43% and specific risk premiums reflecting the limited liquidity of the real estate investments compared to more liquid asset classes such as stocks or bonds. Then we took into consideration location, degree of completion, type of property and other characteristics while assessing risk premiums in line with every separate Property.

| **MAG (Completed)** | **30.06.2010** |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,50% |
| - Liquidity Risk | 1,50% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 0,25% |
| **Discount Rate** | **12,00%** |

| **Hidromashservice (Completed)** | **30.06.2010** |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 5,00% |
| - Liquidity Risk | 1,50% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 0,25% |
| **Discount Rate** | **12,50%** |

| **Century (Completed)** | **30.06.2010** |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 7,50% |
| - Liquidity Risk | 1,50% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 0,25% |
| **Discount Rate** | **15,00%** |

| **Vernissage Mall Yaroslavl (Completed)** | **30.06.2010** |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,50% |
| - Liquidity Risk | 1,50% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 1,00% |
| **Discount Rate** | **13,00%** |

| **Triumph Mall Saratov (In Course of Development)** | **30.06.2010** |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,50% |
| - Liquidity Risk | 1,25% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 1,25% |
| Discount Rate (Fully Completed Property) | 12,68% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 1,00% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 0,00% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **14,00%** |

| Tamiz Building (In Course of Development) | 30.06.2010 |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,00% |
| - Liquidity Risk | 1,25% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 1,25% |
| Discount Rate (Fully Completed Property) | 12,18% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 1,50% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 0,00% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **14,00%** |

| MAG bld. 26 (Held for Renovation) | 30.06.2010 |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,50% |
| - Liquidity Risk | 1,50% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 0,25% |
| Discount Rate (Fully Completed Property) | 11,93% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 2,00% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 0,00% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **14,00%** |

| Skyscraper (Held for Future Development) | 30.06.2010 |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,50% |
| - Liquidity Risk | 2,00% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 0,00% |
| Discount Rate (Fully Completed Property) | 12,18% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 3,25% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 2,00% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **17,50%** |

| St. Petersburg Commercial (Held for Future Development) | 30.06.2010 |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 4,25% |
| - Liquidity Risk | 1,75% |
| - Management Risk | 0,50% |
| - Specific Risk (Region Risk) | 0,75% |
| Discount Rate (Fully Completed Property) | 12,68% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 5,00% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 3,00% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **21,00%** |

| Yaroslavl Phase II (Held for Future Development) | 30.06.2010 |
|---|---|
| Risk Free Rate | 5,43% |
| Risk Adjustments: | |
| - Investment Risk | 5,25% |
| - Liquidity Risk | 2,00% |
| - Management Risk | 0,25% |
| - Specific Risk (Region Risk) | 1,00% |
| Discount Rate (Fully Completed Property) | 13,93% |
| Risk Adjustments for Not Completed State: | |
| - Construction (0% Completed) | 5,50% |
| - Construction currently Stopped | 0,00% |
| - Outstanding Construction & Related Permissions | 3,50% |
| - Land Plot without Zoning for Proposed Use | 0,00% |
| **Discount Rate Conclusion** | **23,00%** |

# APPENDIX SIX

# FINANCIAL MODELS

## Saratov Logistics

| | The Property | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|---|
| **Source** | Information provided by the Client | http://www.nedsar.ru/objects/type/14/page/0/ | http://www.nedsar.ru/objects/type/14/page/0/ | http://www.nedsar.ru/objects/type/14/page/0/ |
| **Sale Price, $** | | $480 840 | $384 672 | $384 672 |
| **Sale Price per sqm, $** | | $3,21 | $7,40 | $6,75 |
| **Location** | Russia, Saratov region, 1.3 km south-east to Dubki village | Russia, Saratov region, Volskiy trakt, near Dubki village | Russia, Saratov region, Elshanka, Peschanskiy trakt | Russia, Saratov city, Kirovskiy district, near the airport |
| **Adjustment** | | 0% | 0% | -20% |
| **Adjusted value, $** | | $3,21 | $7,40 | $5,40 |
| **Size of the land plot, sqm** | 260 000,00 | 150 000,00 | 52 000,00 | 57 000,00 |
| **Adjustment** | | -5% | -10% | -10% |
| **Adjusted value, $** | | $3,05 | $6,66 | $4,86 |
| **Tenure** | Freehold | Long-term leasehold (49 years)<br>The land is in the process of registration of legal rights | Long-term leasehold (49 years) | Long-term leasehold (49 years) |
| **Adjustment** | | 10% | 5% | 5% |
| **Adjusted value, $** | | $3,35 | $6,99 | $5,10 |
| **Status** | | Current Offer | Current Offer | Current Offer |
| **Adjustment** | | -5% | -10% | -10% |
| **Adjusted value, $** | | $3,18 | $6,29 | $4,59 |
| **Permitted Use** | Industrial land<br>For allocation of a logistics complex | Industrial land<br>For allocation of industrial objects | Industrial land<br>For allocation of industrial objects | Industrial land<br>For allocation of industrial objects |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $3,18 | $6,29 | $4,59 |
| **Project Documentation** | None | None | None | None |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $3,18 | $6,29 | $4,59 |
| **Public Utilities** | All utilities are in close proximity to the land plot, electricity is on the land plot | All utilities (electricity, water, gas sewage) are located along the borders of the plot | All utilities (electricity, water, gas sewage) are located in close proximity to the plot | Electricity and water are located on the land plot |
| **Adjustment** | | $0,00 | $0,00 | $0,00 |
| **Adjusted value, $** | | $3,18 | $6,29 | $4,59 |
| **Weight** | | 2 | 1 | 2 |
| **Weighted Adjusted Value per sqm of the Property** | $4,37 | | | |
| **Market Value of the Property, $** | **$1 100 000** | | | |

## Penza Retail

| | The Property | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|---|
| **Source** | Information provided by the Client | http://www.lex911.ru/zakon.html?id=47 | http://www.lex911.ru/zakon.html?id=47 | http://penza.olx.ru/iid-86065967 |
| **Sale Price, $** | | $3 526 161 | $897 568 | $1 602 800 |
| **Sale Price per sqm, $** | | $176,31 | $44,88 | $32,06 |
| **Location** | Russia, Prenza city, Sosnovka district | Penza, Central part | Penza, northern part, Austrina street | Penza, Ternovka district |
| **Adjustment** | | -10% | 10% | 10% |
| **Adjusted value, $** | | $158,68 | $49,37 | $35,26 |
| **Size of the land plot, sqm** | 50 000,00 | 20 000,00 | 20 000,00 | 50 000,00 |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $158,68 | $49,37 | $35,26 |
| **Tenure** | Freehold | Freehold | Freehold | Freehold |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $158,68 | $49,37 | $35,26 |
| **Status** | | Current Offer | Current Offer | Current Offer |
| **Adjustment** | | -10% | -5% | -5% |
| **Adjusted value, $** | | $142,81 | $46,90 | $33,50 |
| **Permitted Use** | Land of settlement For construction of a retail center | Land of settlement For construction of commercial objects | Land of settlement For construction of commercial objects | Land of settlement For construction of commercial objects |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $142,81 | $46,90 | $33,50 |
| **Project Documentation** | None | None | None | None |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $142,81 | $46,90 | $33,50 |
| **Public Utilities** | All utilities are located in close proximity to the land plot | All utilities are on the land plot | All utilities are located in close proximity to the land plot | All utilities are located in close proximity to the land plot |
| **Adjustment** | | -20% | 0% | 0% |
| **Adjusted value, $** | | $114,25 | $46,90 | $33,50 |
| **Weight** | $51 | 1 | 3 | 3 |
| **Weighted Average Value per sqm of the Property** | $51 | | | |
| **Market Value of the Property, $** | **$2 500 000** | | | |

# Kazan Retail

| | The Property | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|---|
| **Source** | Information provided by the Client | CW database | CW database | CW database |
| **Sale Price, $** | | $19 500 000 | $2 600 000 | $1 300 000 |
| **Sale Price per sqm, $** | | $130,00 | $285,71 | $342,11 |
| **Location** | Russia, Kazan city, Okolnaya Street, 23-A, intersection of Gorkovskoye highway, Bolotnikova Street, Frunze street and Vosstaniya Street | Republic of Tatarstan, Kazan city, Gabisheva streeet | Republic of Tatarstan, Kazan city, Ostrovskogo streeet | Republic of Tatarstan, Kazan city, Peterburgskaya streeet |
| **Adjustment** | | 0% | -20% | -20% |
| **Adjusted value, $** | | $130,00 | $228,57 | $273,68 |
| **Size of the land plot, sqm** | 22 647,00 | 150 000,00 | 9 100,00 | 3 800,00 |
| **Adjustment** | | -5% | -10% | -10% |
| **Adjusted value, $** | | $123,50 | $205,71 | $246,32 |
| **Tenure** | Freehold | Freehold | Freehold | Freehold |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $123,50 | $205,71 | $246,32 |
| **Status** | | Current Offer | Current Offer | Current Offer |
| **Adjustment** | | -5% | -5% | -5% |
| **Adjusted value, $** | | $117,33 | $195,43 | $234,00 |
| **Permitted Use** | Land of settlement For construction of a retail center | Land of settlement For construction of a retail center | Land of settlement For construction of a retail center | Land of settlement For construction of a hotel-retail complex |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $117,33 | $195,43 | $234,00 |
| **Public Utilities** | All utilities are in place | Electricity and water are located on the land plot, gas is located 200 m away from the plot | All utilities (electricity, water, gas sewage) are located on the land plot | All utilities (electricity, water, gas sewage) are located on the plot |
| **Adjustment** | | 0% | 0% | 0% |
| **Adjusted value, $** | | $117,33 | $195,43 | $234,00 |
| **Project Documentation, Technical Conditions and Project Development Stage** | 1) The facades approved by General architect of the city 2)Receiving building permits for ground level is in process 3) Preruling for licensing 4) Zoning approved 5)Technical conditions approved 6) 2 underground tunnels for tra | The project of complex development of the land plot | Construction of a retail complex is approved | Approved project of a retail-hotel development |
| **Adjustment** | | $161,62 | $161,62 | $161,62 |
| **Adjusted value, $** | | $278,95 | $357,05 | $395,62 |
| **Average Adjusted Value per sqm of the Property** | $344 | | | |
| **Market Value of the Property, $** | **$7 800 000** | | | |

## MAG

| Results and Assumptions | | |
|---|---|---|
| Total Lettable Area | | 12 385,00 sqm |
| Vacancy at Beginning of Period 1 | | 1 864,90 sqm |
| Vacancy Rate in Terms of Lettable Area | | 15,06% |
| Reserve deductions | | 1,00% |
| Book Value | | $41 800 000 |
| Book Value of the Land Plot | 30,00% | $12 540 000 |
| Book Value of the Building | 70,00% | $29 260 000 |
| Depriciation Rate | | 2,00% |
| Property Tax Rate | | 2,20% |
| Costs of Purchase Terminal Value | | 1,50% |

| Discounted Cashflow Ananlysis | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Period** | | | 1 | 2 | 3 | 4 | 5 | 6 |
| | | | 01.07.2010<br>30.06.2011 | 01.07.2011<br>30.06.2012 | 01.07.2012<br>30.06.2013 | 01.07.2013<br>30.06.2014 | 01.07.2014<br>30.06.2015 | 01.07.2015<br>30.06.2016 |
| **Income** | | | | | | | | |
| | | | **$4 510 977** | **$4 988 016** | **$4 986 620** | **$4 870 823** | **$4 884 724** | **$4 954 000** |
| **Non-recoverable Costs** | | | | | | | | |
| Reserve deductions | | 1,00% | $45 110 | $49 880 | $49 866 | $48 708 | $48 847 | $49 540 |
| Book Value | | | $41 800 000 | $41 214 800 | $40 629 600 | $40 044 400 | $39 459 200 | $38 874 000 |
| Book Value of the Land Plot | | | $12 540 000 | $12 540 000 | $12 540 000 | $12 540 000 | $12 540 000 | $12 540 000 |
| Book Value of the Building | | | $29 260 000 | $28 674 800 | $28 089 600 | $27 504 400 | $26 919 200 | $26 334 000 |
| Depriciation Rate | | 2,00% | $585 200 | $585 200 | $585 200 | $585 200 | $585 200 | $585 200 |
| Property Tax Rate | | 2,20% | $643 720 | $630 846 | $617 971 | $605 097 | $592 222 | $579 348 |
| **Other Adjustments to Value** | | | | | | | | |
| Letting Fees | | 1,0 Months | $45 000 | $0 | $0 | $0 | $0 | $0 |
| **Total Expenditure** | | | $733 830 | $680 726 | $667 837 | $653 805 | $641 070 | $628 888 |
| **Total Annual Cash Flow** | | | **$3 777 148** | **$4 307 290** | **$4 318 783** | **$4 217 018** | **$4 243 654** | **$4 325 112** |
| **Terminal Value Calculation** | | **9,00%** | | | | | **$47 346 601** | |
| **Present Value Calcualtion** | **Discount Rate** | **12,00%** | **0,8929** | **0,7972** | **0,7118** | **0,6355** | **0,5674** | |
| **Present Value per Period** | | | **$3 372 453** | **$3 433 745** | **$3 074 024** | **$2 679 991** | **$29 273 696** | |
| **Net Present Value Including Costs of Purchase** | | | **$41 833 910** | | | | | |
| **Market Value** | | | **$41 833 910** | | | | | |

## MAG bld. 26

| | Description | | Type of Premises | Type of Deal | GLA (sqm) | Phase 1 |
|---|---|---|---|---|---|---|
| **Zone 1** | Office | | Office | Lease | 7 482 | 100% |
| | Surface Parking (# spaces) | A | | Lease | 0 | 0% |
| | Structured Parking (# spaces) | A | | Lease | 0 | 0% |
| | Underground Parking (# spaces) | A | | Lease | 0 | 0% |
| **Total Area for Lease sqm (excl. Parking)** | | | | | **7 482** | **7 482** |
| **Total Parking for Lease (spaces)** | | | | | **0** | **0** |
| **Total Area for Sale sqm (excl. Parking)** | | | | | **0** | **0** |
| **Total Parking for Sale (spaces)** | | | | | **0** | **0** |
| **Total Area (excl. Parking)** | | | | | **7 482** | **7 482** |
| **Total Parking (spaces)** | | | | | **0** | **0** |

| General Assumptions | Units | Amount |
|---|---|---|
| **Design & Construction Costs** | | |
| Office | $/sqm | 649 |
| Completion Condition | | Shell & Core |
| Construction Contract Type | | Indexed |
| Construction Costs Inflation Rate | % | 5% |
| Permit & Design Costs Inflation Rate | % | 5% |
| Fit-out Period | Months | 6 |
| VAT Rate | % | 18% |
| Maximum Equity Required | $mln | 21,44 |
| Security Deposit | Months | 3 |
| Review / Renewal Period | Years | 1 |
| Review / Renewal Period for Anchors | Years | 3 |
| Broker's Fees on Acquisition (% of Land Acquisition Costs) | % | 3,00% |
| Broker's Fees on Leasing (% of GOI) | % | 8,33% |
| Broker's Fees on Sale (% of Sale Price) | | 3,00% |
| Depreciation Rate for Buildings | % | 2% |
| Income Tax Rate | % | 20% |
| Advance Payment for Construction | % | 20% |
| Hold Back on Construction | % | 5% |

| Year | Annual Rent/Sale Price per sq m<br>Growth Rate per annum<br>0,0% | Occupancy |
|---|---|---|
| | **Office** | **Office** |
| 2010 | 400 | 0% |
| 2011 | 400 | 80% |
| 2012 | 400 | 90% |
| 2013 | 400 | 90% |
| 2014 | 400 | 90% |
| 2015 | 400 | 90% |

| | | 30-Jun-2010 | 30-Sep-2010 | 31-Dec-2010 | 31-Mar-2011 | 30-Jun-2011 | 30-Sep-2011 | 31-Dec-2011 | 31-Mar-2012 | 30-Jun-2012 | 30-Sep-2012 | 31-Dec-2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cashflow of the Project** | | **2Q2010** | **3Q2010** | **4Q2010** | **1Q2011** | **2Q2011** | **3Q2011** | **4Q2011** | **1Q2012** | **2Q2012** | **3Q2012** | **4Q2012** |
| **Cashflow from Operating Activity** | | | | | | | | | | | | |
| Phase 1 | Last Review Date | N/a | N/a | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2011 | 31-Dec-2011 | 31-Dec-2011 | 31-Dec-2011 | 31-Dec-2012 |
| | Last Review Date - Anchc | N/a | N/a | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 | 31-Dec-2010 |
| 45 *Weights* | Office | | 0 | 0 | 0 | 6 578 | 598 560 | 598 560 | 673 380 | 673 380 | 673 380 | 0 |
| | *Gross Operating Income* | | 0 | 0 | 0 | 6 578 | 598 560 | 598 560 | 673 380 | 673 380 | 673 380 | 0 |
| | *Operating Expenses* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Gross Operating Income | | | 0 | 0 | 0 | 6 578 | 598 560 | 598 560 | 673 380 | 673 380 | 673 380 | 0 |
| Total Operating Expenses | Double Count | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net Operating Income from Leasing | | | 0 | 0 | -31 323 | -24 588 | 567 551 | 567 708 | 642 685 | 642 842 | 642 999 | -15 151 |
| Broker's Fees on Leasing | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA | | | 0 | 0 | -31 323 | -24 588 | 567 551 | 567 708 | 642 685 | 642 842 | 642 999 | -15 151 |
| Book Value of Depriciable Assets | | | | | | | | | | | | |
| Opening Book Value | | | 0 | 0 | 5 709 342 | 5 680 796 | 5 652 249 | 5 623 702 | 5 595 156 | 5 566 609 | 5 538 062 | 5 509 515 |
| Depreciation Rate | | | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% |
| Depreciation | | | 0 | 0 | 28 547 | 28 547 | 28 547 | 28 547 | 28 547 | 28 547 | 28 547 | 28 547 |
| Addition in Book Value | | | 0 | 5 709 342 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reduction in Book Value | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 480 969 |
| Closing Book Value | | | 0 | 5 709 342 | 5 680 796 | 5 652 249 | 5 623 702 | 5 595 156 | 5 566 609 | 5 538 062 | 5 509 515 | 0 |
| Book Value of Non-depriciable Assets | | | | | | | | | | | | |
| Book Value of Land | | | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 12 991 466 | 0 |
| **Total CF from Operating Activity (excl. VAT)** | | | **0** | **0** | **-31 323** | **-24 588** | **459 750** | **459 876** | **519 857** | **519 983** | **520 109** | **-15 151** |
| **Cashflow from Investing Activity** | | | | | | | | | | | | |
| Property Acquisition | | | -12 613 074 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agent's Fees on Acquisition | | | -378 392 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Phase 1 | | | | -8 | -7 | -6 | -5 | -4 | -3 | -2 | -1 | 0 |
| | Period Counter | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | *Construction Costs* | | -4 610 294 | -242 647 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Permit & Design Costs* | | -428 201 | -428 201 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Sale Proceeds* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 486 545 |
| | *Book Value for Disposal* | | 18 029 960 | 18 700 808 | 18 672 261 | 18 643 715 | 18 615 168 | 18 586 621 | 18 558 075 | 18 529 528 | 18 500 981 | 18 472 434 |
| Total Acquisition/Disposal | | | -12 991 466 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 486 545 |
| Tax on Sale Proceeds | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 194 083 |
| Total Construction, Permit and Design Costs | | | -5 038 495 | -670 848 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Value Added Tax Calculation** | | | | | | | | | | | | |
| | VAT Received from Tenants | | 0 | 0 | 0 | 1 184 | 107 741 | 107 741 | 121 208 | 121 208 | 121 208 | 0 |
| | VAT Paid on Maintanance Costs & Broker's Fees | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT on Investment Activity | | -2 564 287 | -120 753 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 407 578 |
| | VAT Received from Sales | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT Paid on Broker's Fees | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT Paid on Construction, Permit & Design | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total VAT Received (Paid) | | | -2 564 287 | -120 753 | 0 | 1 184 | 107 741 | 107 741 | 121 208 | 121 208 | 121 208 | 2 104 749 |
| Balance of VAT | | 0 | -2 564 287 | -2 685 039 | -2 685 039 | -2 683 856 | -2 576 115 | -2 468 374 | -2 347 166 | -2 225 957 | -2 104 749 | 0 |
| Total VAT Received (Paid) Disregarding Inflation | | | -2 564 287 | -120 753 | 0 | 1 184 | 107 741 | 107 741 | 121 208 | 121 208 | 121 208 | 2 104 749 |
| Balance of VAT Disregarding Inflation | | 0 | -2 564 287 | -2 685 039 | -2 685 039 | -2 683 856 | -2 576 115 | -2 468 374 | -2 347 166 | -2 225 957 | -2 104 749 | 0 |
| **Total CF from Investment Activity** | | | **-20 594 247** | **-791 600** | **0** | **1 184** | **107 741** | **107 741** | **121 208** | **121 208** | **121 208** | **25 397 212** |
| **Cashflow from Financing Activity** | | | | | | | | | | | | |
| Equity Financing | | | 20 594 247 | 791 600 | 31 323 | 23 404 | -567 491 | -567 617 | -641 066 | -641 191 | -641 317 | -25 382 060 |
| Equity Cumulative Financing | | | 20 594 247 | 21 385 848 | 21 417 171 | 21 440 575 | 20 873 084 | 20 305 467 | 19 664 401 | 19 023 210 | 18 381 893 | -7 000 168 |
| **Total CF from Financing Activity** | | | **20 594 247** | **791 600** | **31 323** | **23 487** | **-560 009** | **-560 135** | **-632 649** | **-632 774** | **-632 900** | **-25 382 060** |
| **Project Cashflow** | | | -20 594 247 | -791 600 | -31 323 | -23 404 | 567 491 | 567 617 | 641 066 | 641 191 | 641 317 | 25 382 060 |
| **Cumulative Project Cashflow** | | | -20 594 247 | -21 385 848 | -21 417 171 | -21 440 575 | -20 873 084 | -20 305 467 | -19 664 401 | -19 023 210 | -18 381 893 | 7 000 168 |

## HYDRO

| Results and Assumptions | | |
|---|---|---|
| **Results** | | |
| Total Lettable Area | | 17 198,50 sqm |
| Vacancy at Beginning of Period 1 | | 6 937,80 sqm |
| Vacancy Rate in Terms of Lettable Area | | 40,34% |
| Reserve deductions | | 1,00% |
| Book Value | | $59 900 000 |
| Book Value of the Land Plot | 30,00% | $17 970 000 |
| Book Value of the Building | 70,00% | $41 930 000 |
| Depriciation Rate | | 2,00% |
| Property Tax Rate | | 2,20% |
| Costs of Purchase Terminal Value | | 1,50% |

| Discounted Cashflow Ananlysis | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Period** | | | **1** | **2** | **3** | **4** | **5** |
| | | | 01.07.2010<br>30.06.2011 | 01.07.2011<br>30.06.2012 | 01.07.2012<br>30.06.2013 | 01.07.2013<br>30.06.2014 | 01.07.2014<br>30.06.2015 |
| **Income** | | | | | | | |
| | | | **$4 238 580** | **$6 914 152** | **$7 072 671** | **$7 271 764** | **$7 409 988** |
| **Non-recoverable Costs** | | | | | | | |
| Reserve deductions | | 1,00% | $42 386 | $69 142 | $70 727 | $72 718 | $74 100 |
| Book Value | | | $59 900 000 | $59 061 400 | $58 222 800 | $57 384 200 | $56 545 600 |
| Book Value of the Land Plot | | | $17 970 000 | $17 970 000 | $17 970 000 | $17 970 000 | $17 970 000 |
| Book Value of the Building | | | $41 930 000 | $41 091 400 | $40 252 800 | $39 414 200 | $38 575 600 |
| Depriciation Rate | | 2,00% | $838 600 | $838 600 | $838 600 | $838 600 | $838 600 |
| Insurance | | 0,00% | $0 | $0 | $0 | $0 | $0 |
| Property Tax Rate | | 2,20% | $922 460 | $904 011 | $885 562 | $867 112 | $848 663 |
| Letting Fees | | 1,0 Months | $69 037 | $162 223 | $0 | $0 | $0 |
| **Total Expenditure** | | | $1 033 882 | $1 135 376 | $956 288 | $939 830 | $922 763 |
| **Total Annual Cash Flow** | | | **$3 204 697** | **$5 778 777** | **$6 116 383** | **$6 331 934** | **$6 487 225** |
| **Terminal Value Calculation** | | **9,00%** | | | | | **$73 242 333** |
| **Present Value Calcualtion** | **Discount Rate** | **12,50%** | **0,8889** | **0,7901** | **0,7023** | **0,6243** | **0,5549** |
| **Present Value per Period** | | | **$2 848 620** | **$4 565 947** | **$4 295 731** | **$3 952 995** | **$44 244 240** |
| **Net Present Value Including Costs of Purchase** | | | **$59 907 533** | | | | |
| **Market Value** | | | **$59 907 533** | | | | |

## Vernissage Mall, Yaroslavl

| Results and Assumptions | | |
|---|---|---|
| **Results** | | |
| Total Lettable Area | | 34 056,59 sqm |
| Vacancy at Beginning of Period 1 | | 655,10 sqm |
| Vacancy Rate in Terms of Lettable Area | | 1,92% |
| | | |
| Reserve deductions | | 1,00% |
| Book Value | | $70 800 000 |
| Book Value of the Land Plot | 30,00% | $21 240 000 |
| Book Value of the Building | 70,00% | $49 560 000 |
| Depriciation Rate | | 2,00% |
| Property Tax Rate | | 2,20% |
| Costs of Purchase Terminal Value | | 1,50% |

| Discounted Cashflow Ananlysis | | | | | |
|---|---|---|---|---|---|
| **Period** | **1** | **2** | **3** | **4** | **5** |
| | 01.07.2010<br>30.06.2011 | 01.07.2011<br>30.06.2012 | 01.07.2012<br>30.06.2013 | 01.07.2013<br>30.06.2014 | 01.07.2014<br>30.06.2015 |
| **Income** | | | | | |
| | **$8 904 642** | **$9 084 541** | **$9 214 848** | **$9 305 147** | **$9 379 918** |
| **Non-recoverable Costs** | | | | | |
| Reserve deductions | $89 046 | $90 845 | $92 148 | $93 051 | $93 799 |
| Book Value | $70 800 000 | $69 808 800 | $68 817 600 | $67 826 400 | $66 835 200 |
| Book Value of the Land Plot | $21 240 000 | $21 240 000 | $21 240 000 | $21 240 000 | $21 240 000 |
| Book Value of the Building | $49 560 000 | $48 568 800 | $47 577 600 | $46 586 400 | $45 595 200 |
| Depriciation Rate | $991 200 | $991 200 | $991 200 | $991 200 | $991 200 |
| Insurance | $0 | $0 | $0 | $0 | $0 |
| Property Tax Rate | $1 090 320 | $1 068 514 | $1 046 707 | $1 024 901 | $1 003 094 |
| Letting Fees | $0 | $0 | $0 | $0 | $0 |
| **Total Expenditure** | **$1 179 366** | **$1 159 359** | **$1 138 856** | **$1 117 952** | **$1 096 894** |
| **Total Annual Cash Flow** | **$7 725 276** | **$7 925 182** | **$8 075 993** | **$8 187 195** | **$8 283 025** |
| **Terminal Value Calculation** | | | | | **$78 640 156** |
| **Present Value Calcualtion** | **0,8850** | **0,7831** | **0,6931** | **0,6133** | **0,5428** |
| **Present Value per Period** | **$6 836 527** | **$6 206 580** | **$5 597 068** | **$5 021 360** | **$47 178 420** |
| **Net Present Value Including Costs** | **$70 839 955** | | | | |
| **Market Value** | **$70 839 955** | | | | |

## Skyscraper, Moscow

| | Description | Type of Premises | Type of Deal | GLA (sqm) | Phase 1 |
|---|---|---|---|---|---|
| **Zone 1** | Office | Office | Lease | 85 000 | 100% |
| **Zone 2** | Retail | Retail | Lease | 7 000 | 100% |
| | Underground Parking (# spaces) | | Lease | 1 690 | 100% |
| **Total Area for Lease sqm (excl. Parking)** | | | | **92 000** | **92 000** |
| **Total Parking for Lease (spaces)** | | | | **1690** | **1690** |
| **Total Area for Sale sqm (excl. Parking)** | | | | **0** | **0** |
| **Total Parking for Sale (spaces)** | | | | **0** | **0** |
| **Total Area (excl. Parking)** | | | | **92 000** | **92 000** |
| **Total Parking (spaces)** | | | | **1690** | **1690** |

| General Assumptions | Units | Amount |
|---|---|---|
| **Design & Construction Costs** | | |
| Office | $/sqm | 2 628 |
| Retail | $/sqm | 2 628 |
| *Surface Parking* | $/place | 0 |
| *Structured Parking* | $/place | 0 |
| *Underground Parking* | $/place | 20 000 |
| *Utilities* | $/sqm | 0 |
| *Developer's Fee* | $/sqm | 0 |
| Completion Condition | | Shell & Core |
| Construction Contract Type | | Fixed |
| Construction Costs Inflation Rate | % | 5% |
| Permit & Design Costs Inflation Rate | % | 5% |
| Fit-out Period | Months | 4 |
| VAT Rate | % | 18% |
| Maximum Equity Required | $mln | 387,07 |
| Security Deposit | Months | 3 |
| Agent's Fees on Acquisition (% of land acquisition costs) | % | 3,00% |
| Broker's Fees on Leasing (% of GOI) | % | 8,33% |
| Broker's Fees on Sale (% of Sale Price) | | 3,00% |
| Depreciation Rate for Buildings | % | 2% |
| Accelerating Multiple for Depreciation | Units | 1 |
| Property Tax Rate | % | 2,20% |
| Income Tax Rate | % | 20% |
| Advance Payment for Construction | % | 20% |
| Hold Back on Construction | % | 5% |

| Year | Annual Rent/Sale Price per sq m | | | Occupancy | | |
|---|---|---|---|---|---|---|
| | Growth Rate per annum | | | | | |
| | 5,0% | 5,0% | 5,0% | | | |
| | **Office** | **Retail** | **Underground Parking** | **Office** | **Retail** | **Underground Parking** |
| 2010 | 500 | 450 | 4 800 | 80% | 80% | 80% |
| 2011 | 525 | 473 | 5 040 | 80% | 80% | 80% |
| 2012 | 551 | 496 | 5 292 | 85% | 85% | 85% |
| 2013 | 579 | 521 | 5 557 | 85% | 85% | 85% |
| 2014 | 608 | 547 | 5 834 | 85% | 85% | 85% |
| 2015 | 638 | 574 | 6 126 | 93% | 93% | 93% |
| 2016 | 638 | 574 | 6 126 | 93% | 93% | 93% |
| 2017 | 638 | 574 | 6 126 | 93% | 93% | 93% |

| | | 30-Jun-2010 | 30-Sep-2010 | 31-Dec-2010 | 31-Mar-2011 | 30-Jun-2011 | 30-Sep-2011 | 31-Dec-2011 | 31-Mar-2012 | 30-Jun-2012 | 30-Sep-2012 | 31-Dec-2012 | 31-Mar-2013 | 30-Jun-2013 | 30-Sep-2013 | 31-Dec-2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cashflow of the Project** | | **2Q2010** | **3Q2010** | **4Q2010** | **1Q2011** | **2Q2011** | **3Q2011** | **4Q2011** | **1Q2012** | **2Q2012** | **3Q2012** | **4Q2012** | **1Q2013** | **2Q2013** | **3Q2013** | **4Q2013** |
| **Cashflow from Operating Activity** | | | | | | | | | | | | | | | | |
| Phase 1 | Last Review Date | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a |
| | Last Review Date - Anchc | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a | N/a |
| *45 Weights* | Office | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *48* 16% | Retail | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *45* 84% | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Operating Expenses* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Gross Operating Income | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenses | Double Count | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net Operating Income from Leasing | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Broker's Fees on Leasing | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net Operating Income from Sale less Broker's Fees | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Opening Book Value | | | 0 | 57 164 215 | 57 164 215 | 57 164 215 | 57 164 215 | 128 166 851 | 144 062 964 | 159 959 077 | 175 855 189 | 191 751 302 | 207 647 415 | 223 543 527 | 239 439 640 | 255 335 753 |
| Depreciation Rate | | | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% |
| Depreciation | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Addition in Book Value | | | 57 164 215 | 0 | 0 | 0 | 71 002 637 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 | 15 896 113 |
| Reduction in Book Value | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing Book Value | | | 57 164 215 | 57 164 215 | 57 164 215 | 57 164 215 | 128 166 851 | 144 062 964 | 159 959 077 | 175 855 189 | 191 751 302 | 207 647 415 | 223 543 527 | 239 439 640 | 255 335 753 | 271 231 865 |
| Accounting of Security Deposit | | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Payments | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income Tax | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income | | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total CF from Operating Activity (excl. VAT)** | | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Cashflow from Investing Activity** | | | | | | | | | | | | | | | | |
| Property Acquisition | | | -55 499 237 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agent's Fees on Acquisition | | | -1 664 977 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Phase 1 | | | | -24 | -23 | -22 | -21 | -20 | -19 | -18 | -17 | -16 | -15 | -14 | -13 | -12 |
| | Period Counter | | 0 | 0 | 0 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | *Construction Costs* | | 0 | 0 | 0 | 0 | -71 002 637 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 |
| | *Permit & Design Costs* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Sale Proceeds* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Book Value for Disposal* | | 55 500 000 | 55 500 000 | 55 500 000 | 55 500 000 | 126 502 637 | 142 398 749 | 158 294 862 | 174 190 975 | 190 087 087 | 205 983 200 | 221 879 313 | 237 775 426 | 253 671 538 | 269 567 651 |
| Total Acquisition/Disposal | | | -57 164 215 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax on Sale Proceeds | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Construction, Permit and Design Costs | | | 0 | 0 | 0 | 0 | -71 002 637 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 | -15 896 113 |
| **Value Added Tax Calculation** | | | | | | | | | | | | | | | | |
| | VAT Received from Tenants | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT Paid on Maintanance Costs & Broker's Fees | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT on Investment Activity | | -4 778 636 | 0 | 0 | 0 | -12 780 475 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 |
| Total VAT Received (Paid) | | | -4 778 636 | 0 | 0 | 0 | -12 780 475 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 |
| Balance of VAT | | 0 | -4 778 636 | -4 778 636 | -4 778 636 | -4 778 636 | -17 559 110 | -20 420 411 | -23 281 711 | -26 143 011 | -29 004 312 | -31 865 612 | -34 726 912 | -37 588 212 | -40 449 513 | -43 310 813 |
| Total VAT Received (Paid) Disregarding Inflation | | | -4 778 636 | 0 | 0 | 0 | -12 780 475 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 | -2 861 300 |
| Balance of VAT Disregarding Inflation | | 0 | -4 778 636 | -4 778 636 | -4 778 636 | -4 778 636 | -17 559 110 | -20 420 411 | -23 281 711 | -26 143 011 | -29 004 312 | -31 865 612 | -34 726 912 | -37 588 212 | -40 449 513 | -43 310 813 |
| **Total CF from Investment Activity** | | | **-61 942 850** | **0** | **0** | **0** | **-83 783 111** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-18 757 413** |
| **Cashflow from Financing Activity** | | | | | | | | | | | | | | | | |
| Advance Financing by Tenants | | | | | | | | | | | | | | | | |
| Equity Financing | | | 61 942 850 | 0 | 0 | 0 | 83 783 111 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 | 18 757 413 |
| Equity Cumulative Financing | | | 61 942 850 | 61 942 850 | 61 942 850 | 61 942 850 | 145 725 962 | 164 483 375 | 183 240 788 | 201 998 201 | 220 755 614 | 239 513 027 | 258 270 440 | 277 027 853 | 295 785 266 | 314 542 679 |
| **Total CF from Financing Activity** | | | **61 942 850** | **0** | **0** | **0** | **83 783 111** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** | **18 757 413** |
| **Project Cashflow** | | | -61 942 850 | 0 | 0 | 0 | -83 783 111 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 | -18 757 413 |
| **Cumulative Project Cashflow** | | | -61 942 850 | -61 942 850 | -61 942 850 | -61 942 850 | -145 725 962 | -164 483 375 | -183 240 788 | -201 998 201 | -220 755 614 | -239 513 027 | -258 270 440 | -277 027 853 | -295 785 266 | -314 542 679 |

| | | 30-Jun-2010 | 31-Mar-2014 | 30-Jun-2014 | 30-Sep-2014 | 31-Dec-2014 | 31-Mar-2015 | 30-Jun-2015 | 30-Sep-2015 | 31-Dec-2015 | 31-Mar-2016 | 30-Jun-2016 | 30-Sep-2016 | 31-Dec-2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cashflow of the Project** | | **2Q2010** | **1Q2014** | **2Q2014** | **3Q2014** | **4Q2014** | **1Q2015** | **2Q2015** | **3Q2015** | **4Q2015** | **1Q2016** | **2Q2016** | **3Q2016** | **4Q2016** |
| **Cashflow from Operating Activity** | | | | | | | | | | | | | | |
| Phase 1 | Last Review Date | N/a | N/a | N/a | N/a | N/a | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2016 | 28-Feb-2016 | 28-Feb-2016 | 28-Feb-2016 |
| | Last Review Date - Anch | N/a | N/a | N/a | N/a | N/a | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 | 28-Feb-2015 |
| 45 *Weights* | Office | | 0 | 0 | 0 | 0 | 0 | 277 170 | 12 611 257 | 12 611 257 | 12 611 257 | 12 611 257 | 12 474 178 | 0 |
| 48 16% | Retail | | 0 | 0 | 0 | 0 | 0 | 20 543 | 934 717 | 934 717 | 934 717 | 934 717 | 924 557 | 0 |
| 45 84% | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Operating Expenses* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Gross Operating Income | | | 0 | 0 | 0 | 0 | 0 | 350 617 | 15 953 092 | 15 953 092 | 15 953 092 | 15 953 092 | 15 779 689 | 0 |
| Total Operating Expenses | Double Count | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net Operating Income from Leasing | | | 0 | 0 | 0 | 0 | -1 511 641 | -1 153 446 | 14 456 605 | 14 464 183 | 14 471 760 | 14 479 337 | 14 313 511 | -731 195 |
| Broker's Fees on Leasing | | | 0 | 0 | 0 | 0 | -5 315 570 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net Operating Income from Sale less Broker's Fees | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA | | | 0 | 0 | 0 | 0 | -6 827 211 | -1 153 446 | 14 456 605 | 14 464 183 | 14 471 760 | 14 479 337 | 14 313 511 | -731 195 |
| Opening Book Value | | | 271 231 865 | 287 127 978 | 303 024 091 | 318 920 204 | 332 696 835 | 331 319 171 | 329 941 508 | 328 563 845 | 327 186 182 | 325 808 519 | 324 430 856 | 323 053 193 |
| Depreciation Rate | | | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% |
| Depreciation | | | 0 | 0 | 0 | 0 | 1 377 663 | 1 377 663 | 1 377 663 | 1 377 663 | 1 377 663 | 1 377 663 | 1 377 663 | 1 377 663 |
| Addition in Book Value | | | 15 896 113 | 15 896 113 | 15 896 113 | 13 776 631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reduction in Book Value | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 321 675 530 |
| Closing Book Value | | | 287 127 978 | 303 024 091 | 318 920 204 | 332 696 835 | 331 319 171 | 329 941 508 | 328 563 845 | 327 186 182 | 325 808 519 | 324 430 856 | 323 053 193 | 0 |
| Accounting of Security Deposit | | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 953 092 | 0 |
| Interest Payments | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income Tax | | | 0 | 0 | 0 | 0 | 0 | 0 | -2 615 788 | -2 617 304 | -2 618 819 | -2 620 335 | -5 777 788 | 0 |
| Net Income | | | **0** | **0** | **0** | **0** | **-8 204 874** | **-2 531 109** | **10 463 154** | **10 469 216** | **10 475 277** | **10 481 339** | **7 158 060** | **-2 108 858** |
| **Total CF from Operating Activity (excl. VAT)** | | | **0** | **0** | **0** | **0** | **-6 827 211** | **-1 153 446** | **11 840 817** | **11 846 879** | **11 852 940** | **11 859 002** | **8 535 723** | **-731 195** |
| **Cashflow from Investing Activity** | | | | | | | | | | | | | | |
| Property Acquisition | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agent's Fees on Acquisition | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Phase 1 | | | -11 | -10 | -9 | -8 | -7 | -6 | -5 | -4 | -3 | -2 | -1 | 0 |
| | Period Counter | | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | *Construction Costs* | | -15 896 113 | -15 896 113 | -15 896 113 | -13 776 631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Permit & Design Costs* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | *Sale Proceeds* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 750 733 740 |
| | *Book Value for Disposal* | | 285 463 764 | 301 359 876 | 317 255 989 | 331 032 620 | 329 654 957 | 328 277 294 | 326 899 631 | 325 521 968 | 324 144 305 | 322 766 641 | 321 388 978 | 320 011 315 |
| Total Acquisition/Disposal | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 750 733 740 |
| Tax on Sale Proceeds | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -85 722 713 |
| Total Construction, Permit and Design Costs | | | -15 896 113 | -15 896 113 | -15 896 113 | -13 776 631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Value Added Tax Calculation** | | | | | | | | | | | | | | |
| | VAT Received from Tenants | | 0 | 0 | 0 | 0 | 2 871 557 | 63 111 | 2 871 557 | 2 871 557 | 2 871 557 | 2 871 557 | 2 840 344 | 0 |
| | VAT Paid on Maintanance Costs & Broker's Fees | | 0 | 0 | 0 | 0 | -956 803 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | VAT on Investment Activity | | -2 861 300 | -2 861 300 | -2 861 300 | -2 479 794 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135 132 073 |
| Total VAT Received (Paid) | | | -2 861 300 | -2 861 300 | -2 861 300 | -2 479 794 | 1 914 754 | 63 111 | 2 871 557 | 2 871 557 | 2 871 557 | 2 871 557 | 2 840 344 | 38 070 072 |
| Balance of VAT | | 0 | -46 172 113 | -49 033 414 | -51 894 714 | -54 374 507 | -52 459 754 | -52 396 642 | -49 525 086 | -46 653 529 | -43 781 973 | -40 910 416 | -38 070 072 | 0 |
| Total VAT Received (Paid) Disregarding Inflation | | | -2 861 300 | -2 861 300 | -2 861 300 | -2 479 794 | 1 914 754 | 63 111 | 2 871 557 | 2 871 557 | 2 871 557 | 2 871 557 | 2 840 344 | 38 070 072 |
| Balance of VAT Disregarding Inflation | | 0 | -46 172 113 | -49 033 414 | -51 894 714 | -54 374 507 | -52 459 754 | -52 396 642 | -49 525 086 | -46 653 529 | -43 781 973 | -40 910 416 | -38 070 072 | 0 |
| **Total CF from Investment Activity** | | | **-18 757 413** | **-18 757 413** | **-18 757 413** | **-16 256 425** | **1 914 754** | **63 111** | **2 871 557** | **2 871 557** | **2 871 557** | **2 871 557** | **2 840 344** | **703 081 099** |
| **Cashflow from Financing Activity** | | | | | | | | | | | | | | |
| Advance Financing by Tenants | | | | | | | | | | | | | | |
| Equity Financing | | | 18 757 413 | 18 757 413 | 18 757 413 | 16 256 425 | -11 040 635 | 1 090 335 | -14 712 374 | -14 718 435 | -14 724 497 | -14 730 559 | -11 376 067 | -702 349 904 |
| Equity Cumulative Financing | | | 333 300 092 | 352 057 504 | 370 814 917 | 387 071 342 | 376 030 707 | 377 121 042 | 362 408 669 | 347 690 234 | 332 965 737 | 318 235 178 | 306 859 111 | -395 490 793 |
| **Total CF from Financing Activity** | | | **18 757 413** | **18 757 413** | **18 757 413** | **16 256 425** | **4 912 457** | **1 094 718** | **-14 512 960** | **-14 519 022** | **-14 525 083** | **-14 531 145** | **-11 178 821** | **-702 349 904** |
| **Project Cashflow** | | | -18 757 413 | -18 757 413 | -18 757 413 | -16 256 425 | -4 912 457 | -1 090 335 | 14 712 374 | 14 718 435 | 14 724 497 | 14 730 559 | 11 376 067 | 702 349 904 |
| **Cumulative Project Cashflow** | | | -333 300 092 | -352 057 504 | -370 814 917 | -387 071 342 | -391 983 799 | -393 074 134 | -378 361 761 | -363 643 326 | -348 918 829 | -334 188 270 | -322 812 203 | 379 537 701 |

# Triumph Mall, Saratov

| | Description | | Type of Premises | Type of Deal | GLA (sqm) | Phase 1 |
|---|---|---|---|---|---|---|
| **Zone 1** | Gallery | | Retail | Lease | 12 600 | 100% |
| **Zone 2** | Entertainment | A | Retail | Lease | 4 100 | 100% |
| **Zone 3** | Sports goods | A | Retail | Lease | 2 822 | 100% |
| **Zone 4** | Supermarket | A | Retail | Lease | 2 652 | 100% |
| **Zone 5** | White & Brown | A | Retail | Lease | 2 222 | 100% |
| **Zone 6** | Accessories | | Retail | Lease | 1 200 | 100% |
| **Zone 7** | Mini An | A | Retail | Lease | 1 100 | 100% |
| **Zone 8** | Foodcourt | | Retail | Lease | 700 | 100% |
| | Semi-Underground Parking (# spaces) | A | | Lease | 485 | 100% |
| **Total Area for Lease sqm (excl. Parking)** | | | | | **27 396** | **27 396** |
| **Total Parking for Lease (spaces)** | | | | | **485** | **485** |
| **Total Area for Sale sqm (excl. Parking)** | | | | | **0** | **0** |
| **Total Parking for Sale (spaces)** | | | | | **0** | **0** |
| **Total Area (excl. Parking)** | | | | | **27 396** | **27 396** |
| **Total Parking (spaces)** | | | | | **485** | **485** |

| General Assumptions | Units | Amount |
|---|---|---|
| **Design & Construction Costs** | | |
| Gallery | $/sqm | 110 |
| Entertainment | $/sqm | 110 |
| Sports goods | $/sqm | 110 |
| Supermarket | $/sqm | 110 |
| White & Brown | $/sqm | 110 |
| Accessories | $/sqm | 110 |
| Mini An | $/sqm | 110 |
| Foodcourt | $/sqm | 110 |
| Completion Condition | | Shell & Core |
| Construction Contract Type | | Fixed |
| Construction Costs Inflation Rate | % | 5% |
| Permit & Design Costs Inflation Rate | % | 5% |
| Fit-out Period | Months | 0 |
| VAT Rate | % | 18% |
| Maximum Equity Required | $mln | 115,73 |
| Contribution to Cash Reserve (% of GOI) | % | 1,25% |
| Security Deposit | Months | 3 |
| Agent's Fees on Acquisition (% of land acquisition costs) | % | 3,00% |
| Broker's Fees on Leasing (% of GOI) | % | 8,33% |
| Broker's Fees on Sale (% of Sale Price) | | 3,00% |
| Depreciation Rate for Buildings | % | 2% |
| Operating Expenses (% of GOI) | % | 0% |
| Property Tax Rate | % | 2,20% |
| Income Tax Rate | % | 20% |
| Advance Payment for Construction | % | 20% |
| Hold Back on Construction | % | 5% |

| Year | Annual Rent/Sale Price per sq m | | | | | | | | Occupancy | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Growth Rate per annum | | | | | | | | | | | | | | | |
| | 7,0% | 5,0% | 5,0% | 5,0% | 5,0% | 10,0% | 5,0% | 10,0% | | | | | | | | |
| | **Gallery** | **Entertainment** | **Sports goods** | **Supermarket** | **White & Brown** | **Accessories** | **Mini An** | **Foodcourt** | **Gallery** | **Entertainment** | **Sports goods** | **Supermarket** | **White & Brown** | **Accessories** | **Mini An** | **Foodcourt** |
| 2010 | 550 | 150 | 160 | 230 | 350 | 1 300 | 300 | 800 | 95% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2011 | 589 | 158 | 168 | 242 | 368 | 1 430 | 315 | 880 | 95% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2012 | 630 | 165 | 176 | 254 | 386 | 1 573 | 331 | 968 | 97% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2013 | 630 | 165 | 176 | 254 | 386 | 1 573 | 331 | 968 | 97% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2014 | 630 | 165 | 176 | 254 | 386 | 1 573 | 331 | 968 | 97% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2015 | 630 | 165 | 176 | 254 | 386 | 1 573 | 331 | 968 | 97% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

| | | | | 30-Jun-2010 | 30-Sep-2010 | 31-Dec-2010 | 31-Mar-2011 | 30-Jun-2011 | 30-Sep-2011 | 31-Dec-2011 | 31-Mar-2012 | 30-Jun-2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Cashflow of the Project** | | | **2Q2010** | **3Q2010** | **4Q2010** | **1Q2011** | **2Q2011** | **3Q2011** | **4Q2011** | **1Q2012** | **2Q2012** |
| | **Cashflow from Operating Activity** | | | | | | | | | | | |
| | Phase 1 | Last Review Date | N/a | | N/a | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2011 | 1-Nov-2011 | 1-Nov-2011 |
| | | Last Review Date - Anch | N/a | | N/a | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 | 1-Nov-2010 |
| *48* | *Weights* | | Gallery | | 0 | 1 136 149 | 1 742 095 | 1 742 095 | 1 742 095 | 1 821 626 | 669 287 | 0 |
| *48* | 84% | A | Entertainment | | 0 | 104 459 | 160 170 | 160 170 | 160 170 | 160 170 | 56 324 | 0 |
| *48* | 16% | A | Sports goods | | 0 | 76 692 | 117 594 | 117 594 | 117 594 | 117 594 | 41 352 | 0 |
| *48* | | A | Supermarket | | 0 | 103 603 | 158 858 | 158 858 | 158 858 | 158 858 | 55 862 | 0 |
| *48* | | A | White & Brown | | 0 | 132 094 | 202 544 | 202 544 | 202 544 | 202 544 | 71 224 | 0 |
| *48* | | | Accessories | | 0 | 275 590 | 422 571 | 422 571 | 422 571 | 450 130 | 163 456 | 0 |
| *48* | | A | Mini An | | 0 | 56 051 | 85 945 | 85 945 | 85 945 | 85 945 | 30 222 | 0 |
| *48* | | | Foodcourt | | 0 | 98 930 | 151 692 | 151 692 | 151 692 | 161 585 | 58 677 | 0 |
| *45* | | A | Surface Parking | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | A | Structured Parking | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | A | Semi-Underground Parking | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | *Gross Operating Income* | | 0 | 1 983 567 | 3 041 470 | 3 041 470 | 3 041 470 | 3 158 452 | 1 146 404 | 0 |
| | | | *Operating Expenses* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Gross Operating Income | | | | 0 | 1 983 567 | 3 041 470 | 3 041 470 | 3 041 470 | 3 158 452 | 1 146 404 | 0 |
| | Total Operating Expenses | | Double Count | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Net Operating Income from Leasing | | | | 0 | 1 983 567 | 3 025 011 | 3 025 093 | 3 025 176 | 3 142 241 | 1 130 275 | -8 044 |
| | Broker's Fees on Leasing | | | | 0 | -1 013 418 | 0 | 0 | 0 | 0 | 0 | 0 |
| | EBITDA | | | | 0 | 970 150 | 3 025 011 | 3 025 093 | 3 025 176 | 3 142 241 | 1 130 275 | -8 044 |
| | Opening Book Value | | | | 0 | 100 619 370 | 100 769 370 | 100 754 370 | 100 739 370 | 100 724 370 | 100 709 370 | 100 694 370 |
| | Depreciation Rate | | | | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% | 0,50% |
| | Depreciation | | | | 0 | 0 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 |
| | Addition in Book Value | | | | 100 619 370 | 150 000 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Reduction in Book Value | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 679 370 |
| | Closing Book Value | | | | 100 619 370 | 100 769 370 | 100 754 370 | 100 739 370 | 100 724 370 | 100 709 370 | 100 694 370 | 0 |
| | Accounting of Security Deposit | | | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 3 041 470 | 0 |
| | Interest Payments | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Income Tax | | | | 0 | -194 030 | -602 002 | -602 019 | -602 035 | -625 448 | -831 349 | 0 |
| | Net Income | | | | **0** | **776 120** | **2 408 009** | **2 408 075** | **2 408 141** | **2 501 793** | **283 926** | **-23 044** |
| | **Total CF from Operating Activity (excl. VAT)** | | | | **0** | **776 120** | **2 423 009** | **2 423 075** | **2 423 141** | **2 516 793** | **298 926** | **-8 044** |
| | **Cashflow from Investing Activity** | | | | | | | | | | | |
| | Property Acquisition | | | | -94 921 718 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Agent's Fees on Acquisition | | | | -2 847 652 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Phase 1 | | | | | -5 | -4 | -3 | -2 | -1 | 0 | 1 |
| | | | Period Counter | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | *Construction Costs* | | -2 850 000 | -150 000 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | *Permit & Design Costs* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | *Sale Proceeds* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 119 098 558 |
| | | | *Book Value for Disposal* | | 94 900 000 | 95 050 000 | 95 035 000 | 95 020 000 | 95 005 000 | 94 990 000 | 94 975 000 | 94 960 000 |
| | Total Acquisition/Disposal | | | | -97 769 370 | 0 | 0 | 0 | 0 | 0 | 0 | 119 098 558 |
| | Tax on Sale Proceeds | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4 823 103 |
| | Total Construction, Permit and Design Costs | | | | -2 850 000 | -150 000 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Value Added Tax Calculation** | | | | | | | | | | | |
| | | VAT Received from Tenants | | | 0 | 904 507 | 547 465 | 547 465 | 547 465 | 568 521 | 206 353 | 0 |
| | | VAT Paid on Maintanance Costs & Broker's Fees | | | 0 | -182 415 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | VAT on Investment Activity | | | -15 107 900 | -27 000 | 0 | 0 | 0 | 0 | 0 | 21 437 740 |
| | Total VAT Received (Paid) | | | | -15 107 900 | 695 091 | 547 465 | 547 465 | 547 465 | 568 521 | 206 353 | 11 995 541 |
| | Balance of VAT | | | 0 | -15 107 900 | -14 412 809 | -13 865 344 | -13 317 880 | -12 770 415 | -12 201 894 | -11 995 541 | 0 |
| | Total VAT Received (Paid) Disregarding Inflation | | | | -15 107 900 | 695 091 | 547 465 | 547 465 | 547 465 | 568 521 | 206 353 | 11 995 541 |
| | Balance of VAT Disregarding Inflation | | | 0 | -15 107 900 | -14 412 809 | -13 865 344 | -13 317 880 | -12 770 415 | -12 201 894 | -11 995 541 | 0 |
| | **Total CF from Investment Activity** | | | | **-115 727 270** | **545 091** | **547 465** | **547 465** | **547 465** | **568 521** | **206 353** | **126 270 996** |
| | **Cashflow from Financing Activity** | | | | | | | | | | | |
| | Equity Financing | | | | 115 727 270 | -4 362 681 | -2 970 473 | -2 970 539 | -2 970 605 | -3 085 314 | -505 279 | -126 262 952 |
| | Equity Cumulative Financing | | | | 115 727 270 | 111 364 589 | 108 394 116 | 105 423 577 | 102 452 971 | 99 367 657 | 98 862 379 | -27 400 574 |
| | **Total CF from Financing Activity** | | | | **115 727 270** | **-1 296 416** | **-2 932 455** | **-2 932 521** | **-2 932 587** | **-3 045 833** | **-490 949** | **-126 262 952** |
| | **Project Cashflow** | | | | -115 727 270 | 1 321 211 | 2 970 473 | 2 970 539 | 2 970 605 | 3 085 314 | 505 279 | 126 262 952 |
| | **Cumulative Project Cashflow** | | | | -115 727 270 | -114 406 059 | -111 435 586 | -108 465 046 | -105 494 441 | -102 409 127 | -101 903 848 | 24 359 104 |
| | **Equity Cashflow** | | | | -115 727 270 | 4 362 681 | 2 970 473 | 2 970 539 | 2 970 605 | 3 085 314 | 505 279 | 126 262 952 |

## APPENDIX SEVEN

## SENSITIVITY ANALYSIS

### HYDRO, Moscow

| Discount Rate | Cap Rate 8,00% | 8,50% | 9,00% | 9,50% | 10,00% |
|---|---|---|---|---|---|
| 11,50% | 66 600 000 | 64 200 000 | 62 000 000 | 60 000 000 | 58 300 000 |
| 12,00% | 65 400 000 | 63 100 000 | 60 900 000 | 59 000 000 | 57 300 000 |
| 12,50% | 64 300 000 | 62 000 000 | 59 900 000 | 58 000 000 | 56 300 000 |
| 13,00% | 63 200 000 | 60 900 000 | 58 900 000 | 57 000 000 | 55 400 000 |
| 13,50% | 62 200 000 | 59 900 000 | 57 900 000 | 56 100 000 | 54 400 000 |

### MAG, Moscow

| Discount Rate | Cap Rate 8,00% | 8,50% | 9,00% | 9,50% | 10,00% |
|---|---|---|---|---|---|
| 11,00% | 46 300 000 | 44 700 000 | 43 200 000 | 41 900 000 | 40 800 000 |
| 11,50% | 45 500 000 | 43 900 000 | 42 500 000 | 41 300 000 | 40 100 000 |
| 12,00% | 44 700 000 | 43 200 000 | 41 800 000 | 40 600 000 | 39 500 000 |
| 12,50% | 44 000 000 | 42 500 000 | 41 200 000 | 39 900 000 | 38 800 000 |
| 13,00% | 43 300 000 | 41 800 000 | 40 500 000 | 39 300 000 | 38 200 000 |

| Discount Rate (bld. 26) | Cap Rate 10,00% | 10,50% | 11,00% | 11,50% | 12,00% |
|---|---|---|---|---|---|
| 15,00% | 13 700 000 | 12 900 000 | 12 200 000 | 11 500 000 | 10 900 000 |
| 14,50% | 14 000 000 | 13 100 000 | 12 400 000 | 11 700 000 | 11 100 000 |
| 14,00% | 14 200 000 | 13 400 000 | 12 600 000 | 11 900 000 | 11 300 000 |
| 13,50% | 14 500 000 | 13 600 000 | 12 800 000 | 12 100 000 | 11 500 000 |
| 13,00% | 14 700 000 | 13 800 000 | 13 100 000 | 12 400 000 | 11 700 000 |

### Skyscraper, Moscow

| Discount Rate | Cap Rate 7,50% | 8,00% | 8,50% | 9,00% | 9,50% |
|---|---|---|---|---|---|
| 16,50% | 99 800 000 | 82 600 000 | 67 500 000 | 54 100 000 | 42 100 000 |
| 17,00% | 92 700 000 | 76 100 000 | 61 400 000 | 48 300 000 | 36 700 000 |
| 17,50% | 85 900 000 | 69 800 000 | 55 500 000 | 42 800 000 | 31 500 000 |
| 18,00% | 79 400 000 | 63 700 000 | 49 800 000 | 37 500 000 | 26 500 000 |
| 18,50% | 73 100 000 | 57 900 000 | 44 400 000 | 32 400 000 | 2 170 000 |

### Vernissage Mall, Yaroslavl

| Discount Rate | Cap Rate | | | | |
|---|---|---|---|---|---|
| | 9,50% | 10,00% | 10,50% | 11,00% | 11,50% |
| 12,00% | 77 300 000 | 75 200 000 | 73 200 000 | 71 400 000 | 69 700 000 |
| 12,50% | 76 000 000 | 73 900 000 | 72 000 000 | 70 200 000 | 68 600 000 |
| 13,00% | 74 800 000 | 72 700 000 | 70 800 000 | 69 100 000 | 67 500 000 |
| 13,50% | 73 600 000 | 71 600 000 | 69 700 000 | 68 000 000 | 66 400 000 |
| 14,00% | 72 400 000 | 70 400 000 | 68 600 000 | 66 900 000 | 65 400 000 |

### Triumph Mall, Saratov

| Discount Rate | Cap Rate | | | | |
|---|---|---|---|---|---|
| | 10,00% | 10,50% | 11,00% | 11,50% | 12,00% |
| 13,00% | 105 700 000 | 101 100 000 | 96 800 000 | 93 000 000 | 89 500 000 |
| 13,50% | 104 600 000 | 100 100 000 | 95 900 000 | 92 100 000 | 88 600 000 |
| 14,00% | 103 600 000 | 99 100 000 | 94 900 000 | 91 200 000 | 87 700 000 |
| 14,50% | 102 600 000 | 98 100 000 | 94 000 000 | 90 300 000 | 86 800 000 |
| 15,00% | 101 600 000 | 97 100 000 | 93 100 000 | 89 400 000 | 86 000 000 |

## APPENDIX EIGHT

## VALUATION LICENSES

This Diploma-Certificate

is to Certify that

Timothy John Millard

was on the 24th day of October 1995 elected

a Professional Associate of

The Royal Institution of Chartered Surveyors.

Simon Pott President.

This Diploma-Certificate is held from year to year subject to the provisions of the Bye-Laws of the Institution.

Register No. 27185.

ROYAL INSTITUTION OF CHARTERED SURVEYORS

*Stanislav Bibik*

WAS ELECTED A PROFESSIONAL MEMBER OF THE

ROYAL INSTITUTION OF CHARTERED SURVEYORS

*7th April 2009*

PRESIDENT OF THE ROYAL INSTITUTION OF CHARTERED SURVEYORS

MEMBERSHIP NO. *1239877*

THIS DIPLOMA IS HELD FROM YEAR TO YEAR SUBJECT TO THE PROVISIONS OF THE BYE-LAWS OF THE INSTITUTION

## APPENDIX NINE

## PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

**1. PRELIMINARY**

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

1.2 The Terms of Business are to be read in conjunction with the agreement between C&W and you (the "Agreement"). In the event of any ambiguity or conflict between the Agreement and these Terms of Business, the provisions in the Agreement shall prevail. These Terms of Business and the Agreement may only be varied in writing by agreement between the parties.

**2. PERFORMANCE OF THE SERVICES**

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

2.2 We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance.

**3. BASIS OF FEES**

3.1 The basis of our fees for our Services are set out in the Agreement.

3.2 When applicable, VAT shall be payable by you in addition to any fees or disbursements invoiced at the applicable rate.

3.3 You shall pay our fees in accordance with the payment schedule represented in the Agreement. Payment is due within 10 business days of the invoice date.

3.4 Where valuations are undertaken for a lender for loan security purposes and it is agreed that a Borrower will pay our fee, you shall remain primarily liable to pay our fee should such Borrower fail to meet its liabilities to us in full. Payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.

3.5 If you do not dispute with us an invoice or any part thereof within 10 business days of the date of such invoice, you shall be deemed to have accepted the invoice in its entirety.

3.6 If we are required by you to undertake additional work in relation to an instruction, you shall pay additional fees based upon our usual rates. We will notify you of the amount of such additional fees.

3.7 Where there is a change to the stated purpose for which our valuation is being commissioned and in our sole opinion we deem this to result in an increase in our liability (for example a valuation for annual accounts being used for loan security purposes), we reserve the right to charge an additional fee in accordance with clause 13.

3.8 In the event that you withdraw our instructions prior to completion of a valuation, you shall be liable to pay us for a fair and reasonable proportion of our fees and any agreed disbursements. If we have sent you a draft valuation report, such fees shall be subject to a minimum of those instalments then due under the Agreement.

**Associated/Related Entities of the Client**

3.10 Where we are instructed to provide Services to one of your subsidiaries or associate/related entities or should you subsequently request that another entity be substituted for you at a later stage and we are unable to seek or obtain payment of any outstanding monies for whatever reason, you shall remain primarily liable to pay those outstanding monies if the subsidiary, associate/related or other entity does not meet its liabilities in relation to the Services.

## 4. DISBURSEMENTS

4.1 You shall reimburse us for all reasonable disbursements incurred in the provision of the Services quarterly in arrears from the date they were incurred in accordance with terms in the Agreement. These include, for example, maps, plans, research, photography, copying of documents or plans, messenger delivery, costs of obtaining external information on companies, properties, demographic or other similar information, any reproduction, copying or other royalties incurred, additional bound copy reports, costs of external information/references obtained and key cutting, travel and subsistence expenses at their actual cost and car mileage at the standard AA scales.

## 5. INFORMATION RECEIVED FROM THE CLIENT

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

**5.2 Advice Assumptions**

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

1. information provided as to the extent of and ownership of the property is complete and correct and that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoings or conditions attaching to the property save as specifically notified to us;
2. there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the

Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;

3. the property and any existing buildings are free from any defect whatsoever;

4. all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;

5. any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);

6. the property and any existing building comply with all planning and building regulation, have the benefit of appropriate planning consent or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);

7. appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;

8. items of plant and machinery that usually comprise part of the property on an assumed sale, are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property; and

9. all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings.

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

## 6. STRUCTURE

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

### 6.2 Measurements

All measurements are to be provided by the Client from the relevant property registration documentation. We will not carry out any physical measurements unless specifically instructed to do so.

## 7. CONFLICTS OF INTEREST

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

## 8. MANAGEMENT OF THE PROPERTY

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

## 9. APPRAISAL EXCLUSIONS

### Delay

9.1 Where matters beyond our control cause delay to the performance of the Services we will notify you as soon as we become aware of the situation.

### Basis of Valuation

9.2 Unless otherwise requested the valuation will be prepared in accordance with Russian Valuation Standards and rules and the Appraisal and Valuation Standards published by the RICS ("The Red Book") and will be prepared by Asset Valuers as defined therein. In case of any discrepancies between these standards Russian Valuation Standards and rules will have precedence.

9.3 The valuation of any property held as an investment or surplus to requirements will be on the basis of Market Value (as defined in paragraph 21.4 hereof). Each Property should be valued separately and not as part of a portfolio and the Report will include long form reports on each of the Properties including detailed working assumptions and excel sheets used in preparation of such reports. The Consultant should also indicate the "Net Annual Rent (as defined in appendix 1 to the Listing Rules of the UK Listing Authority) and "Estimated Net Annual Rent" (as defined in the Red Book) of the Properties in current market conditions. Any properties primarily occupied by the owner of those properties or their subsidiaries will be valued on the basis of Existing Use Value (as defined in paragraph 21 hereof).

In addition, the Report shall include the Consultant's opinion of the Market Value of the Properties, taking account of any discount or premium reflecting the fact that the Properties are contained within a single portfolio. The valuation report shall disclose the gross development value, net asset value and the net asset value less the appropriate developers profit.
Furthermore, the Report should take into account of, and contain, all the information required by paragraph 130 of the Committee of European Securities Regulators' ("CSER") recommendations dated January 2005 (Ref: CSER/05-054b).
Whilst the Consultant is asked to assume that values will remain static during the period commencing on the date of the issue of its Report and until the date of Admission, the Consultant is asked to give consideration to those property aspects that are genuinely known to the market as likely to become of material relevance for the rental and investment market for properties of the type and location that are typically found within the portfolio during the 6 months following the date of the valuation and to write a brief commentary on those aspects. The Consultant is not asked to value forward, but to comment on the future direction of the market.
In providing the valuation, the Consultant shall carry out inspections of all of the Properties.
All assumptions upon which the valuation is based must be clearly set out in the Report.

9.4 Any property which is classified as "specialised" or which has been subject to specialist adaptation works may need to be valued on the basis of Depreciated Replacement Cost (as defined in paragraph 21.2 hereof). This value will be caveated as being subject to the directors of the owning company being satisfied that there is adequate potential profitability of the business compared with the value of the total assets employed.

9.5 When assessing either Existing Use Value or Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where asked to reflect costs by the client (as required under FRS15), these will be stated separately.

**Tenure and Tenancies**

9.6 We will not inspect title deeds and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it. Unless agreed we will not obtain information from any local land registry office (where any such office exists).

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

**Covenant**

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

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

9.10 Any appraisal figures provided will be exclusive of VAT.

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

## 10. PLANNING REGULATIONS

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

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

## 11. TERMINATION BY NOTICE

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

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

## 12. PROFESSIONAL LIABILITY

12.1 Subject at all times to the provisions in these Terms and Conditions and the Letter, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services in respect of:

12.1.1 any direct loss of profit;

12.1.2 any indirect, special or consequential loss whatsoever howsoever caused including without limitation:

(i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; and (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

12.2 Subject at all times to the provisions in these Terms and Conditions and the Letter, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of the Services.

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

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

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

12.6 Subject to the provisions in these Terms and Conditions and the Letter, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding twenty times the fee paid for each instruction accepted.

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

12.8 To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of not less than £10 million on an each and every claim basis.

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

12.10 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to the following minimum fees:

| | First Extended Party | Second & Subsequent Extended Parties |
|---|---|---|
| For the first £1m of reported value | 0.075% | 0.025% per party |
| Thereafter | 0.035% | 0.015% per party |

These fees are exclusive of VAT & expenses (including the cost of readdressing the report) and are subject to a minimum fee of $750. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

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

12.11 Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clause 12.10 above), you agree to indemnify us for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.

12.12 Save where we have consented to another party or other parties relying on the valuation report in accordance with clause 12.10, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to at clause 12.6) which arises from their use and/or reliance on the valuation report.

## 13. QUALITY OF SERVICE

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

## 14. QUALITY CONTROL

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

14.2 Irrespective of the purpose of the valuation, we will select the most appropriate surveyor for the valuation having regard to his/her expertise and the possible perception that

independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the surveyor responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.

14.3 All our valuation reports are signed by a Board Member of the Firm whose responsibility it is to ensure that all relevant quality control procedures have been complied with. In particular for valuations of properties with an individual value of $30m or over, the valuer is required to present and explain his methodology to another member of the Valuation Advisory Team.

14.4 Where we are undertaking a Regulated Purpose Valuation (see 14.1 above) we are required by the RICS to state all of the following in our report:

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

14.4.2 The extent and duration of the relationship between you and us;

14.4.3 In relation to our preceding financial year the proportion of the total fees, if any, payable by you to our total fee income expressed as one of the following:
less than 5%; or
if more than 5%, an indication of the proportion within a range of 5 percentage points;

14.4.4 Where, since the end of the last financial year, it is anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, we shall include a further statement to that effect in addition to 14.4.3 above.

## 15. DATA PROTECTION

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

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

fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

## 16. MONEY LAUNDERING REGULATIONS

16.1 Pursuant to requirements of Russian law on money laundering we may be required to verify certain particulars of our clients and may need to ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with such requirements.

## 17. ELECTRONIC COMMUNICATIONS

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

## 18. CONFIDENTIALITY AND INTELLECTUAL PROPERTY

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

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

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

18.4 We may make the approval of any mention of our Services subject to the payment of an additional fee to cover additional work and professional liability.

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

## 19. THIRD PARTIES RIGHTS AND ASSIGNMENT

19.1 Except as expressly provided otherwise no term of the Agreement or these Terms of Business is intended to confer a benefit on or to be enforceable by any person who is not a party to the same.

19.2 Except as expressly provided otherwise neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld or delayed.

## 20. GENERAL

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

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

20.3 The Agreement and these Terms of Business shall be governed by and be construed in accordance with English Law.

## 21. BASES OF VALUATION

Our valuation advice will be prepared in accordance with one or more of the following bases of valuation as defined in the Practice Statements of the Red Book (“PS”), as appropriate:

### 21.1 Market Value

PS 3.2 defines Market Value as:
“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

### 21.1.1 Trading Related Valuations

Where appropriate, such properties will be valued on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

Where we are instructed to value an operational property having regard to it’s trading potential (such as self storage properties, hotels and marinas), we will take account of any trading information provided to us. The valuations will be based on our opinion as to future trading potential and the level of turnover and net operating income likely to be achieved.

The valuations will be made on the basis that the properties will be sold as a whole including all fixtures, fittings, stock and goodwill. The new owner would normally engage the existing staff and the new management would expect to take over the benefit of existing and future bookings or occupational agreements which may be an important feature of the continuing operation, together with all existing statutory consents plus all operational permits and licenses.

Unless made clear to the contrary in our report, the valuations will reflect our opinion that all goodwill for the properties is tied to the land and buildings and does not represent personal goodwill to the operator.

Our valuations will be based on the information which either the operator has supplied to us or which we have obtained from our enquiries (including full detailed trading information in relation to each trading property). We will rely on this being correct and complete and on there being no undisclosed matters which would affect our valuation.

**21.2 Depreciated Replacement Cost**

PS 3 Appendix 3.1 states that Depreciated Replacement Cost (DRC) is recognized as an acceptable method of estimating Market Value where more reliable methods, such as market comparison or an income (profits test), cannot be applied. The valuer must be satisfied that it is not practicable to prepare a valuation by any other method before relying solely on depreciated replacement cost.

DRC is based on an estimate of the value of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization.

**21.3 Market Rent**

PS 3.4 defines Market Rent as:
"The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

**21.4 Existing Use Value**

PS 1.3 defines Existing Use Value as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause it's Market Value to differ from that needed to replace the remaining service potential at least cost."