

**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**

**30<sup>TH</sup> OF JUNE 2011**

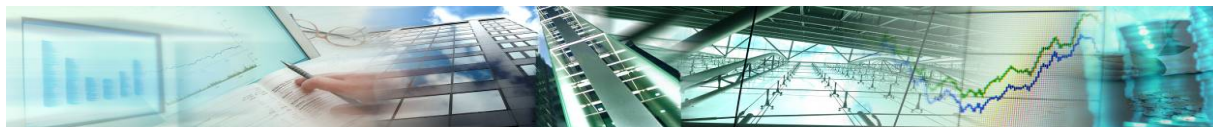
**Date of report issue**

**16<sup>TH</sup> OF AUGUST 2011**

**Prepared by**

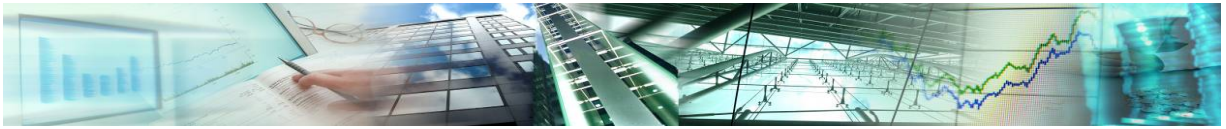
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For the attention of Mr. Roman Rozental

16<sup>TH</sup> of August 2011

Dear Mr. Rozental,

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

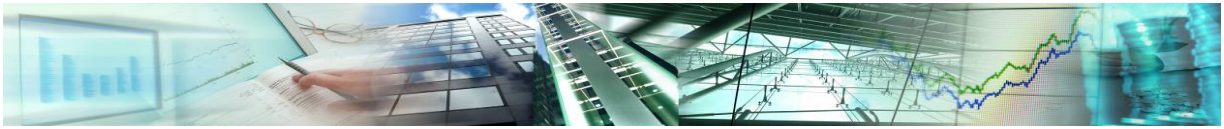
In accordance with the contracts between ourselves and MirLand Development Corporation plc dated 30<sup>th</sup> of June 2011 respectively, we have pleasure in reporting to you as follows:

**I. 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 30<sup>th</sup> of June 2011.

Each valuation has been in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards ("the Red Book") published by The Royal Institution of Chartered Surveyors and amended in May 2011 (6<sup>th</sup> edition). The valuation has been prepared by a valuer who conforms to the requirements as set out in the Red Book, acting in the capacity of an independent valuer.



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

## **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:

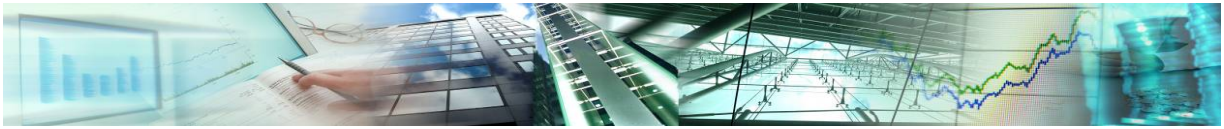
*“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.”*

## **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.

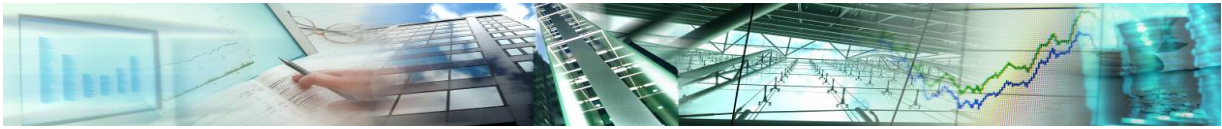
#### **4. NET ANNUAL RENT**

The net annual rent for each property is referred to in the Schedule at Appendix One. Net annual rent is defined 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”.

## **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.

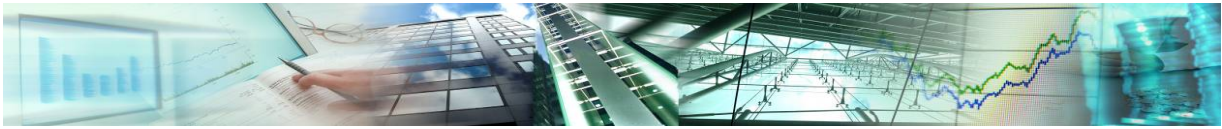
Although, where appropriate, we have considered the Company’s business plan to develop each property, each valuation reflects our opinion of an appropriate development that could reasonably be expected to form the basis of a bid for a property by a third party. I.e. the Highest and Best Use as defined 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*”.

## **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.

## **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.

## **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 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.

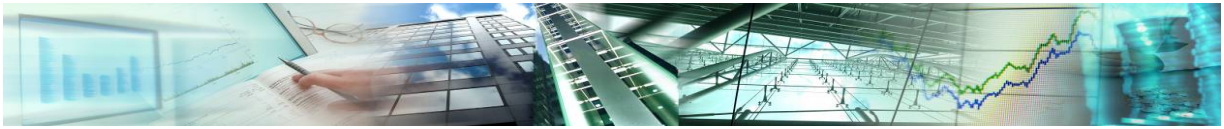
## **9. INSPECTIONS, AREAS AND DIMENSIONS**

We have inspected each property internally and externally (except the properties held for development in Penza 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.

## **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.

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.

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.

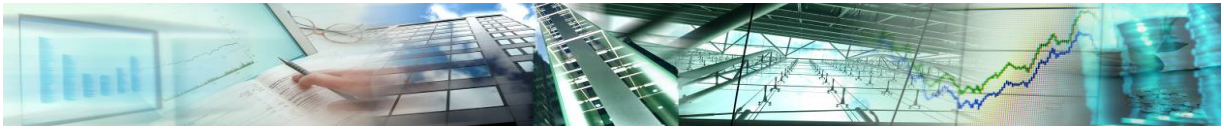
## **11. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES**

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.

## **12. 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.

### 13. 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.

### 14. AGGREGATE VALUATION

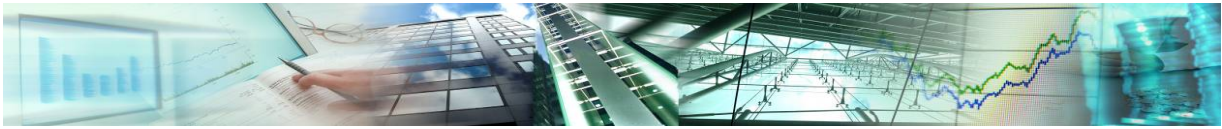
Subject to the foregoing, and based on values current as at 30<sup>th</sup> of June 2011, we are of opinion that the aggregation of the Market Value of each 100% share of each freehold and leasehold interest in each Property, as set out in the appendix, is the total sum of (rounded):

**US\$929,200,000**

**NINE HUNDRED TWENTY NINE MILLION AND TWO HUNDRED  
THOUSAND US DOLLARS  
NET OF VAT**

This sum may be apportioned as follows:

	<b>Freehold (rounded)</b>	<b>Leasehold (rounded)</b>
Properties held as Investments	US\$198,600,000	US\$228,800,000
Properties in the Course of Development	US\$97,500,000	US\$46,700,000
Properties Held for Development	US\$287,900,000	US\$69,700,000
<b>Total</b>	<b>US\$584,000,000</b>	<b>US\$345,200,000</b>



Based on the information supplied to us as regards ownership, we are of 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\$831,500,000**

**EIGHT HUNDRED THIRTY ONE MILLION AND FIVE HUNDRED  
THOUSAND US DOLLARS  
NET OF VAT**

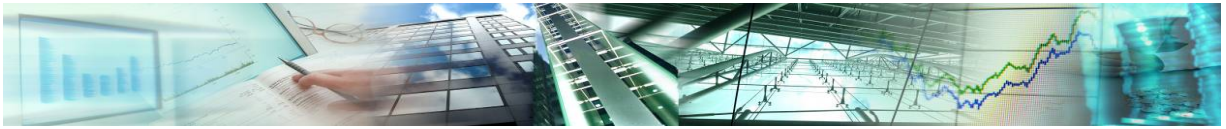
This sum may be apportioned as follows:

	<b>Freehold (rounded)</b>	<b>Leasehold (rounded)</b>
Properties held as Investments	US\$152,200,000	US\$181,700,000
Properties in the Course of Development	US\$97,500,000	US\$46,700,000
Properties Held for Development	US\$283,700,000	US\$69,700,000
<b>Total</b>	<b>US\$533,400,000</b>	<b>US\$298,100,000</b>

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.



## 15. 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 and TASE.

Yours faithfully

For and on behalf of Cushman & Wakefield

**Stanislav Bibik MScSurv CCIM MRICS**

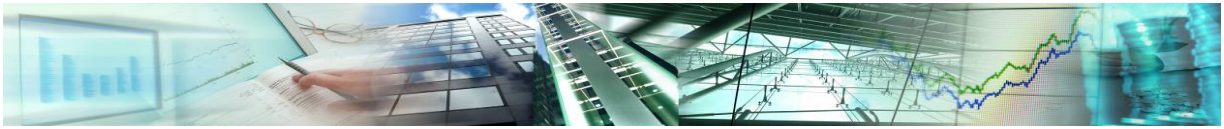
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**Oxana Pertsevaya**

Consultant

Valuation & Advisory



## **APPENDIX ONE**

### **VALUATION METHODOLOGY**

#### **GLOBAL ASSUMPTIONS**

#### **SCHEDULE OF VALUES**

#### **PROPERTY SCHEDULES : SUMMARY TABLE**

#### **PROPERTY SCHEDULES : PROPERTIES HELD AS INVESTMENTS**

#### **PROPERTY SCHEDULES : PROPERTIES IN COURSE OF DEVELOPMENT**

#### **PROPERTY SCHEDULES : PROPERTIES HELD FOR DEVELOPMENT**

### **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.

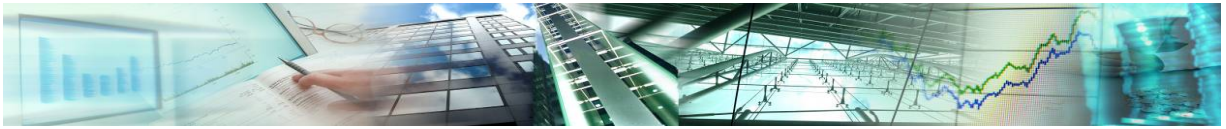
#### **The Cost Approach**

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.

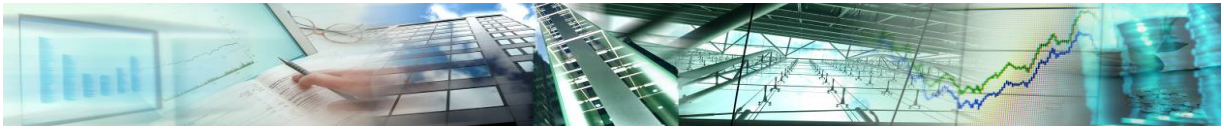
We are aware of the details of a number of transactions of land held for development. This comparable information has been taken into account in assessing the valuations herein, and where possible these comparables are referred to. However – in most cases we are bound by confidentiality and therefore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





## **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 5-10% is considered to be appropriate.

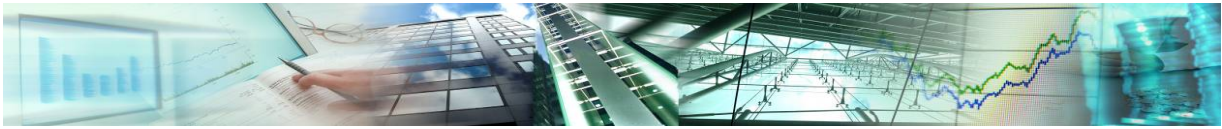
#### **Status**

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. General market practice shows that owners are ready to give a 5-10% discount to the offer price. We made downward adjustments of 5% to reflect this fact.

#### **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 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

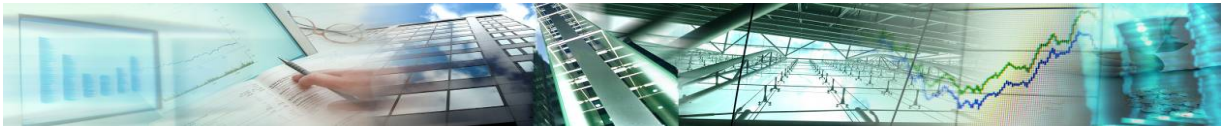
The public utilities adjustment usually reflects access to all necessary utilities such as gas, electricity and water supply. We have made a downward adjustment to those comparables where all technical conditions were agreed whereas for the subject Properties it was assumed that all necessary utilities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

In regards to the Saratov 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 necessary utilities – in our case the money was invested into the laying of electricity, construction of electricity sub-station and acquisition of technical conditions on 6Mwt of electricity.

### Weight

Taking into account nature, character and main characteristics of the comparable land plots, while valuing the land plots in Penza, we have weighted the adjusted values in order to come to the market value per 1 sq. m of the subject Property. 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<sup>1</sup>. This approach is considered to be the most sophisticated valuation technique, 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.<sup>2</sup>

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.

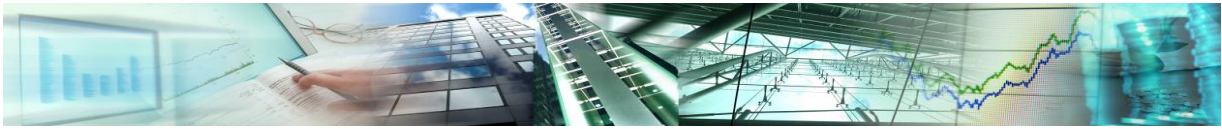
The costs and incomes associated with the project have been assessed on the basis of standard construction costs in the market together with property or project specific information provided by the developer and current market returns adjusted to reflect anticipated future trends.

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.

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.

<sup>1</sup> International Valuation Standards Sixth Edition – Guidance Note 9

<sup>2</sup> International Valuation Standards Committee Newsletter - Global Valuation Issues (Sept. 2003)



## **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**

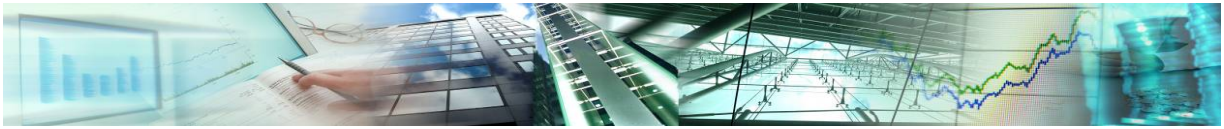
In Russia the cost of providing utilities and executing necessary road improvements can vary widely. Where utilities need to be provided or road works executed it has been assumed that the cost estimates supplied to us are accurate;

### **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**

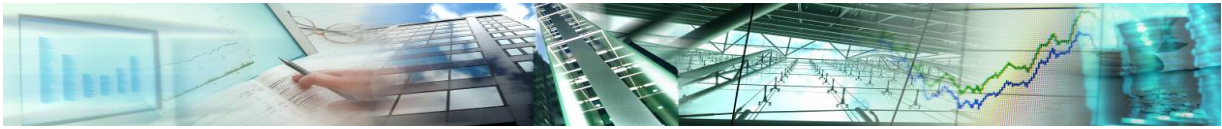
In order to assess the capital value of a completed development, we have assumed that a property is to be held upon completion for a period until the net income stabilizes, and thereafter is sold. Taxes for the operation period and for the sale of assets were deducted from the proceeds (See taxes below). 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.



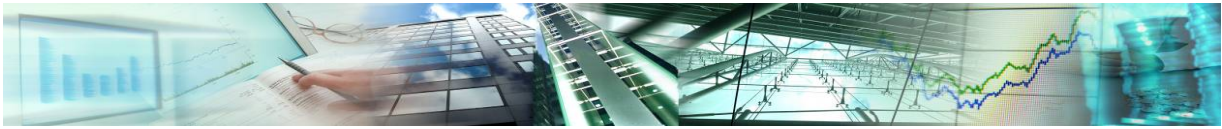


Generally, the discount rate is the rate of return that would be required by an investor to purchase the stream of expected benefits (e.g., future cash-flows), given the risk of achieving those benefits. Risk is generally defined as the degree of certainty or uncertainty as to the realisation of expected 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 2<sup>nd</sup> Khutorskaya street, we have analyzed perceived level of risk associated with these properties which is discussed in greater detail below.

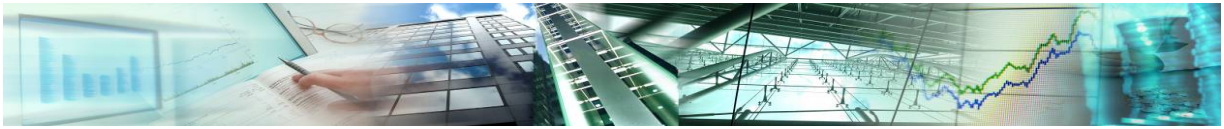
Based on the analysis of all salient facts and available information we have assessed the level of discount rate for MAG and Hydromashservice business centres as 12%.

When assessing the level of yield for Century building, we based our choice of the discount rate on the fact that 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 a discount rate for the subject property at the level of 13.5%. 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 fact that at present it is half-leased. Taking into account the above information we are of the opinion that a discount rate of 12.5% 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.

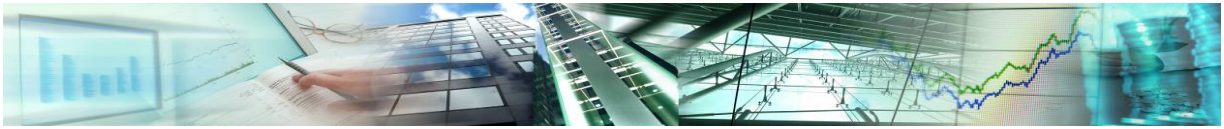
It is necessary to note that the Russian investment market is revving up with prime capitalization rates at the level of 9% for offices, 9.5% for retail premises and 10.5% for warehouse properties. On the basis of our market analysis, our discussions with major investment market players and recent capital 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 an 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. Average rental rates in each segment and each region are presented in Appendix Two “Market Commentary”.

In respect of commercial rents they 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 reviving market, its recovery and rather positive forecasts of the market experts and analysts, we decided to apply a moderate rental growth of 3% for all office and retail premises.

Growth rate for Saratov Triumph Mall was assessed at the level of 5%, which was mainly based on the existing lease contracts, which provide the best comparable evidence. Practically all lease agreements are mid- and long-termed (more than 5-10 years) and are indexed at 5 to 10% per year. Moreover, Triumph Mall in Saratov is a unique object and a landmark property reflecting new trends of the Saratov retail real estate market. Therefore we adopted a 5% growth-rate for the property.

Growth rates for Residential part of Triumph Park in St. Petersburg were estimated at a conservative level of 5%. Taking into account general market trend of 5%-10% price growth on residential apartments in prime location in St. Petersburg, we believe this is reasonable.

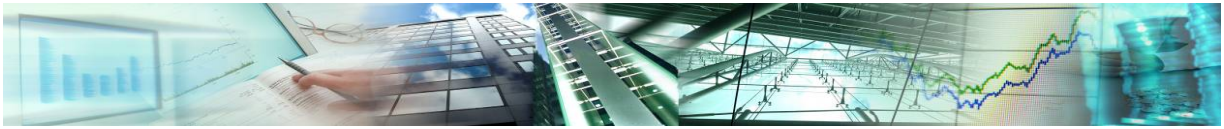
Growth rate of 10% was adopted for Perkhushkovo cottage settlement taking into account average market trend of 10-15% price growth on cottages of this type and in this direction and distance from MKAD;

### **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**

Operating expenses include the following expenses: Utilities, Insurance, Security, Legal, Land Rent, Taxes (including Property Tax), Audit, Technical operation, Administrative expenses.

For the purposes of our analysis we analysed all operating expenses associated with each property by comparing operating expenses, covered by tenants and operating expenses paid by the Company. As a result we have identified Non-Recoverable Costs for each Property that reduce the net income in each period.

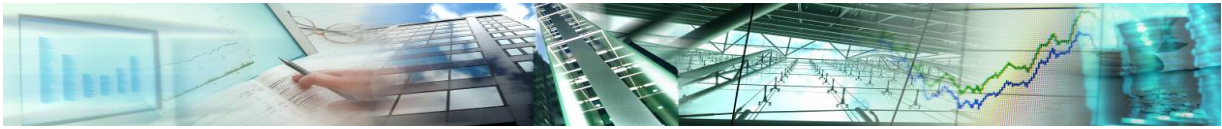
For Tamiz and Yaroslavl Vernissage Mall Properties there are no non-recoverable costs as all of them are covered by tenants.

For residential properties it is assumed that operating expenses will be passed through to residents in the form of a service charge or similar;

### **Turnover**

On the basis of our inquiries we have identified that Triumph Mall in Saratov and Vernissage Mall in Yaroslavl are subjects to an additional income stream in the form of turnover rent that we consider to be in line with market current as at the valuation date. Turnover rent is payable when determined in the agreements percentage of the annual turnover net of VAT exceeds the amount of the annual base rent net of VAT;





### **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;

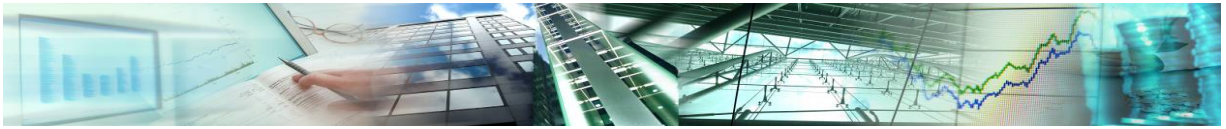
### **Debt Assumptions**

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;

**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% 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;

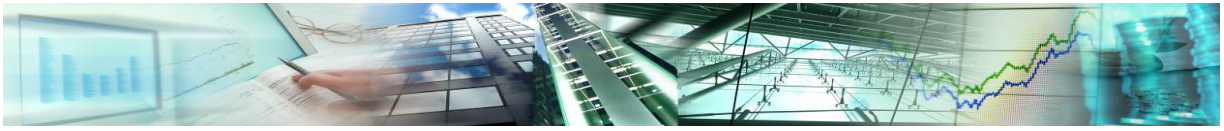
**Development Assumption**

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.

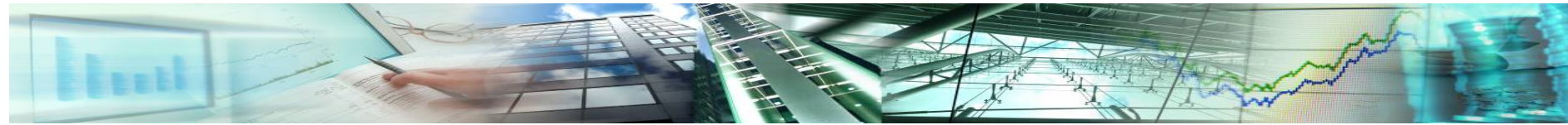


## SCHEDULE OF VALUES

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 2011

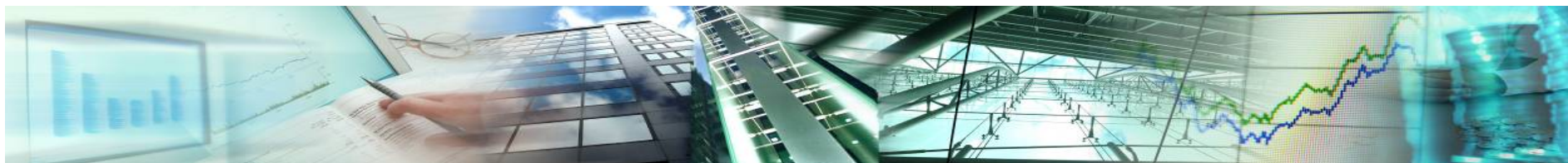


Ref.	City	Property Name and Address	Portfolio Market Value as of 30th of June 2011 (Rounded)	Percentage Owned by MirLand	MirLand Market Value as of 30th of June 2011 (Rounded)	Total sqm of Land	Projected Net Leasable / Saleable Area in sqm upon Completion (excl. Parking)	Market Value per sqm of Projected Net Leasable Area	Discount Rate	Projected Exit Date	Projected Exit Capitalisation Rate for Commercial	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 Income as of 2011 Market Rental Values (Assuming 100% Occupancy and Fully Completed)
001	Moscow	Hydromashservice, 2-Khutorskaya str., 38A	\$67 200 000	100%	\$67 200 000	12 237	16 696	\$4 025	12,00%	Completed	9,00%	Completed	Completed	Completed	Completed	\$5 581 000
002	Moscow	MAG, 2-Khutorskaya str., 38A	\$65 500 000	100%	\$65 500 000	21 940	18 929	\$3 460	12%/14%	Completed	9%/10,5%	Completed	Completed	Completed	Completed	\$7 208 000
003	Moscow Region	Western Residence, Perkhushkovo, Odintsovsky district	\$97 500 000	100%	\$97 500 000	225 300	65 629	\$1 486	14%/18%	2015	Residential	\$198 335 000	Residential	Residential	\$27 953 000	Residential
004	Saratov	Triumph Mall, 167 Zarubina street	\$107 700 000	100%	\$107 700 000	22 000	27 305	\$3 944	12,50%	Completed	10,50%	Completed	Completed	Completed	Completed	\$9 659 000
005	Moscow	Skyscraper, Dmitrovskoe schosse, 1	\$61 100 000	100%	\$61 100 000	9 079	92 000	\$664	16,00%	2017	8,50%	\$733 019 000	\$79 991 000	\$7 968	\$281 055 000	\$65 586 000
006	Saint Petersburg	Triumph Park, Residential	\$240 200 000	100%	\$240 200 000	326 651	630 900	\$381	19,50%	2014-2021	Residential	\$2 220 460 000	Residential	Residential	\$940 244 000	Residential
007	Saint Petersburg	Triumph Park, Trade Center	\$21 000 000	100%	\$21 000 000	81 663	117 775	\$178	20,00%	2017/2019	9%/9%	\$409 249 000	\$43 334 000	\$3 475	\$180 341 000	\$56 253 000
008	Yaroslavl	Vernissage Mall, Kalinina str.	\$90 900 000	49%	\$44 500 000	120 000	34 091	\$2 666	12,50%	Completed	10,00%	Completed	Completed	Completed	Completed	\$9 200 000
009	Yaroslavl	Phase II	\$8 200 000	49%	\$4 000 000	180 000	55 245	\$148	22,00%	2016	10,50%	\$87 821 000	\$7 817 000	\$1 590	\$42 094 000	\$9 854 000
010	Moscow	Tamiz Building	\$46 700 000	100%	\$46 700 000	4 500	12 971	\$3 600	12,50%	Completed	9,00%	Completed	Completed	Completed	Completed	\$4 540 000
011	Moscow	Century Buildings	\$96 100 000	51%	\$49 000 000	5 800	20 903	\$4 597	13,50%	Completed	12,00%	Completed	Completed	Completed	Completed	\$9 519 000
012	Kazan	Triumph House	\$8 600 000	100%	\$8 600 000	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	\$3 000 000	100%	\$3 000 000	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	\$7 200 000	100%	\$7 200 000	260 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
015	Novosibirsk	Logistics Complex	\$8 300 000	100%	\$8 300 000	406 752	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>			<b>\$929 200 000</b>		<b>\$831 500 000</b>							<b>\$3 648 884 000</b>			<b>\$1 471 687 000</b>	

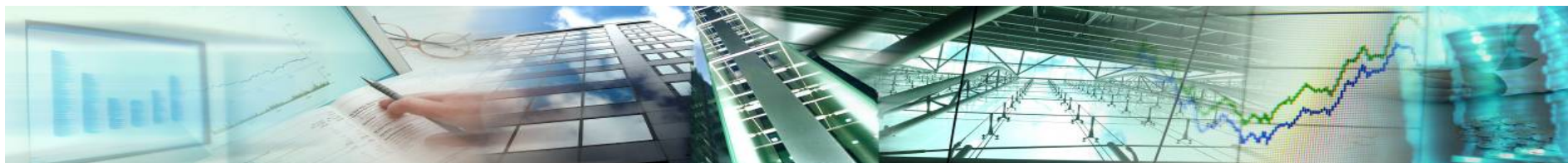




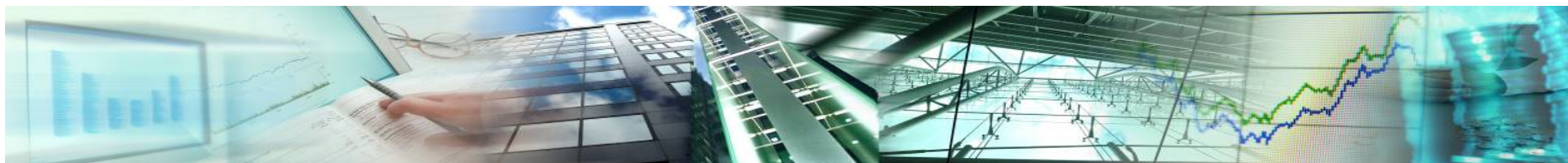
## PROPERTIES HELD AS INVESTMENTS



Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>“MAG”</b></p> <p><b>2-Khutorskaya street, 38A</b></p> <p><b>Moscow, Russia</b></p>	<p>The Property is located in approximately 10 minutes walking distance from the nearest metro station Dmitrovskaya. This location is in the north part of the Moscow Novoslobodsky Business District, approximately 2 kilometres from the Third transport ring road.</p> <p>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 11,785.62 sq. m. and 175 parking slots. As at the date of valuation there were 970 sq. m. of vacant space, which represents 8.23% of the total rentable area.</p> <p>On the 20<sup>th</sup> 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 7,142 sq. m is under renovation now. The building is due to start operating again since January 2012. Total outstanding investments for renovation are US\$4,985,000.</p> <p>According to the Long Term Lease Agreement #M-09-031793 of 29<sup>th</sup> of September 2006, Mashinostroenie and Hydraulika OJSC leases a land plot of 1.2879 ha until 1st of September 2055.</p> <p>The land plot with a total area of 1.0257 ha is held by Mashinostroenie and Hydraulika 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.</p>	<p>Differing length periods.</p>	<p>US\$7 208 000 (except for bld. 26)</p>	<p>US\$7 066 436 (except for bld. 26)</p>	<p><b>US\$65,500,000</b></p> <p><b>US\$65,500,000</b> for the 100% share interest held by the Company according to information provided to us.</p>

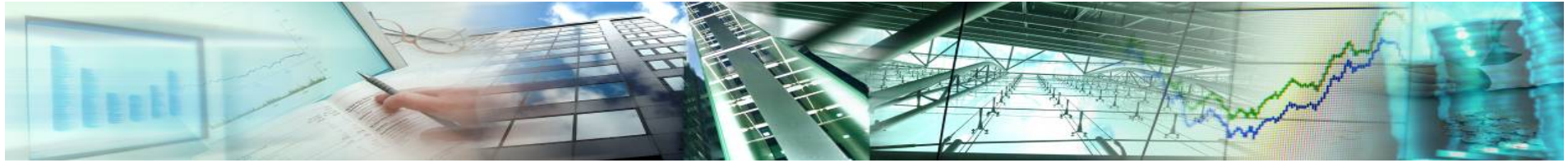


Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>“Hydromashservice”</b></p> <p><b>2-Khutorskaya street, 38A</b></p> <p><b>Moscow, Russia</b></p>	<p>The Property is located in approximately 10 minutes walking 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.</p> <p>Hydromashservice is a former factory site containing several buildings, which have been practically fully refurbished and transformed into new class B office space. According to information provided to us total leasable area is 16,695 sq. m., of which 419 sq. m. or 2,51% are not leased, and 175 parking places. The Property has originally been constructed and used as an industrial premise in the former century. The building improvements are owned by Hydromashservice LLC according to ownership certificates provided by the Company.</p> <p>According to the Amendment Agreement No.5 of 29.09.2006 to the land lease agreement # M-09-025311, dated 28.11.2003.</p> <p>Hydromashservice LLC leases a land plot of 1.2237 ha.</p>	Differing length periods.	US\$5 581 000	US\$5,962,325	<p><b>US\$67,200,000</b></p> <p><b>US\$67,200,000</b> for the 100% share interest held by the Company according to information provided to us.</p>
<p><b>“Century Buildings”</b></p> <p><b>2-Khutorskaya street, 38A</b></p>	<p>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.</p> <p>The property is represented by two Class B office buildings</p>	Differing length periods.	US\$9,519,425	US\$6,888,736	<p><b>US\$96,100,000</b></p> <p><b>US\$49,011,000</b> for the 51% share interest held by the Company according</p>



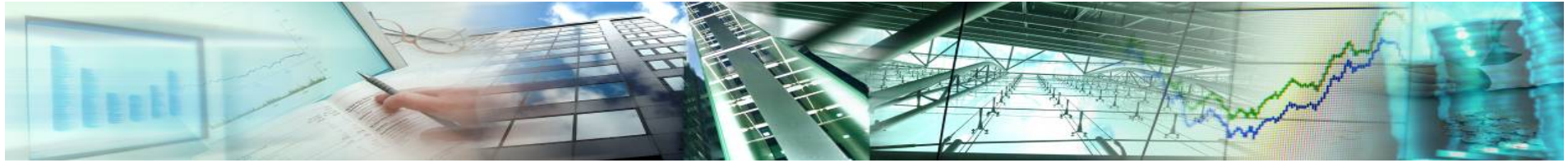
Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<b>Moscow, Russia</b>	with a total leaseable area of 20,903 sq. m. located on the land plot with the total area of 0.58 hectares. The land plot is held leasehold and the building is held freehold.				to information provided to us.
<b>“Tamiz” 2-Khutorskaya street, 38A Moscow, Russia</b>	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. The property is represented by Class B office building with a total leaseable area of 12,971.2 sq. m. located on the land plot with the total area of 0.45 hectares. There are 5,943.7 sq. m. or 45.82% vacancy in the building. Currently the building is offered on the market for lease. There are 22 surface parking spaces intended for lease. The land plot is held leasehold and the building is held freehold. Total outstanding costs for completion of internal works are estimated at the level of US\$1,000,000 (excluding VAT).	Differing length periods	Fully operating from 2012	US\$4,583,920	<b>US\$46,700,000</b>  <b>US\$46,700,000</b> for the 100% share interest held by the Company according to information provided to us
<b>“Triumph Mall” 167 Zarubina Street</b>	The Property represents a modern three-floor retail entertainment center with the total area of 27,305.23 sq. m. The Property answers all European standards in terms of technical and engineering conditions as well as in terms of management services.	Differing length periods	US\$9 659 000	US\$9,488,504	<b>US\$107,700,000</b>  <b>US\$107,700,000</b> for the 100% share interest held by the Company according





Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<b>Saratov, Russia</b>	<p>The Mall has a list of prestigious tenants bound with the Owner of the Property by long-term relations.</p> <p>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.</p> <p>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.</p> <p>The tenure of the land plot of 2.2 ha is freehold.</p>				to information provided to us
<b>“Vernissage Mall”</b>  <b>Moskovskoye Shosse &amp; Kalinina street</b>  <b>Yaroslavl Region, Russia</b>	<p>The Property is represented by a modern retail complex with entertaining areas which opened on the 27<sup>th</sup> of April 2007 with a total leaseable area of 34,091.54 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.</p> <p>All premises are currently occupied.</p> <p>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</p>	Differing length periods.	US\$9 200 000	US\$9,249,707	<b>US\$90,900,000</b>  <b>US\$90,900,000</b> for the 49% share interest held by the Company according to information provided to us.

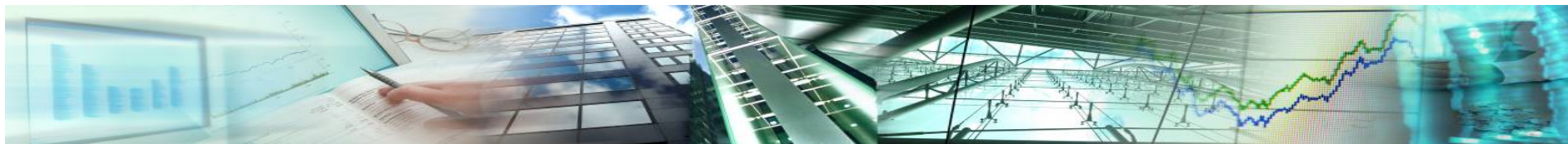




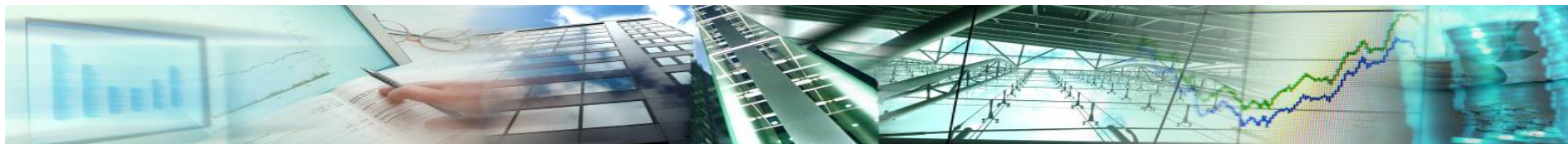
Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
	<p>surrounding the subject Property.</p> <p>The Property answers all European standards in terms of technical and engineering conditions as well as in terms of management services.</p> <p>The Mall has a list of prestigious tenants bound with the Owner of the Property by long-term relations.</p> <p>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”).</p>				



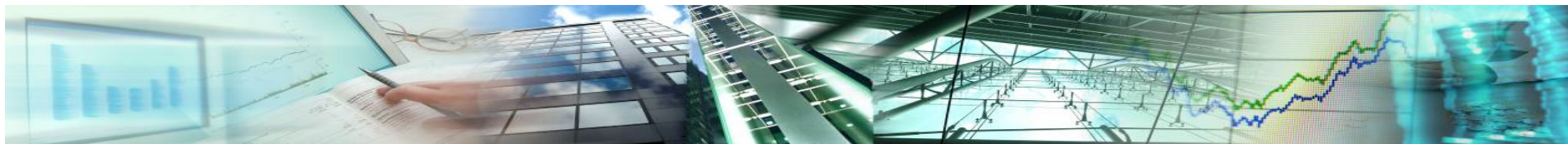
## PROPERTIES IN COURSE OF DEVELOPMENT



Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>Western Residence</b></p> <p><b>Perkhushkovo Odintsovo District</b></p> <p><b>Moscow Region, Russia</b></p>	<p>The Property is located in the Moscow Region in the Odintsovo district close to the Mozhayskoe shosse in 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.</p> <p>The Property is represented by two adjacent land plots held freehold with a total area of 22.53 ha:</p> <p style="padding-left: 40px;">Land plot #1 with a total area of 10.57 ha;</p> <p style="padding-left: 40px;">Land plot #2 with a total area of 11.96 ha.</p> <p>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.</p> <p>According to the information provided by the Company as at the date of this Report the 1<sup>st</sup> phase of development was 99% completed. Infrastructure and utilities were in process of connection. Following construction completion, the Company plans to dispose the residential units to end users. Total outstanding costs for phase 1 are estimated at US\$653,200.</p> <p>16 houses from the 1<sup>st</sup> phase were already sold as of the date</p>	<p>Upon completion the units are expected to get sold on a single unit basis.</p>	<p>Upon completion the units are expected to get sold on a single unit basis.</p>	<p>Upon completion the units are expected to get sold on a single unit basis.</p>	<p><b>US\$97,500,000</b></p> <p><b>US\$97,500,000</b> for the 100% share interest held by the Company according to information provided to us (Assuming built and fully sold on market terms US\$198,334,832)</p>



Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
	<p>of valuation.</p> <p>Total outstanding development costs for phase 2 are estimated at US\$27,300,000 (including VAT).</p>				
<p><b>“Triumph Park, Residential” and “Triumph Park, Trade Center”</b></p> <p><b>30 Pulkovskoe Shosse</b></p> <p><b>Saint Petersburg, Russia</b></p>	<p>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.</p> <p>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.</p> <p>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 5 phases. The quality of the apartments is split into “Economy” class - 399,840 sq. m. of total saleable area and “Comfort” class - 171,360 sq. m. of total saleable area.</p> <p>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.</p> <p>The construction started in August 2008 and will take place in</p>	<p><u>Residential:</u></p> <p>Upon completion the units are expected to get sold on a single unit basis.</p> <p><u>Commercial:</u></p> <p>n/a</p>	<p><u>Residential:</u></p> <p>Upon completion the units are expected to get sold on a single unit basis.</p> <p><u>Commercial:</u></p> <p>n/a</p>	<p><u>Residential:</u></p> <p>Upon completion the units are expected to get sold on a single unit basis.</p> <p><u>Commercial:</u></p> <p>US\$56,253,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 20% in 2011-</p>	<p><b>Total Value for Residential &amp; Trade</b></p> <p><b>US\$261,200,000</b></p> <p><b>US\$261,200,000</b> for the 100% share interest held by the Company according to information provided to us (Assuming built and fully sold on market terms US\$2,629,709,000)</p>

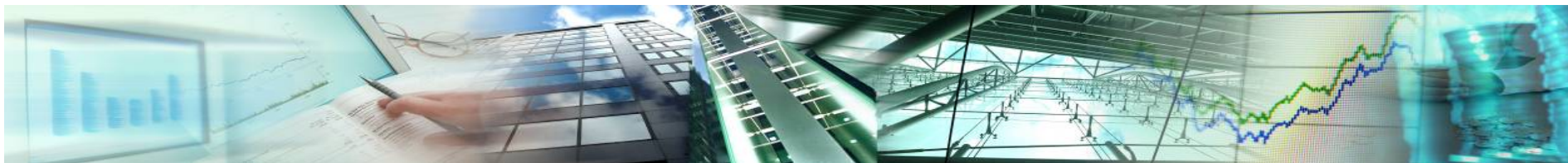


Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
	<p>5 phases, with the last one being completed in 2019.</p> <p>We have also been informed that the general plan of the project was approved as well as the detailed planning.</p> <p>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.</p> <p>The tenure of the land plot is freehold.</p> <p>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.</p> <p>It is planned to construct 60,000 sq. m. of leasable area of Class B office space in 3 phases, about 57,775 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.</p> <p>Total outstanding development costs are estimated at US\$1,120,585,199 (together for commercial and residential parts) (excluding VAT for commercial part and including VAT for residential part).</p>			<p>2012 decreasing to 15% in 2013-2014 and then to 10% in 2015 on office and retail premises.</p>	

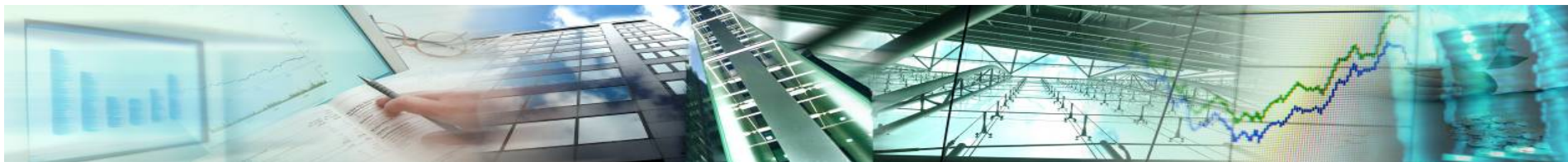




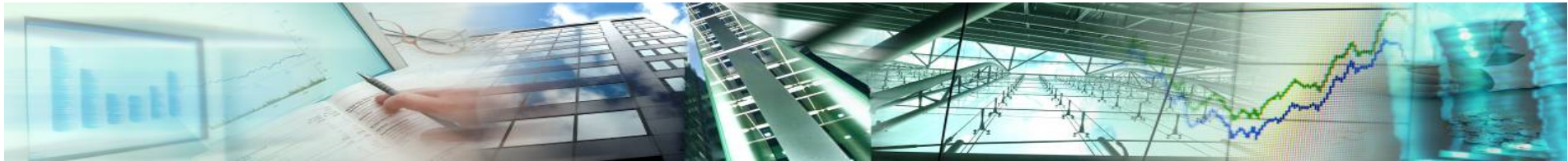
## PROPERTIES HELD FOR FUTURE DEVELOPMENT



Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>“Skyscraper”</b></p> <p><b>Dmitrovskoye Shosse 1B</b></p> <p><b>Moscow, Russia</b></p>	<p>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 June 2012 and expected to be completed in November 2015. The tenure of the land plots is leasehold.</p> <p>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.</p> <p>Total outstanding development costs are estimated at US\$281,055,400 (excluding VAT).</p>	n/a	n/a	<p>US\$65,586,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural vacancy rate of 15% in 2011 decreasing to 10% in 2013-2014 and then to 5% in 2015.</p>	<p><b>US\$61,100,000</b></p> <p><b>US\$61,100,000</b> for the 100% share interest held by the Company according to information provided to us (Assuming built and fully let on market terms US\$733,019,000)</p>

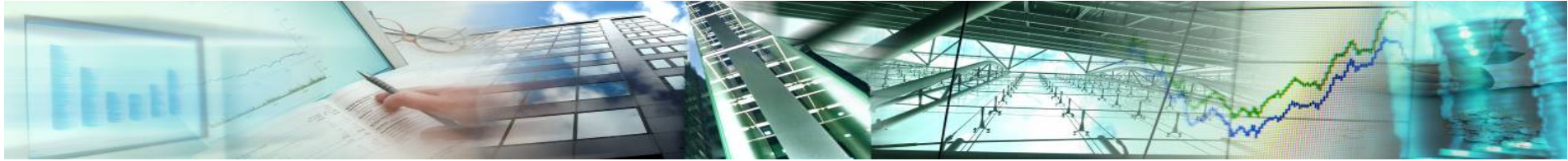


Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>“Triumph House”</b></p> <p><b>Okolnaya street, 28A</b></p> <p><b>Kazan, Russia</b></p>	<p>The Property represents a land plot with total area of 2.2 ha intended 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.</p> <p>Total gross leasable area will be 31,470 sq. m of which 26,277sq. m. will be for lease. Total gross buildable area will comprise 44,737 sq. m. An underground parking for 534 lots and 465 on-roof parking slots will be constructed.</p> <p>The site is located in the Central part of Kazan on the intersection of Gorkovskoe highway, Bolotnikova street, Frunze street and Vosstaniya street.</p> <p>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.</p>	n/a	n/a	n/a	<p><b>US\$8,600,000</b></p> <p><b>US\$8,600,000</b> for the 100% share interest held by the Company according to information provided to us</p>
<p><b>“Yaroslavl Phase II”</b></p> <p><b>Moskovskoye Shosse &amp; Kalinina street</b></p> <p><b>Yaroslavl, Russia</b></p>	<p>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.</p> <p>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.</p>	n/a	n/a	US\$9,854,000 upon completion and assuming 100% occupancy. For the purpose of our valuation we have assumed a structural	<p><b>US\$8,200,000</b></p> <p><b>US\$4,018,000</b> for the 49% share interest held by the Company according to information provided to us (Assuming built and fully let on market</p>



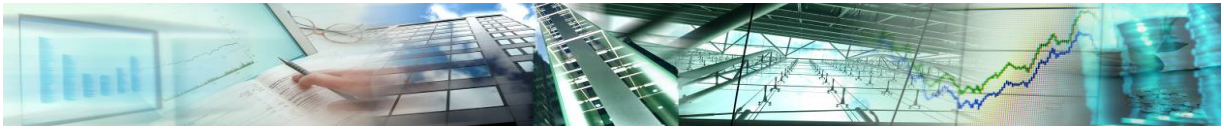
Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
	<p>The Property is located at the intersection of Kalinina street (ring road of Yaroslavl) and Moskovskoye shosse at the border of the city of and the Yaroslavl region. 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.</p> <p>The tenure of the land plot is freehold (according to the Ownership Certificate 76-AA #170178)</p>			vacancy rate of 15% for retail gallery, food court and other small tenants in 2012 and 10% for the same category of tenants from 2013.	terms US\$87,821,000)
<p><b>Penza Shopping Center</b></p> <p><b>Sosnovka district, Penza, Russia</b></p>	<p>The Property represents an undeveloped land plot of approximately 5.3 ha held for construction of a retail shopping center. 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. We have been informed by the Company that the contract with the management company was in the process of signing and the concept was under development.</p> <p>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.</p> <p>The tenure of the land plot is freehold (according to the Ownership Certificate 58-AA #392826)</p>	n/a	n/a	n/a	<p><b>US\$3,000,000</b></p> <p><b>US\$3,000,000</b> for the 100% share interest held by the Company according to information provided to us</p>





Property Address:	Description, Status and Tenure:	Terms of Existing Tenancies:	Net Annual Rent:	Estimated Net Annual Rent:	Market Value:
<p><b>Logistics Complex</b></p> <p>1,3 km to the south-east of Dubki village</p> <p>Saratov Region, Russia</p>	<p>The Property represents an undeveloped land plot of approximately 26 hectares held for construction of a logistics complex.</p> <p>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.</p> <p>The Property is located in close proximity to Dubki village in Saratov district, Saratov region.</p> <p>The tenure of the land plot is freehold (according to the Ownership Certificate 64-AB #286547)</p>	n/a	n/a	n/a	<p><b>US\$7,200,000</b></p> <p><b>US\$7,200,000</b> for the 100% share interest held by the Company according to information provided to us</p>
<p><b>Logistics Complex</b></p> <p>1 km to the north-east of Sadoviy village, along the railway line Inya-Vostochnaya – Krasny Yar</p> <p>Novosibirsk Region, Russia</p>	<p>The Property represents an undeveloped land plot of approximately 40 hectares held for construction of a logistics complex.</p> <p>According to information provided by the Company the construction of a logistics complex incorporating some 180,000 sq. m. of total area is planned in the future. Construction is supposed to be divided into 5 phases.</p> <p>The Property is located in close proximity to Sadoviy village, Novosibirsk region.</p> <p>The tenure of the land plot is leasehold.</p>	n/a	n/a	n/a	<p><b>US\$8,300,000</b></p> <p><b>US\$8,300,000</b> for the 100% share interest held by the Company according to information provided to us</p>





## APPENDIX TWO

### MARKET COMMENTARY

#### RUSSIAN ECONOMY OVERVIEW

The results of the first half of 2011 showed the controversial behaviour of macroeconomic indicators.

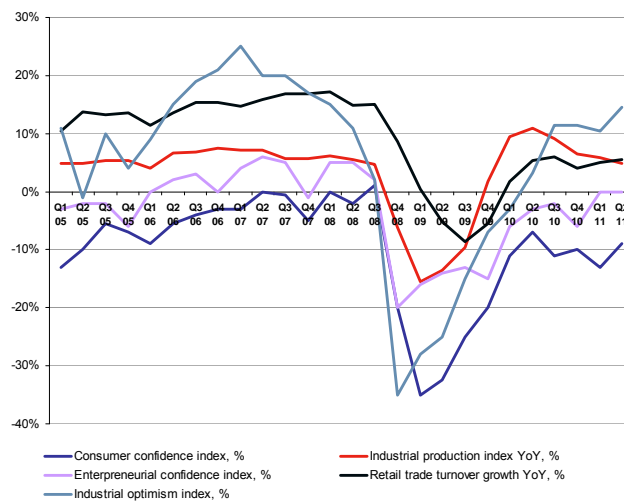
The commodity markets environment remains highly favorable; the average Urals price in Q2 was 114.5 USD per barrel, at the budgeted 70USD.

The industrial indicators showed stable growth: industrial production commenced 4.8% YoY in Q2 and 5.3% YoY as a half-year result. The demand on mining industry production remained stable (+1.7% YoY and +1% QoQ), whereas the production industry commenced 5.8%YoY and 11% QoQ growth respectively.

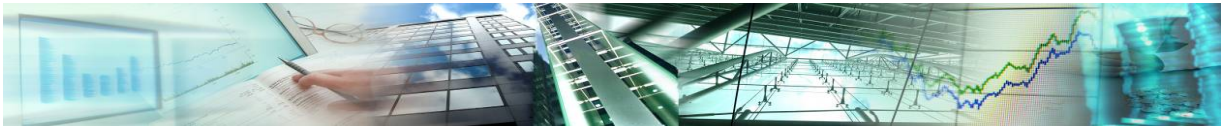
Compared to Q1, the industrial optimism index showed another 5% growth: proving the negative trend change after a half-year of negative dynamics.

Backed by high oil revenues and growing entrepreneurial confidence, we saw a 7.4% YoY growth in fixed capital investments in May, after a -0.8% contraction in Q1 and a modest +2.2% growth in April.

**Russia's Macro Indexes**

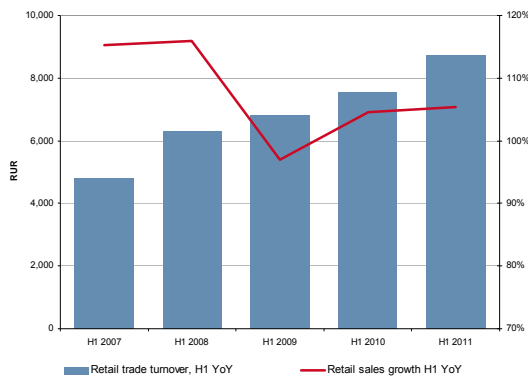


On the contrary, the consumer sector still remains weak. Despite the 4pps growth in Q2, it is still negative (-9%); the share of pessimistic people still outweighs the share of optimistic ones, and the turnaround of consumer behavior from the crisis and post-crisis habits is still yet to come. Consumer income was the factor that gave a strong background for such sentiment in the first half of 2011.

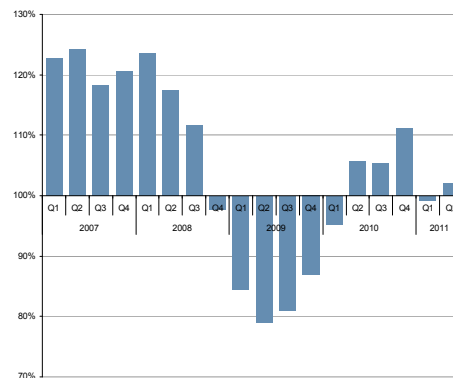


While nominal wages commenced 11.7% YoY growth in Q2, the real wage growth was only 2% YoY, whereas the real consumer incomes contracted by 3.7%YoY. This creates a great deal of uncertainty for consumers, resulting in increased savings. 33% of the population is keen to make savings in 2011 compared to 24% in 2010 (National Agency of Financial Research). At the same time, the share of savings in overall consumer expenditure pattern contracted. The preferable tools for savings are bank deposits, securities, insurance policies and cash (the traditional tool for Russia). We can see the increasing trust in various financial institutions in the period of negative expectations.

### Retail Trade Turnover



### Fixed Capital Investments

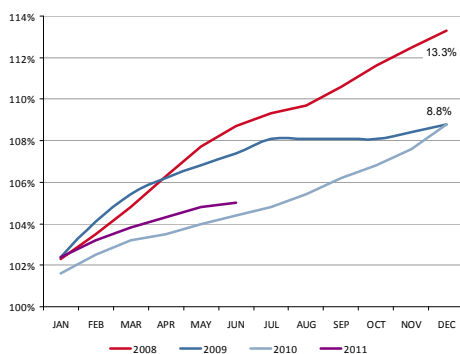


The CPI remains the priority target for the Russian government to fight with. Following the strong boost during the February - May period, when YoY CPI commenced 9.5% growth and 5% since the beginning of 2011 (5.8% and 4.4% in 2010 respectively), the growth slowed down in June.

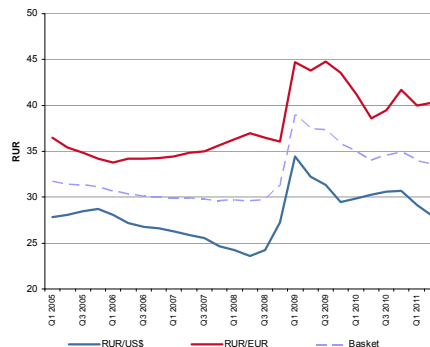
A drought is not expected and the harvest outlook is positive. These factors will limit CPI growth in Q3, and the CBR expects growth of only 0.5%. If this scenario occurs, the year end CPI number could stay within 9%, even considering the New-Year and Christmas price growth.

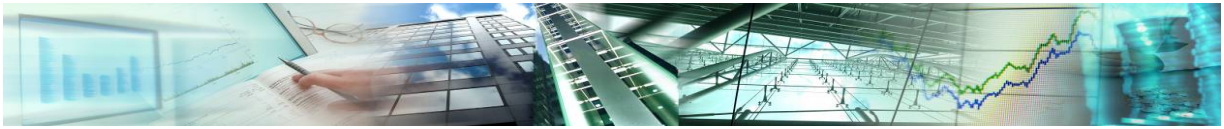
The Central Bank is ready to use all available means to limit the inflation, which was stated by the Minister of Finance Alexei Kudrin, and, if the situation gets worse we will see further correction of deposit rates and even ruble strengthening.

### CPI Performance



### Rouble Exchange Rate





In summer 2011 positive market sentiment was widely established across the real estate market. All indicators are in the green zone and we had to review our forecast on real estate investment volume from 4.2 bn to 5.3 bn Dollars. This is close to the record level of 5.8 bn achieved in 2008.

However unlike pre-crisis years, minor share of investment sales is driven by financing requirements for construction projects. Now in most cases sales are related to debt restructuring or deinvestment from real estate businesses. As such, the resulting growth of investment will not directly affect construction activity.

Tenants on the markets are facing a shortage of quality space. Market rents are driven mainly by prime real estate segment which is still scarce and in high demand. Prime office rents exceeded USD 1,000 per sq m and in prime shopping centers USD3,000 rep sq m became a common rent profile.

## CAPITAL MARKET'S OVERVIEW

The ruble remained stable over the quarter with a slight appreciation towards the end of June caused by Greece's debt problem and the increase in oil prices.

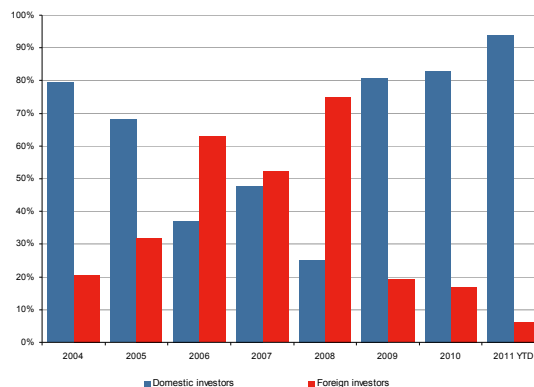
Effective May 31, CBR increased the deposit rate by 25 bps, keeping the refinancing rate at 8.25%.

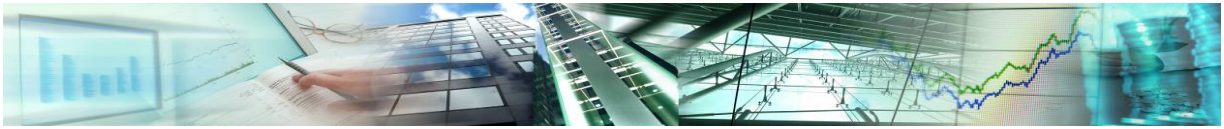
This measure is thought to make bank deposits more attractive thus reducing capital outflow in order to fight the CPI increase through the reduction of excessive liquidity on the market. Keeping the refinancing rate will not make the cost of credits higher.

In its statement CBR notes that it sees the current level of interest rates as balanced for managing the risk of inflation acceleration and the risk of losing the sustainability of economic growth. Thus, further interest rate changes in the next quarter are unlikely.

Although fiscal stability and capital outflow play an important role in the current CBR's policy, low inflation remains the main target of the state and CBR's policy, even through ruble appreciation, which was backed by Mr. Kudrin and Mr. Ulyukaev earlier this quarter.

### Domestic vs Foreign Investments



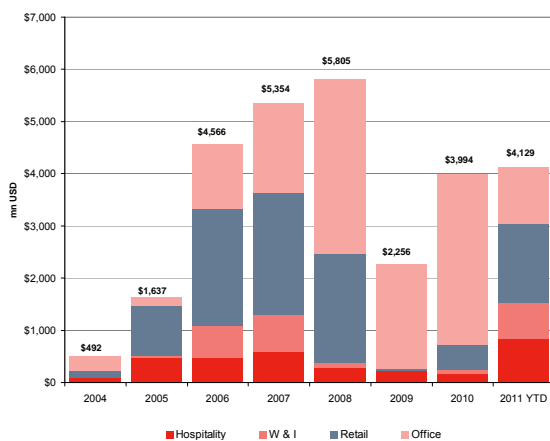


In the past quarter the estimated volume of commercial real estate investment transactions was 2.26 bn US Dollars (compared to 660.5 mn US dollars in Q2 2010). Since the beginning of 2011 the total volume of investments comprised as much as 4.13 bn US dollars, thus the volume of 2010 (3.99 bn US dollars) was outpaced for a half year.

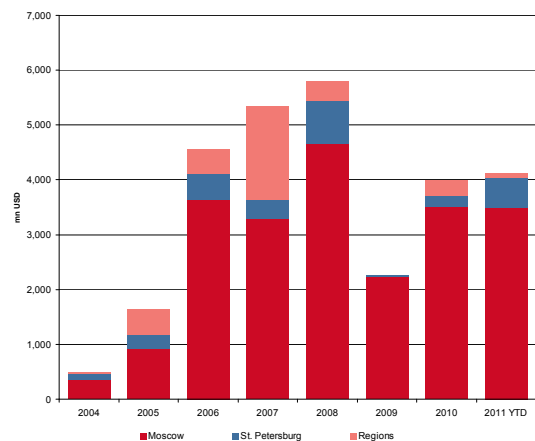
From the total volume of investments retail transactions comprised 36.5% - the first time since 2007 the retail transactions took the leading role. About 26.5% belong to the office segment, with hospitality and W&I accounting for 20% and 17% respectively.

The commercial real estate market entered a phase of active revival. We saw tremendous activity from market players, leading to rental rate growth and vacancy rate contraction as well as big demand from the investors' side. This shows potential for the revival of the real estate market for investors and for the owners as well, who can get fair prices and channel the money into new projects. We see a lot of positive signals regarding the hospitality and W&I segments, as they possess unique features only desired by professional investors.

**Transactions Split by Sectors**



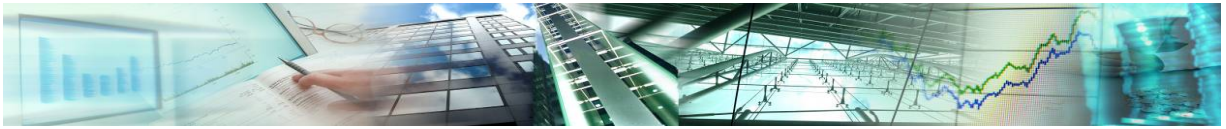
**Transactions Split by Regions**



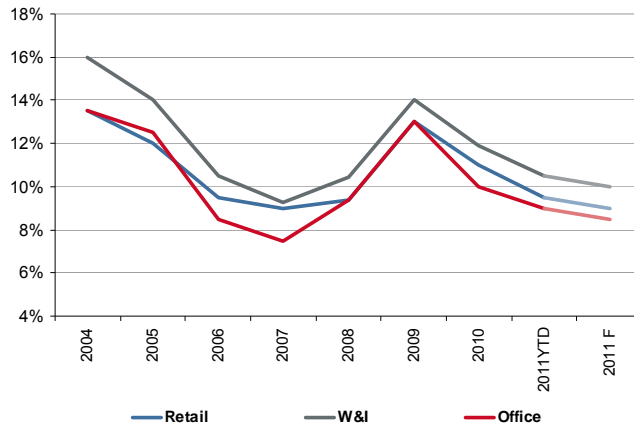
Talking about the source of capital on the market, statistically we see the domination of domestic capital, but actually foreign investors have returned. However now, on the fast growing market they prefer working in cooperation or through Russian investors, who are more familiar with the market and can better estimate potential risks and possible outcomes.

Seeing such transaction activity on the market, we revised our year-end forecast and we now expect the total 2011 volume of transaction to be close to the 6 bn mark.

Following the market trends, the cap rates compression continued. Now the estimated prime office yield is 9%. The office segment is still leading the Moscow market in terms of quality supply and investment opportunities and we will likely see further yield compression in the second half of 2011. The retail and W&I cap rates remained unaltered as well (9.5% and 10.5% respectively).



## Cap Rates in Moscow

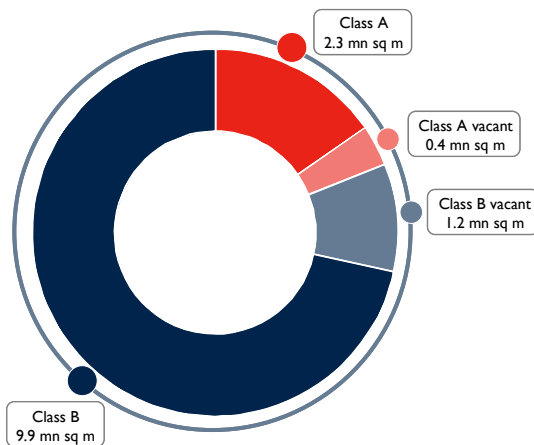


## MOSCOW OFFICE MARKET

### OVERVIEW

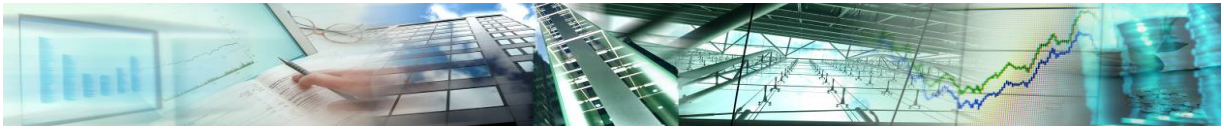
After 1.5 years of positive economic growth and high oil prices the office demand is as high as in booming 2007-2008 years. Leasing activity is high as well, but there are not many expansions on the market. As a result vacancy rates decline slower than expected at the beginning of the year. Respectively high availability keeps rental rates stable with a potential of growth by the end of the year.

### Office Stock and Vacant Space Distributed by Type



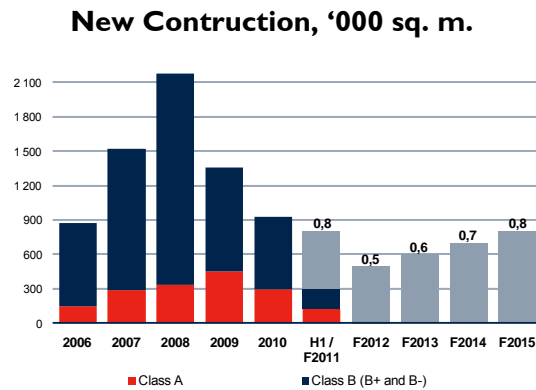
Class		
Class A 0.4 mn sq m	Class B 1.2 mn sq m	
Condition		
Fitted-out 0.5 mn sq m	Shell and core 0.7 mn sq m	Ready to fit out 0.4 mn sq m
Tenure		
Lease 0.9 mn sq m	Sub-lease	Buy 0.35 sq m
		Buy or lease 0.3 sq m
Location		
Downtown 0.3 mn sq m	TTR 0.5 mn sq m	OTA 0.8 mn sq m





## SUPPLY

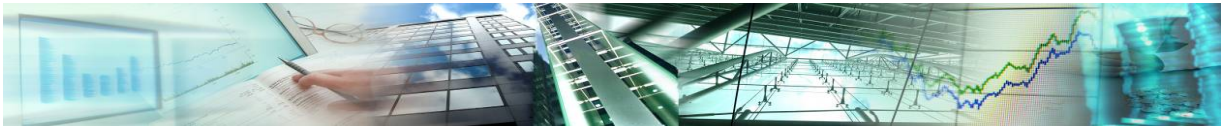
By the end of Q2 2011 there was 12.3 mn sq m of quality office space in Moscow. Construction pipeline continues to decrease – only 8 office buildings were delivered in Q2 with leasing area of 99,600 sq m. Vivaldi Plaza, A class office complex with four office buildings with total leasing area of 66,643 sq m is among them, 70% of new office space is available.



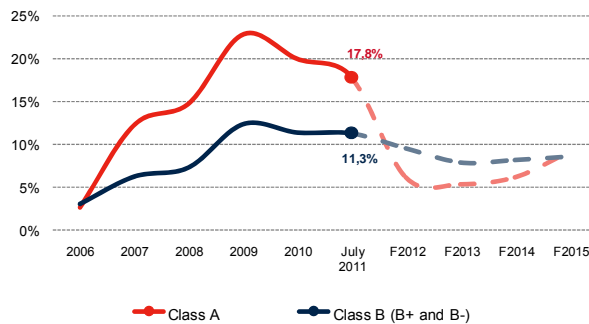
Vacancy rates for all segments are stable. In Q2 the average vacancy rate in Moscow was 12.5% for all quality offices (17.8% for class A and 11.3% for class B).

The quality office availability structure:

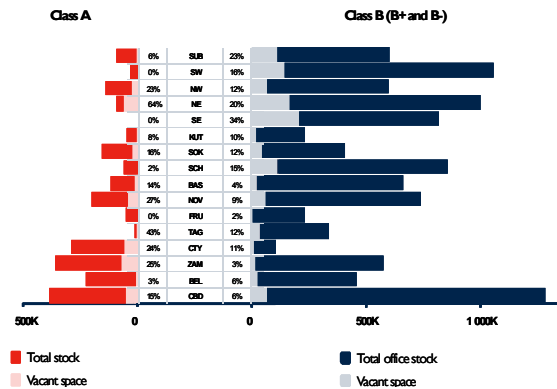
- In office stock 1.54 mn sq m is vacant in 384 quality buildings, 70% of them are for lease.
- About 1 mn sq m of space is available in 54 buildings which are under construction.
- The offer in planned buildings has grown by two times since the beginning of the year and is 0.7 mn sq m in 27 planned buildings. More developers are ready to begin early marketing of their projects.



### Vacancy Rate, '000 sq. m.



### Vacancy Rates by Submarkets

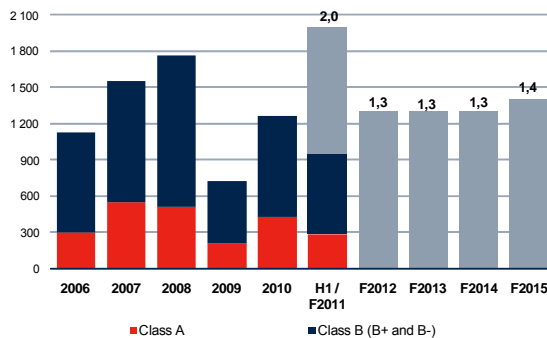


## DEMAND

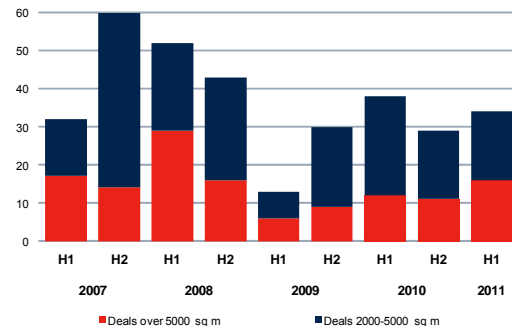
Q2 showed record levels of office take up. Such tenant activity was witnessed only once – in the first half of 2008, just before the crises that froze all office activity for almost one and an half year.

The total take up in Q2 reached 530,000 sq m of quality office space. The overall results for the first half of 2011 look positive – almost 1 million sq. m. of office space was leased or purchased (951,000 sq m according to our monitoring).

### Take-up in Moscow, '000 sq. m.

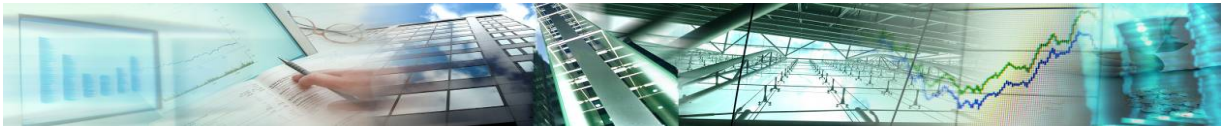


### Large Office Deals

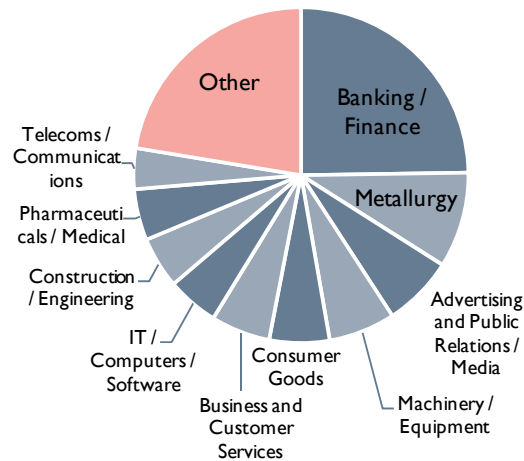


There is a stable tenant demand for ready to move in offices – pre-lease agreements amounted to only 10% of all deals concluded in this period. It's important to note that the vast majority of pre-lease agreements (77%) were sale deals concluded for projects which are to be constructed in 2012. Second quarter of 2011 has shown the increasing number of sale deals – 35% of office take up is account for such deals.

Large deals continue to dominate; in Q2, not less than 24 tenants rented office premises exceeding 2,000 sq m , such as TNT Express deal in Novaya Riga Business Center (6,798 sq m), Hogan Lovells deal in Summit (2,656 sq m).



## Take-up by Industries in H1 2011



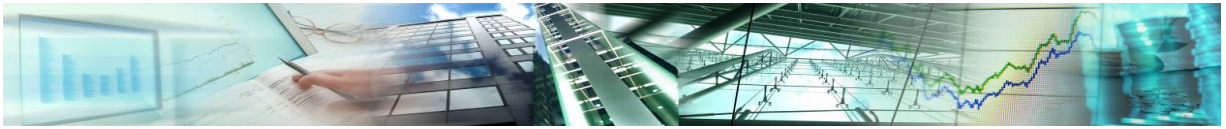
### MAJOR OFFICE LEASING TRANSACTIONS OF Q2 2011

Tenant	Property	Address	Class	Area, sq m	Deal type
RusAl	Park Pobedy on Vasilisy Kozhinoy ul.	Vasilisy Kozhinoy ul., vl. 1	B+	28,100	Purchase
VTB	Federation Tower, Tower West	Krasnogvardeyskiy 1-y pr., vl. 15	B+	16,000	Purchase
Morton	Preo8	Preobrazhenskaya pl., 8	A	11,500	Lease
United Energy Corporation	Silver Stone BC	Serebryakova pr., 14	B-	10,800	Lease
GroupM	Legenda Tsvetnogo	Tsvetnoy bul., vl. 2, bld. 1	A	10,800	Lease
Schneider Electric	Dvintsev BC	Dvintsev ul., 12 bld. 1	A	8,700	Lease
Renaissance Credit	Dvintsev BC	Dvintsev ul., 12 bld. 1	A	6,900	Lease
TNT	Novaya Riga Office Building	Proezd № 607 pr., 3 bld.2	B+	5,000	Lease
Abbott Laboratories	Metropolis	Leningradskoe shosse, 16a, bld. 1	A	4,700	Lease
Renaissance Credit	Capital City	Presnenskaya nab., 8 bld. 1	A	3,800	Lease

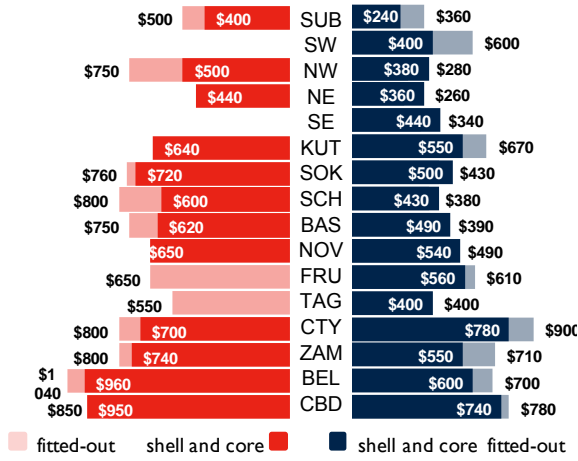
## RENTAL RATES

In the vast majority of office buildings in Moscow the asking rents are stable. The average rates for A Class did not exceed USD 750, B+ Class - USD 470 sq m per year (VAT and OPEX exclusive). At the same time prime rents have grown up by 10% within the quarter and are at the level of USD 1,100 (per sq m per annum, triple net).

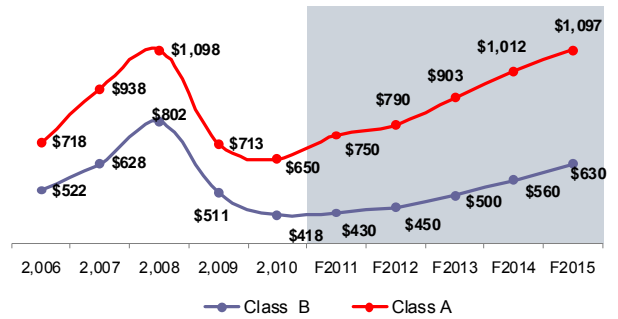
Interestingly that in several submarkets new shell-in-core space is more expensive than fitted out the fact that was not observed before. New modern shell-in-core offices are competitive with fitted-out offices in older buildings. The speedy growth of Class A rental rates is the current forecast for 2011. Class B offices will follow in 2012. In the stable economy rental rates might grow the next four years up to 2015.

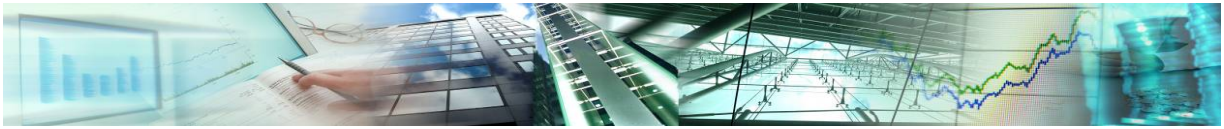


### Average Base Rental Rates by Submarkets, Q2 2011



### Average Base Rental Rates





## RETAIL MARKET IN RUSSIA OVERVIEW

### MARKET OVERVIEW

More retailers are on the market, vacancy rates are as low as before the recession and rental rates are growing. Developers are restarting frozen projects and there are a number of new projects announced to start soon. New projects are concentrated outside of Moscow, as the Moscow construction market is still under revision by the new Moscow mayor.

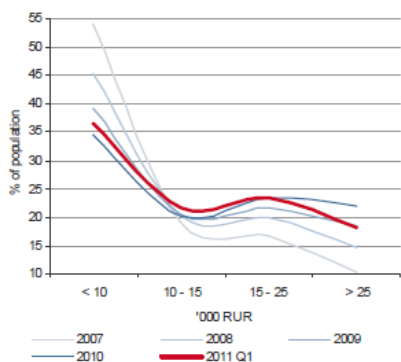
In this positive environment there is a concern about the Russian consumer income. Ministry of Finance proposed to cut social tax from 34% to 30% for annual salaries below RUR 512,000 and 10% on the amount exceeding this sum. Currently only RUR 400,000 per year is taxable. If this measure will be adopted, it will negatively affect retail real estate as it will increase the cost base for companies that occupy offices and pay high salaries and restrict personal income growth.

### CONSUMERS

Disposable income is the only worrying indicator. May y-o-y shows -7% in real terms. However, retail sales have increased in Q1 by 4.7%. Most likely the drop in disposable income is driven by an increase in social tax this year. Smaller employers tend to pay salary in cash in order to avoid the 34% social tax.

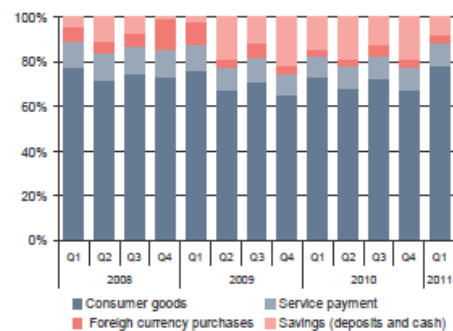
Retail turnover of non-food goods has grown by 8.1% while the same of food goods – just by 1.2%. This is probably supported by the increasing availability of consumer credit: in the post recession period of 2009 consumer debt was decreasing, this time consumer debt is growing. Russians are still demonstrating a high consumer profile: the share of consumer goods in spending structure has grown to 78.3%.

**Consumer Income Structure**



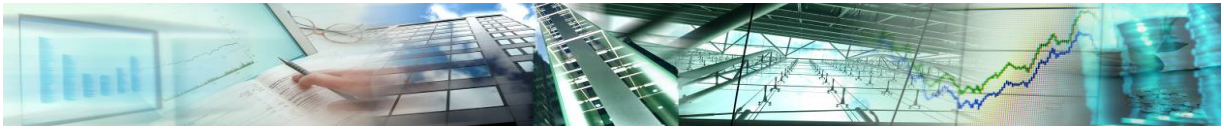
Source: Cushman & Wakefield, Rosstat

**Consumer Spending Structure**



Source: Cushman & Wakefield, Rosstat





## RETAILERS

In Q2 2011 retailers are increasing their expansion activity. Many retail chains have announced strategic development plans including regional expansion. The most active retailers are food retailers such as: Magnit, X5 Retail Group, DIXY, Auchan, O'Key and Billa, and consumer electronics retailers: M.Video, re:Store Retail Group, Evroset. Expansion plans have also been announced by numerous fashion brand.

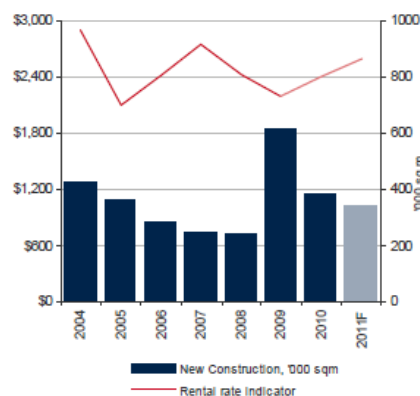
Retailers have interest for the Moscow regions; they are not limiting their interest to cities with populations of 1 million citizens, but also consider cities with populations of 500,000 citizens.

According to the new Infoline data, Russian retailers are dominating the market with the share of 77%; the strongest position of foreign retailers is in the DIY segment.

New customer services:

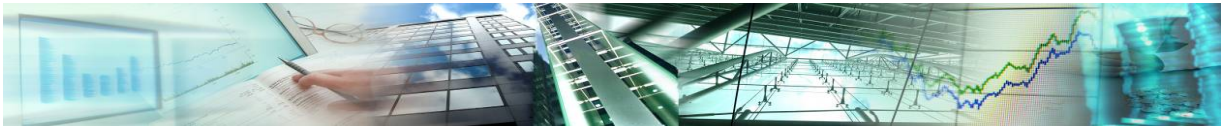
- Technosila enables money transfers through Russia and CIS countries from their stores.
- X5 Retail Group issued co-brand plastic cards with Alfa-Bank.
- IKEA is planning the opening of it's own retail bank.

### Deliveries and Rental Rates



## RETAIL FACILITIES

- New deliveries in Q2 are reasonably low. Four new quality shopping centers with a total GLA of 106,000 sq m have been delivered within the quarter – in Moscow, St-Petersburg, Novosibirsk and Arzamas. To top it, the official opening of AFIMALL City (GLA 15,000 sq m) in Moscow has happened.
- Foot fall and conversion rate of visitors to shoppers are stable. The vacancy rate of quality shopping centers with clear catchment area is about 1% since late 2010.
- Base rental rates are subjected to moderate growth of 3-5% per quarter.

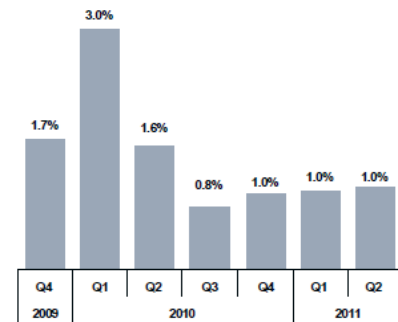


### Foot Fall



Source: Cushman & Wakefield

### Vacancy Rate



Source: Cushman & Wakefield

## SHOPPING CENTERS, RUSSIA

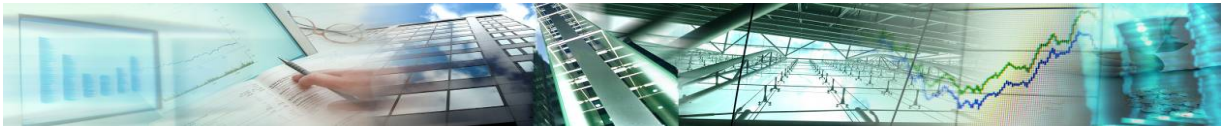
Three new quality shopping centers have been delivered in Q2 2011: Sun City in Novosibirsk (OOO "Uchet" developer, GLA 44,000 sq m), Osinovaya Roscha in St-Petersburg (Adamant, GLA 40,000 sq m) and Plaza in Arzamas (GLA 7,000 sq m).

New projects have been announced in cities, including Surgut, Saratov, Kaluga, Marnitogorst, Ekaterinburg, Cheborsary, Kursk, Bryansk, Tomsk.

The table to the left shows the pipeline 2011 in Russia.

City	Name	GLA, sq m	Delivery
Novosibirsk	Aura	60,439	Q1
St. Petersburg	City Mall	29,087	Q1
St. Petersburg	Osinovaya Roscha phase I	40,000	Q2
Novosibirsk	Sun City (OMEGA Plaza)	44,000	Q2
Arzamas	Plaza	7,000	Q2
Krasnodar	Oz	163,000	
Samara	MEGA - Samara	103,000	
Ufa	MEGA - Ufa	85,000	
St. Petersburg	Leto	77,695	
Ekaterinburg	Prizma (Evropeyskiy)	70,397	
Volgograd	Slava	70,000	
Ryazan	M5 Mall (Okskaya Gallery)	66,490	
Chelyabinsk	Rochnik	58,000	
Kazan	Yuzhny	46,800	
Krasnoyarsk	Ogni	45,000	
Rostov-On-Don	Shokolad	45,000	
Yaroslavl	RIO	40,000	
Nizhnyi Novgorod	RIO (Ogni Stolizy)	39,000	
Astrakhan	Yarmarka (ADG Project)	36,980	
Nizhnyi Novgorod	Sormovskiy (Mosmart Jelmoi)	32,300	
Smolensk	Jam Mall	31,500	
Orel	RIO	31,500	
Tula	Gostinny Dvor new development	30,700	
<b>Total (with GLA more than 30,000 sq m)</b>		<b>1,253,177</b>	

Source: Cushman & Wakefield



## WAREHOUSE MARKET IN RUSSIA OVERVIEW

Q2 2011 saw the increasing activity from both developers and potential tenants in Moscow and St. Petersburg regions. High tenants' activity in underdeveloped regions still does not match to the low interest from developers.

Wholesalers and retailers are still the pace-setters on the market closely followed by logistic operators and transportation companies. Going in line with industrial production increase the demand for quality warehouse space from producers has increased as well, concentrated in Central, North-West federal districts and Povolzh'ye. Decentralization of Russian W&I market is revving up with about 40% of deals signed in regions in Q2. Wholesalers, logistics and transportation operators are looking for expansion and setting up the new logistic chains. We see certain interest from them in Krasnodar, Ekaterinburg, Novosibirsk, Kazan and Samara. Moscow and St. Petersburg, as the business and logistic centers are the areas of constant interest for most of players.

City	Average base rental, USD / annum	Average rented area, sq m
Moscow	125-135	10,000-15,000
St. Petersburg	100-110	2,000-10,000
Ekaterinburg	100-105	5,000-10,000
Nizhnyi Novgorod	90-115	3,000-5,000
Samara	80-100	3,000-5,000
Kazan	60-90	3,000-5,000
Rostov-On-Don	100-115	3,000-5,000
Krasnodar	100-110	3,000-5,000
Novosibirsk	105-110	2,000-5,000
Ufa	80-90	3,000-5,000

Source: Cushman & Wakefield

## LAND MARKET IN RUSSIA OVERVIEW

In Q2 2011 demand for land continues to grow. Supply in comparison to last quarter hasn't changed much. Price rates for land sites remain stable, as supply is still significantly higher than demand.

The most liquid land sites are those in close proximity to highways, towns, which are in a necessary category and close to communications. In order to increase liquidity of land sites, some sellers are willing to change land site condition by themselves into a necessary category, carry out internal zoning and projection, and even extend communications.

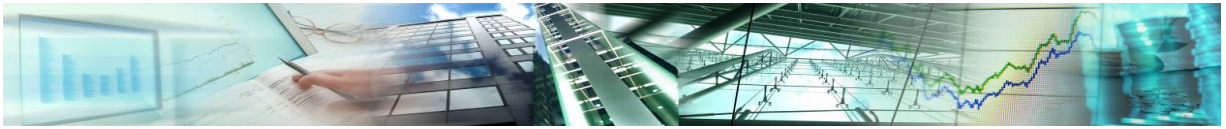
Major demand is created by local players, acquiring sites for personal use. Large federal developers already own land sites in their portfolio. The biggest activity, same as before comes from the Moscow region, the developers here are active from all of the real estate market segments. In the regions the demand is considerably lower.

Production companies prefer to acquire land sites in the regions with strong industrial centers or where previous industrial projects were successfully realized. Examples include: Leningradskaya, Kaluzhskaya, Nizhegorodskaya regions.

In the Moscow region their interest is limited by the Small Moscow Ring. The size of required sites for industrial production is not large, 3 ha on average, sites with extended communications are in huge demand.

In the sector of residential construction, sites to build high-rise apartments are in huge demand. Demand to build cottages on land sites is minimal. Demand to utilize land for agricultural purposes is minimal too.

A big influence on the Moscow region market will come from the President's initiative to expand the borders of Moscow. As a result, a big proportion of Moscow region area will become part of Moscow, this will increase land's value but will also make the owner consider its optimal use, as property tax will be higher, and cadastral cost will also be higher.

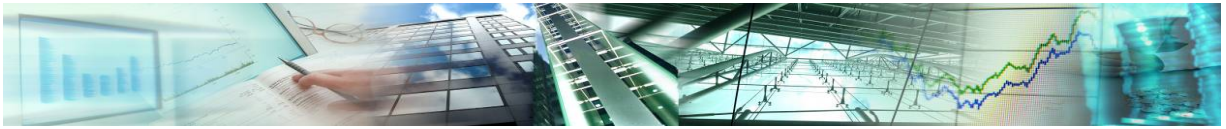


## APPENDIX THREE

### BOOK VALUES\*

	<b>Presented in FS</b>
<b>Name of Property</b>	
<b>Investment Properties under construction</b>	
Skyscraper	50 771
Tamiz buildings	38 665
Penza	2 800
St. Petersburg commercial	16 566
Kazan Mall	8 500
Novosibirsk logistic	6 942
Saratov Logistic	7 100
	<b>131 344</b>
<b>Investment Properties</b>	
Saratov Mall	102 397
Hydro	63 549
MAG	58 018
Century	46 185
Yaroslavl Mall	40 494
	<b>310 643</b>

\* The table represents the figures as mentioned in the Client's last Financial Statements as of 31.03.2011. The information has been provided to us by the Client.



## APPENDIX FOUR

### SENSITIVITY ANALYSIS

#### MAG

Vacancy rate	+5%	current	-5%
Market Value	\$48 800 000	\$50 300 000	n/a
Discount rate/Exit cap rate	+1%	current	-1%
Market Value	\$45 400 000	\$50 300 000	\$56 300 000
Average rental rate	+5%	current	-5%
Market Value	\$52 400 000	\$50 300 000	\$48 500 000

#### MAG\_bld 26

Vacancy rate	+5%	current	-5%
Market Value	\$14 000 000	\$15 200 000	\$16 300 000
Discount rate/Exit cap rate	+1%	current	-1%
Market Value	\$13 200 000	\$15 200 000	\$17 600 000
Average rental rate	+5%	current	-5%
Market Value	\$16 200 000	\$15 200 000	\$14 100 000
Total Development Costs	+5%	current	-5%
Market Value	\$14 900 000	\$15 200 000	\$15 400 000

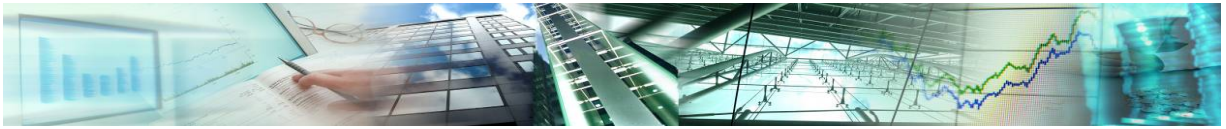
#### HYDRO

Vacancy rate	+5%	current	-5%
Market Value	\$65 100 000	\$67 200 000	n/a
Discount rate/Exit cap rate	+1%	current	-1%
Market Value	\$60 700 000	\$67 200 000	\$75 400 000
Average rental rate	+5%	current	-5%
Market Value	\$69 800 000	\$67 200 000	\$64 700 000

#### CENTURY

Vacancy rate	+5%	current	-5%
Market Value	\$94 300 000	\$96 100 000	n/a
Discount rate/Exit cap rate	+1%	current	-1%
Market Value	\$88 900 000	\$96 100 000	\$104 700 000
Average rental rate	+5%	current	-5%
Market Value	\$97 500 000	\$96 100 000	\$94 500 000





TAMIZ

Vacancy rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$45 100 000	\$46 700 000	\$47 200 000
Discount rate/Exit cap rate	<b>+1%</b>	<b>current</b>	<b>-1%</b>
Market Value	\$42 000 000	\$46 700 000	\$52 600 000
Average rental rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$48 700 000	\$46 700 000	\$44 600 000

SKYSCRAPER

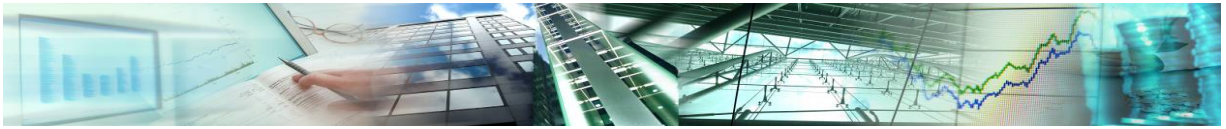
Vacancy rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$47 000 000	\$61 100 000	\$75 100 000
Discount rate/Exit cap rate	<b>+1%</b>	<b>current</b>	<b>-1%</b>
Market Value	\$27 600 000	\$61 100 000	\$104 900 000
Average rental rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$74 300 000	\$61 100 000	\$47 400 000
Total Development Costs	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$50 900 000	\$61 100 000	\$71 200 000

ST. PETERSBURG\_commercial

Vacancy rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$12 700 000	\$19 000 000	\$25 400 000
Discount rate/Exit cap rate	<b>+1%</b>	<b>current</b>	<b>-1%</b>
Market Value	\$12 200 000	\$19 000 000	\$27 400 000
Average rental rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$23 400 000	\$19 000 000	\$11 600 000
Total Development Costs	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$14 300 000	\$19 000 000	\$23 800 000

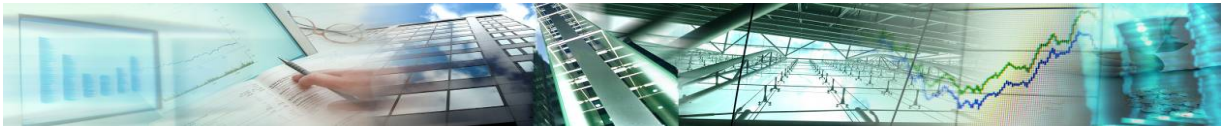
YAROSLAVL\_Vernissage Mall

Vacancy rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$86 400 000	\$90 900 000	n/a
Discount rate/Exit cap rate	<b>+1%</b>	<b>current</b>	<b>-1%</b>
Market Value	\$83 200 000	\$90 900 000	\$100 300 000
Average rental rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$92 900 000	\$90 900 000	\$89 000 000



SARATOV\_Triumph Mall

Vacancy rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$104 500 000	\$107 700 000	n/a
Discount rate/Exit cap rate	<b>+1%</b>	<b>current</b>	<b>-1%</b>
Market Value	\$98 900 000	\$107 700 000	\$118 300 000
Average rental rate	<b>+5%</b>	<b>current</b>	<b>-5%</b>
Market Value	\$109 500 000	\$107 700 000	\$105 800 000



## APPENDIX FIVE

### DISCOUNT RATE BREAKDOWN

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

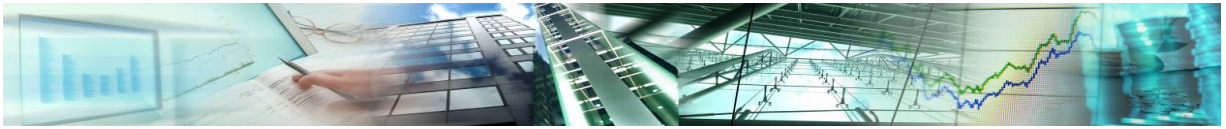
***DR = Risk Free Rate + Investment Risk + Liquidity Risk + Management Risk + Specific Risk (if applicable).***

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 Russia-30 Eurobonds to reflect the long-term horizon of real estate investments. As of the date of valuation this number is estimated to be around 4.46%. The generally applied discount rate has therefore been calculated from the risk-free rate of 4.46% 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.

<b>MAG (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	5%
- Liquidity Risk	1,50%
- Management Risk	0,25%
- Specific Risk (Region Risk)	0,25%
<b>Discount Rate</b>	<b>12,00%</b>

<b>Tamiz Building (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	5%
- Liquidity Risk	1,25%
- Management Risk	0,25%
- Specific Risk (Region Risk)	1,25%
<b>Discount Rate (Fully Completed Property)</b>	<b>12,50%</b>

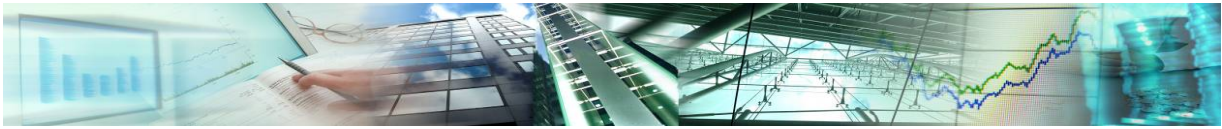


<b>Hidromashservice (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	5%
- Liquidity Risk	1,50%
- Management Risk	0,25%
- Specific Risk (Region Risk)	0,25%
<b>Discount Rate</b>	<b>12,00%</b>

<b>Century (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	7%
- Liquidity Risk	1,50%
- Management Risk	0,25%
- Specific Risk (Region Risk)	0,25%
<b>Discount Rate</b>	<b>13,50%</b>

<b>Vernissage Mall Yaroslavl (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	5%
- Liquidity Risk	1,50%
- Management Risk	0,25%
- Specific Risk (Region Risk)	1,00%
<b>Discount Rate</b>	<b>12,50%</b>

<b>Triumph Mall Saratov (Completed)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	5,25%
- Liquidity Risk	1,50%
- Management Risk	0,25%
- Specific Risk (Region Risk)	1,00%
<b>Discount Rate</b>	<b>12,50%</b>

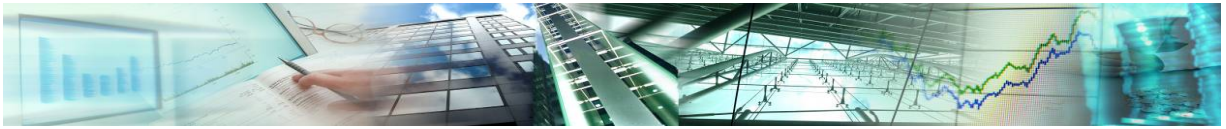


<b>Skyscraper (Held for Future Development)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	4,00%
- Liquidity Risk	2,00%
- Management Risk	0,25%
- Specific Risk (Region Risk)	0,00%
<b>Discount Rate (Fully Completed Property)</b>	<b>10,71%</b>
Risk Adjustments for Not Completed 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%
<b>Discount Rate Conclusion</b>	<b>16,00%</b>

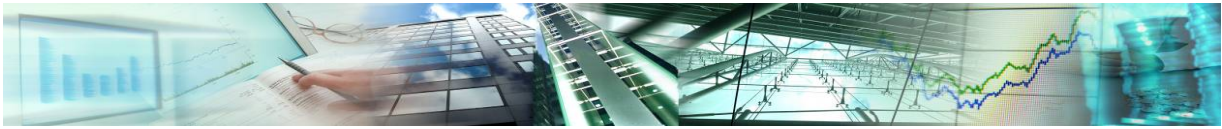
<b>St. Petersburg Commercial (Held for Future Development)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	4,00%
- Liquidity Risk	1,75%
- Management Risk	0,50%
- Specific Risk (Region Risk)	0,75%
<b>Discount Rate (Fully Completed Property)</b>	<b>11,46%</b>
Risk Adjustments for Not Completed State:	
- Construction (0% Completed)	5,50%
- Construction currently Stopped	0,00%
- Outstanding Construction & Related Permissions	3,00%
- Land Plot without Zoning for Proposed Use	0,00%
<b>Discount Rate Conclusion</b>	<b>20,00%</b>

<b>Yaroslavl Phase II (Held for Future Development)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
Risk Adjustments:	
- Investment Risk	4,50%
- Liquidity Risk	2,00%
- Management Risk	0,25%
- Specific Risk (Region Risk)	1,00%
<b>Discount Rate (Fully Completed Property)</b>	<b>12,21%</b>
Risk Adjustments for Not Completed State:	
- Construction (0% Completed)	6,50%
- Construction currently Stopped	0,00%
- Outstanding Construction & Related Permissions	3,50%
- Land Plot without Zoning for Proposed Use	0,00%
<b>Discount Rate Conclusion</b>	<b>22,00%</b>





<b>MAG bld. 26 (Held for Renovation)</b>	<b>30.06.2011</b>
Risk Free Rate	4,46%
St. Petersburg Commercial (Held for Future Development)	
Risk Free Rate	5,50%
Risk Adjustments:	1,50%
- Investment Risk	0,25%
- Liquidity Risk	0,25%
- Management Risk	11,96%
- Specific Risk (Region Risk)	
Discount Rate (Fully Completed Property)	2,00%
Risk Adjustments for Not Completed State:	0,00%
- Construction (0% Completed)	0,00%
- Construction currently Stopped	0,00%
<b>- Outstanding Construction &amp; Related Permissions</b>	<b>14,00%</b>

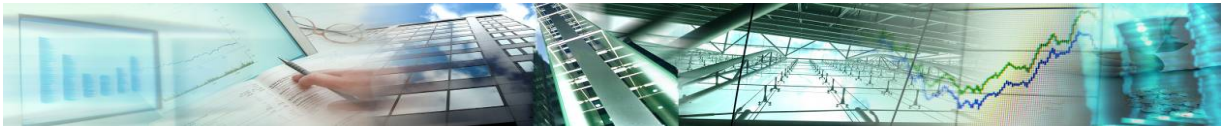


## APPENDIX SIX

### FINANCIAL MODELS

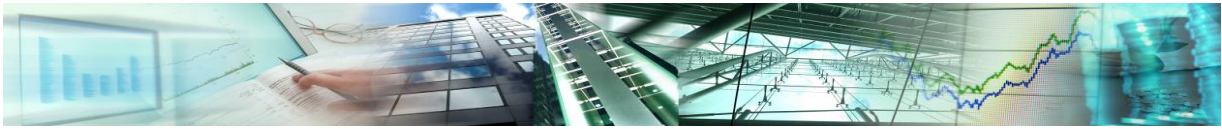
#### Saratov Logistics

	The Property	Comparable 1	Comparable 2	Comparable 3
Source	Information provided by the Client	<a href="http://ru.ners.ru/object/322588.html">http://ru.ners.ru/object/322588.html</a>	<a href="http://www.roszem.ru/land/126734.html">http://www.roszem.ru/land/126734.html</a> +7 (960) 3445844, Александр Вячеславович Мещеряков	<a href="http://www.nedsar.ru">http://www.nedsar.ru</a> Elena, local agent 8-927-140-22-55
Sale Price, \$		\$691 200	\$415 600	\$415 530
Sale Price per sqm, \$		\$7,20	\$10,39	\$7,29
Location	Russia, Saratov region, 1.3 km south-east to Dubki village	Russia, Saratov region, Ust-Kurdyumskoe direction	Russia, Saratov region, Dubki village	Russia, Saratov region, Elishanka, Peschaniy trakt
Adjustment		0%	0%	0%
Adjusted value, \$		\$7,20	\$10,39	\$7,29
Size of the land plot, sqm	260 000,00	96 000,00	40 000,00	57 000,00
Adjustment		-5%	-10%	-10%
Adjusted value, \$		\$6,84	\$9,35	\$6,56
Tenure	Freehold	Freehold	Freehold	Long-term leasehold (49 years)
Adjustment		0%	0%	10%
Adjusted value, \$		\$6,84	\$9,35	\$7,22
Status		Current Offer	Current Offer	Current Offer
Adjustment		-5%	-5%	-5%
Adjusted value, \$		\$6,50	\$8,88	\$6,86
Permitted Use	Industrial land For allocation of a logistics complex	Industrial land For allocation of industrial objects	Industrial land For allocation of industrial objects	Industrial land For allocation of industrial objects
Adjustment		0%	0%	0%
Adjusted value, \$		\$6,50	\$8,88	\$6,86
Project Documentation	None	None	None	None
Adjustment		0%	0%	0%
Adjusted value, \$		\$6,50	\$8,88	\$6,86
Public Utilities	All utilities are in close proximity to the land plot. Technical conditions on electricity (6Mwt) are received and paid.	All utilities are located in close proximity to the plot	All utilities are located 1 km away from the plot	All utilities are located in close proximity to the plot
Adjustment		\$20,38	\$20,38	\$20,38
Adjusted value, \$		\$26,88	\$29,27	\$27,24
Weighted Adjusted Value per sqm of the Property	\$27,80			
Market Value of the Property, \$	<b>\$7 200 000</b>			



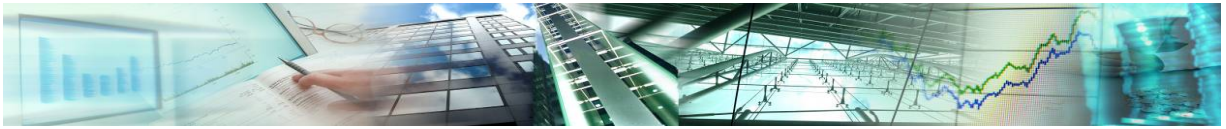
## Novosibirsk Logistics

	The Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Information provided by the Client	<a href="http://base.zem.ru/lot/3739/">http://base.zem.ru/lot/3739/</a>	<a href="http://base.zem.ru/lot/8869/">http://base.zem.ru/lot/8869/</a>	<a href="http://base.zem.ru/lot/27085/">http://base.zem.ru/lot/27085/</a>	<a href="http://www.sasn.ru/database/ommerce/sale/oktsk00004517/">http://www.sasn.ru/database/ommerce/sale/oktsk00004517/</a>
Sale Price, \$		\$11 718 720	\$3 348 800	\$6 153 000	\$5 485 151
Sale Price per sqm, \$		\$18,72	\$20,93	\$20,51	\$19,59
Location	Novosibirskiy region, MO Stacionnogo selsoveta, 1 km to the north-east from village Sadoviy along railway line Inya-Vostochnaya – Krasny Yar	Novosibirskiy region, Novosibirskiy district, 5 km from the city center, 2 km from the railway station Inya-Vostochnaya, Pashino village	Novosibirskiy region, Novosibirskiy district, 7 km from the city center, 1,5 km from the railway station Inya-Vostochnaya, Sadoviy village	Novosibirskiy region, Novosibirskiy district, Marusino village, 0,5 km from the city center, 5 km from Kleschikha station	Novosibirskiy region, Novosibirskiy district, Tolmachevskoe Motorway
Adjustment		10%	10%	20%	20%
Adjusted value, \$		\$20,59	\$23,02	\$24,61	\$23,51
Size of the land plot, sqm	406 752,00	626 000,00	160 000,00	300 000,00	280 000,00
Adjustment		5%	-10%	0%	0%
Adjusted value, \$		\$21,62	\$20,72	\$24,61	\$23,51
Tenure	Leasehold (10 years)	Long-term leasehold (49 years)	Leasehold (10 years)	Ownership	Ownership
Adjustment		-10%	0%	-10%	-10%
Adjusted value, \$		\$19,46	\$20,72	\$22,15	\$21,16
Status		Current Offer	Current Offer	Current Offer	Current Offer
Adjustment		-5%	-5%	-5%	-5%
Adjusted value, \$		\$18,49	\$19,68	\$21,04	\$20,10
Permitted Use	Land of settlement For allocation of a logistics complex	Land of settlement For allocation of an industrial terminal	Industrial land For allocation of industrial/warehouse complex	Industrial land For allocation of industrial/warehouse complex	Industrial land, allocation of warehouse/industrial complex
Adjustment		0%	0%	0%	0%
Adjusted value, \$		\$18,49	\$19,68	\$21,04	\$20,10
Project Documentation	None	None	None	None	None
Adjustment		0%	0%	0%	0%
Adjusted value, \$		\$18,49	\$19,68	\$21,04	\$20,10
Public Utilities	Electricity and gas are on the plot, water in close proximity to the plot	Gas along the border, electricity in close proximity to the land plot	Waterpipe and gas are brought to the land plot, electricity in close proximity to the plot	Gas and electricity are along the border, other utilities in close proximity to the plot	Utilities in the close proximity to the land plot
Adjustment		5%	0%	0%	10%
Adjusted value, \$		\$19,41	\$19,68	\$21,04	\$22,11
Adjusted Value per sqm of the Property	\$20,40				
Market Value of the Property, \$	\$8 300 000				



## Penza Retail

	The Property	Comparable 1	Comparable 2	Comparable 3
Source	Information provided by the Client	<a href="http://penza.irr.ru/advert/125798315/">http://penza.irr.ru/advert/125798315/</a>	<a href="http://penza.olx.ru/iid-86065967">http://penza.olx.ru/iid-86065967</a>	Local realtor, Sergey, 8-937-41-99-012
Sale Price, \$		\$1 780 893	\$3 205 608	\$1 958 982
Sale Price per sqm, \$		\$133,90	\$64,11	\$39
Location	Russia, Penza city, Sosnovka district	Penza, Sverdlova Street	Penza, Penza district, Temovka district	Penza, at the exit from the city, M-5 motorway
Adjustment		-10%	0%	5%
Adjusted value, \$		\$120,51	\$64,11	\$41,14
Size of the land plot, sqm	50 000,00	13 300,00	50 000,00	50 000,00
Adjustment		-10%	0%	0%
Adjusted value, \$		\$108,46	\$64,11	\$41,14
Tenure	Freehold	Freehold	Freehold	Freehold
Adjustment		0%	0%	0%
Adjusted value, \$		\$108,46	\$64,11	\$41,14
Status		Current Offer	Current Offer	Current Offer
Adjustment		-5%	-5%	-5%
Adjusted value, \$		\$103,04	\$60,91	\$39,08
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, \$		\$103,04	\$60,91	\$39,08
Project Documentation	None	None	None	None
Adjustment		0%	0%	0%
Adjusted value, \$		\$103,04	\$60,91	\$39,08
Public Utilities	All utilities are located in close proximity to the land plot	All utilities are located on the plot (gas, electricity, water)	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, \$		\$82,43	\$60,91	\$39,08
Weight	\$61	1	1	1
Weighted Average Value per sqm of the Property	\$61			
Market Value of the Property, \$	\$3 000 000			



## Kazan Retail

	The Property	Comparable 1	Comparable 2	Comparable 3
Source	Information provided by the Client	<a href="http://www.tatre.ru/info_2477067.html">http://www.tatre.ru/info_2477067.html</a>	<a href="http://base.zem.ru/lot/11953/">http://base.zem.ru/lot/11953/</a>	<a href="http://www.tatre.ru/info_2988099.html">http://www.tatre.ru/info_2988099.html</a>
Sale Price, \$		\$10 550 000	\$3 141 496	\$5 200 000
Sale Price per sqm, \$		\$250,00	\$174,53	\$400,00
Location	Russia, Kazan city, Okolnaya Street, 23-A, intersection of Gorkovskoye highway, Bolotnikova Street, Frunze street and Vosstaniya Street	Republic of Tatarstan, Kazan city, Gvardeyskaya Street	Republic of Tatarstan, Kazan city, Mavlyutova and Garifyanova streets crossing	Republic of Tatarstan, Kazan city, Chernishevskogo Street
Adjustment		-10%	10%	-35%
Adjusted value, \$		\$225,00	\$191,98	\$260,00
Size of the land plot, sqm	22 647,00	42 200,00	18 000,00	13 000,00
Adjustment		10%	0%	-10%
Adjusted value, \$		\$247,50	\$191,98	\$234,00
Tenure	Freehold	Freehold	Freehold	Freehold
Adjustment		0%	0%	0%
Adjusted value, \$		\$247,50	\$191,98	\$234,00
Status		Current Offer	Current Offer	Current Offer
Adjustment		-5%	-5%	-5%
Adjusted value, \$		\$235,13	\$182,38	\$222,30
Permitted Use	Land of settlement For construction of a retail center	Land of settlement Suitable for commercial construction	Land of settlement For construction of a retail center	Land of settlement For construction of a retail center
Adjustment		0%	0%	0%
Adjusted value, \$		\$235,13	\$182,38	\$222,30
Public Utilities	All utilities are in place	All utilities are located along the border of the land plot	All utilities are located in proximity to the land plot	All utilities are located in proximity to the land plot
Adjustment		0%	0%	0%
Adjusted value, \$		\$235,13	\$182,38	\$222,30
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) Prenuling for licensing 4) Zoning approved 5)Technical conditions approved 6) 2 underground tunnels for transportation approved	Undeveloped	Undeveloped	Undeveloped
Adjustment		\$164,76	\$164,76	\$164,76
Adjusted value, \$		\$399,89	\$347,15	\$387,06
Average Adjusted Value per sqm of the Property	\$378			
Market Value of the Property, \$	<b>\$8 600 000</b>			



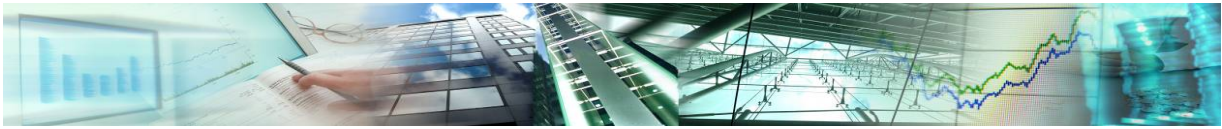


**MAG**

**Results and Assumptions**

<b>Results</b>	
Total Lettable Area	11 785,62 sqm
Vacancy at Beginning of Year 1	970,00 sqm
Vacancy Rate in Terms of Lettable Area	8,23%

Period	1				2				3				4				5				6				
	1Q 01.07.2011 30.09.2011	2Q 01.10.2011 31.12.2011	3Q 01.01.2012 31.03.2012	4Q 01.04.2012 30.06.2012	1Q 01.07.2012 30.09.2012	2Q 01.10.2012 31.12.2012	3Q 01.01.2013 31.03.2013	4Q 01.04.2013 30.06.2013	1Q 01.07.2013 30.09.2013	2Q 01.10.2013 31.12.2013	3Q 01.01.2014 31.03.2014	4Q 01.04.2014 30.06.2014	1Q 01.07.2014 30.09.2014	2Q 01.10.2014 31.12.2014	3Q 01.01.2015 31.03.2015	4Q 01.04.2015 30.06.2015	1Q 01.07.2015 30.09.2015	2Q 01.10.2015 31.12.2015	3Q 01.01.2016 31.03.2016	4Q 01.04.2016 30.06.2016	1Q 01.07.2016 30.09.2016	2Q 01.10.2016 31.12.2016	3Q 01.01.2017 31.03.2017	4Q 01.04.2017 30.06.2017	
<b>Income</b>	\$1 116 371	\$1 206 892	\$1 288 452	\$1 313 195	\$1 328 063	\$1 338 142	\$1 271 910	\$1 273 199	\$1 294 200	\$1 293 875	\$1 299 097	\$1 299 097	\$1 340 143	\$1 355 548	\$1 361 368	\$1 361 368	\$1 389 714	\$1 389 714	\$1 396 116	\$1 396 116	\$1 438 125	\$1 438 125	\$1 426 207	\$1 443 756	
<b>Non-recoverable Costs</b>																									
Reserve deductions	1,00%	\$11 164	\$12 069	\$12 885	\$13 132	\$13 281	\$13 381	\$12 719	\$12 732	\$12 942	\$12 939	\$12 991	\$12 991	\$13 401	\$13 555	\$13 614	\$13 614	\$13 897	\$13 897	\$13 961	\$13 961	\$14 381	\$14 381	\$14 262	\$14 438
Non-Recoverable OPEX		\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	\$126 695	
<b>Total Expenditure</b>		\$137 859	\$138 764	\$139 580	\$139 827	\$139 976	\$140 077	\$139 415	\$139 427	\$139 637	\$139 634	\$139 686	\$139 686	\$140 097	\$140 251	\$140 309	\$140 309	\$140 593	\$140 593	\$140 657	\$140 657	\$141 077	\$141 077	\$140 957	\$141 133
<b>Total Quarterly Cash Flow</b>		\$978 512	\$1 068 128	\$1 148 872	\$1 173 367	\$1 188 087	\$1 198 065	\$1 132 496	\$1 133 771	\$1 154 563	\$1 154 241	\$1 159 411	\$1 159 411	\$1 200 046	\$1 215 297	\$1 221 059	\$1 221 059	\$1 249 121	\$1 249 121	\$1 255 459	\$1 255 459	\$1 297 048	\$1 297 048	\$1 285 249	\$1 302 623
<b>Terminal Value Calculation</b>	9,00%																								\$56 726 527
<b>Present Value Calculation</b>	Discount Rate	12,00%	1,0000	0,9721	0,9449	0,9185	0,8929	0,8679	0,8437	0,8201	0,7972	0,7749	0,7533	0,7322	0,7118	0,6919	0,6726	0,6538	0,6355	0,6178	0,6005	0,5837	0,5674		
<b>Present Value per Period</b>		\$978 512	\$1 038 290	\$1 085 582	\$1 077 756	\$1 060 792	\$1 039 820	\$955 453	\$929 810	\$920 410	\$894 450	\$873 358	\$848 961	\$854 169	\$840 861	\$821 247	\$798 305	\$793 839	\$771 664	\$753 914	\$732 921 008				
<b>Net Present Value Including Costs of Purchase</b>		\$50 258 202																							
<b>Market Value</b>		\$50 258 202																							

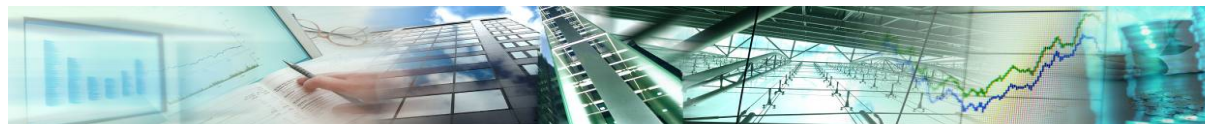


**MAG bld. 26**

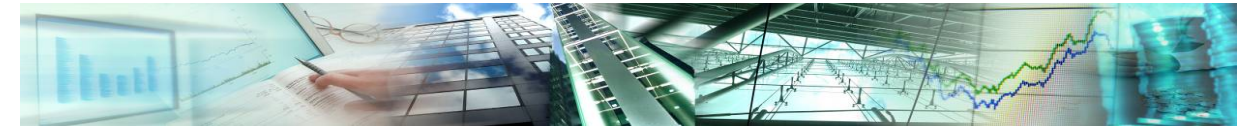
	Description	Type of Premises	Type of Deal	GLA (sqm)	Phase 1
<b>Zone 1</b>	Office	Office	Lease	7 143	100%
	Surface Parking (# spaces)	A	Lease	0	0%
	Structured Parking (# spaces)	A	Lease	0	0%
	Underground Parking (# spaces)	A	Lease	0	0%
<b>Total Area for Lease sqm (excl. Parking)</b>				<b>7 143</b>	<b>7 143</b>
<b>Total Parking for Lease (spaces)</b>				<b>0</b>	<b>0</b>
<b>Total Area (excl. Parking)</b>				<b>7 143</b>	<b>7 143</b>
<b>Total Parking (spaces)</b>				<b>0</b>	<b>0</b>

<b>Design &amp; Construction Costs</b>		
Office	\$/sqm	698
Surface Parking	\$/place	0
Underground Parking	\$/place	0
Utilities	\$/sqm	0
Developer's Fee	\$/sqm	0
Completion Condition		Shell & Core
Construction Contract Type		Fixed
Construction Costs Inflation Rate	%	0%
Permit & Design Costs Inflation Rate	%	0%
Fit-out Period	Months	3
VAT Rate	%	18%
Contribution to Cash Reserve (% of GOI)	%	1,25%
Interest on Cash Reserve	%	0%
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%
Accelerating Multiple for Depreciation	Units	1
Income Tax Rate	%	20%
Advance Payment for Construction	%	20%
Hold Back on Construction	%	5%

Year	Annual Rent/Sale Price per sq m	Occupancy
	Zone 1	Office
2011	400	0%
2012	412	80%
2013	424	90%
2014	437	90%
2015	450	90%



	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
<b>Cashflow of the Project</b>	<b>2Q2011</b>	<b>3Q2011</b>	<b>4Q2011</b>	<b>1Q2012</b>	<b>2Q2012</b>	<b>3Q2012</b>	<b>4Q2012</b>	<b>1Q2013</b>	<b>2Q2013</b>	<b>3Q2013</b>
<b>Cashflow from Operating Activity</b>										
Phase 1 Last Review Dat N/A		N/A	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2012	31-Dec-2012	31-Dec-2012	31-Dec-2012
Phase 1 Last Review Dat N/A		N/A	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011	31-Dec-2011
45 Weights		0	0	0	588 583	588 583	588 583	682 021	682 021	0
45 A Office		0	0	0	0	0	0	0	0	0
A Surface Parking		0	0	0	0	0	0	0	0	0
A Structured Parking		0	0	0	0	0	0	0	0	0
A Underground Parking		0	0	0	0	0	0	0	0	0
Gross Operating Income		0	0	0	588 583	588 583	588 583	682 021	682 021	0
Operating Expenses		-77 750	-77 750	-77 750	-77 750	0	0	0	0	0
Total Gross Operating Income		0	0	0	588 583	588 583	588 583	682 021	682 021	0
Total Operating Expenses		-77 750	-77 750	-77 750	-77 750	0	0	0	0	0
Property Tax		0	0	-27 348	-27 212	-27 075	-26 938	-26 801	-26 664	-13 297
Insurance		0	0	0	0	0	0	0	0	0
Repairs and Maintenance Variable		0	0	0	0	0	0	0	0	0
Repairs and Maintenance Fixed		0	0	0	0	0	0	0	0	0
Utilities		0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0
Total Net Operating Income from Leasing		-77 750	-77 750	-105 099	483 621	561 508	561 646	655 220	655 357	-13 297
Broker's Fees on Leasing		0	0	0	0	0	0	0	0	0
EBITDA		-77 750	-77 750	-105 099	483 621	561 508	561 646	655 220	655 357	-13 297
Net Income		-77 750	-77 750	-130 024	366 957	429 267	429 376	504 236	504 346	-38 222
<b>Total CF from Operating Activity (excl. VAT)</b>		<b>-77 750</b>	<b>-77 750</b>	<b>-105 099</b>	<b>391 882</b>	<b>454 192</b>	<b>454 301</b>	<b>529 161</b>	<b>529 271</b>	<b>-13 297</b>
<b>Cashflow from Investing Activity</b>										
Property Acquisition		-15 171 694	0	0	0	0	0	0	0	0
Agent's Fees on Acquisition		-455 151	0	0	0	0	0	0	0	0
Phase 1			-7	-6	-5	-4	-3	-2	-1	0
Period Counter		1	2	3	4	5	6	7	8	9
Construction Costs		-4 735 750	-249 250	0	0	0	0	0	0	0
Permit & Design Costs		0	0	0	0	0	0	0	0	0
Sale Proceeds		0	0	0	0	0	0	0	0	26 562 097
Book Value for Disposal		20 362 595	20 611 845	20 586 920	20 561 995	20 537 070	20 512 145	20 487 220	20 462 295	20 437 370
Total Acquisition/Disposal		-15 626 845	0	0	0	0	0	0	0	26 562 097
Tax on Sale Proceeds		0	0	0	0	0	0	0	0	-1 217 301
Total Construction, Permit and Design Costs		-4 735 750	-249 250	0	0	0	0	0	0	0
<b>Value Added Tax Calculation</b>										
VAT Received from Tenants		0	0	0	105 945	105 945	105 945	122 764	122 764	0
VAT Paid on Maintenance Costs & Broker's Fees		-13 995	-13 995	-13 995	-13 995	0	0	0	0	0
VAT on Investment Activity		-2 845 996	-44 865	0	0	0	0	0	0	4 781 177
VAT Received from Sales		0	0	0	0	0	0	0	0	0
VAT Paid on Broker's Fees		0	0	0	0	0	0	0	0	0
VAT Paid on Construction, Permit & Design		0	0	0	0	0	0	0	0	0
Total VAT Received (Paid)		-2 859 991	-58 860	-13 995	91 950	105 945	105 945	122 764	122 764	2 383 478
Balance of VAT	0	-2 859 991	-2 932 851	-2 932 846	-2 840 896	-2 734 951	-2 629 006	-2 506 242	-2 383 478	0
Total VAT Received (Paid) Disregarding Inflation		-2 859 991	-58 860	-13 995	91 950	105 945	105 945	122 764	122 764	2 383 478
Balance of VAT Disregarding Inflation	0	-2 859 991	-2 932 851	-2 932 846	-2 840 896	-2 734 951	-2 629 006	-2 506 242	-2 383 478	0
<b>Total CF from Investment Activity</b>		<b>-23 222 586</b>	<b>-308 110</b>	<b>-13 995</b>	<b>91 950</b>	<b>105 945</b>	<b>105 945</b>	<b>122 764</b>	<b>122 764</b>	<b>27 728 274</b>
<b>Equity Cashflow</b>		<b>-23 300 336</b>	<b>-385 860</b>	<b>-119 094</b>	<b>483 832</b>	<b>560 137</b>	<b>560 246</b>	<b>651 925</b>	<b>652 035</b>	<b>27 714 977</b>
<b>Quarterly IRR</b>	<b>3,33%</b>									
<b>Annually IRR</b>	<b>14,00%</b>									
<b>NPV</b>	<b>0</b>									
<b>Discount Rate</b>	<b>14,00%</b>									
Period	0	0	1	2	3	4	5	6	7	8
NPV Factor		1	0,967773637	0,936585812	0,906403057	0,877192982	0,848924243	0,821566501	0,795090401	0,769467528
Discounted Equity Cashflow		-23 300 336	-373 425	-111 542	438 547	491 348	475 607	535 600	518 426	21 325 775
Cumulative		-23 300 336	-23 673 761	-23 785 302	-23 346 755	-22 855 408	-22 379 801	-21 844 201	-21 325 775	0



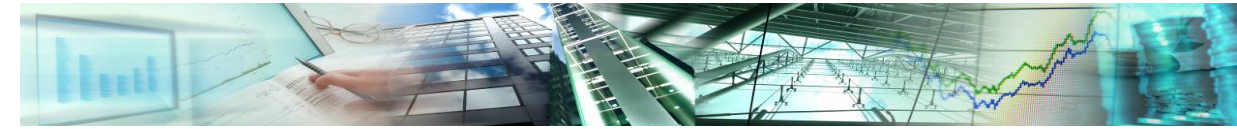
## HYDRO

### Results and Assumptions

#### Results

Total Lettable Area	16 695,90 sqm
Vacancy at Beginning of Year I	419,00 sqm
Vacancy Rate in Terms of Lettable Area	2,51%

Period	1				2				3				4				5				6				
	1Q 01.07.2011 30.09.2011	2Q 01.10.2011 31.12.2011	3Q 01.01.2012 31.03.2012	4Q 01.04.2012 30.06.2012	1Q 01.07.2012 30.09.2012	2Q 01.10.2012 31.12.2012	3Q 01.01.2013 31.03.2013	4Q 01.04.2013 30.06.2013	1Q 01.07.2013 30.09.2013	2Q 01.10.2013 31.12.2013	3Q 01.01.2014 31.03.2014	4Q 01.04.2014 30.06.2014	1Q 01.07.2014 30.09.2014	2Q 01.10.2014 31.12.2014	3Q 01.01.2015 31.03.2015	4Q 01.04.2015 30.06.2015	1Q 01.07.2015 30.09.2015	2Q 01.10.2015 31.12.2015	3Q 01.01.2016 31.03.2016	4Q 01.04.2016 30.06.2016	1Q 01.07.2016 30.09.2016	2Q 01.10.2016 31.12.2016	3Q 01.01.2017 31.03.2017	4Q 01.04.2017 30.06.2017	
	2011/2012				2012/2013				2013/2014				2014/2015				2015/2016				2016/2017				
	\$1 586 908	\$1 612 729	\$1 621 926	\$1 691 606	\$1 692 011	\$1 762 029	\$1 781 996	\$1 795 446	\$1 833 937	\$1 868 414	\$1 855 567	\$1 826 382	\$1 758 428	\$1 834 724	\$1 825 340	\$1 807 875	\$1 881 552	\$1 888 216	\$1 888 216	\$1 874 419	\$1 928 768	\$1 931 335	\$1 997 451	\$1 997 451	
<b>Non-recoverable Costs</b>																									
Reserve deductions	1,00%	\$15 869	\$16 127	\$16 219	\$16 916	\$16 920	\$17 820	\$17 954	\$18 339	\$18 684	\$18 556	\$18 264	\$17 584	\$18 347	\$18 253	\$18 079	\$18 816	\$18 882	\$18 882	\$18 744	\$19 288	\$19 313	\$19 975	\$19 975	
Non-recoverable OPEX		\$254 612	\$254 612	\$233 743	\$233 743	\$233 743	\$221 221	\$221 221	\$221 221	\$221 221	\$208 699	\$208 699	\$208 699	\$208 699	\$200 351	\$200 351	\$200 351	\$200 351	\$192 003	\$192 003	\$192 003	\$192 003	\$192 003	\$192 003	
<b>Other Adjustments to Value</b>																									
Marketing Costs	0,0 Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Letting Fees	1,0 Months	\$23 268	\$0	\$13 967	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Expenditure</b>		\$293 749	\$270 740	\$263 929	\$250 659	\$250 663	\$251 363	\$239 041	\$239 175	\$239 560	\$227 254	\$226 963	\$226 283	\$227 046	\$218 604	\$218 430	\$219 166	\$219 233	\$210 885	\$210 747	\$211 291	\$211 316	\$211 977	\$211 977	
<b>Total Quarterly Cash Flow</b>		\$1 293 159	\$1 341 989	\$1 357 998	\$1 440 948	\$1 441 348	\$1 510 666	\$1 542 956	\$1 556 271	\$1 594 377	\$1 628 509	\$1 628 312	\$1 599 419	\$1 532 145	\$1 607 678	\$1 606 736	\$1 589 445	\$1 662 386	\$1 668 983	\$1 677 331	\$1 663 672	\$1 717 478	\$1 720 019	\$1 785 473	\$1 785 473
<b>Terminal Value Calculation</b>	9,00%																								
<b>Present Value Calculation</b>	Discount Rate	12,00%	1,0000	0,9721	0,9449	0,9185	0,8929	0,8679	0,8437	0,8201	0,7972	0,7749	0,7533	0,7322	0,7118	0,6919	0,6726	0,6538	0,6355	0,6178	0,6005	0,5837	0,5674		
<b>Present Value per Period</b>		\$1 293 159	\$1 304 501	\$1 283 187	\$1 323 533	\$1 286 918	\$1 311 131	\$1 301 747	\$1 276 303	\$1 271 028	\$1 261 972	\$1 226 571	\$1 171 151	\$1 090 550	\$1 112 348	\$1 080 641	\$1 039 149	\$1 056 476	\$1 031 040	\$1 007 251	\$44 504 575				
<b>Net Present Value Including Costs of Purchase</b>		\$67 233 230																							
<b>Market Value</b>		\$67 233 230																							



## Vernissage Mall, Yaroslavl

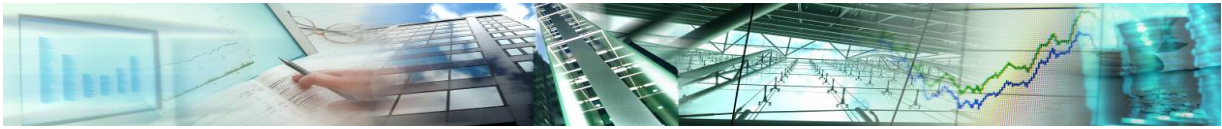
### Results and Assumptions

#### Results

Total Lettable Area	34 091,54 sqm
Vacancy at Beginning of Year I	0,00 sqm
Vacancy Rate in Terms of Lettable Area	0,00%

Period	1				2				3				4				5				6					
	1Q 01.07.2011 30.09.2011	2Q 01.10.2011 31.12.2011	3Q 01.01.2012 31.03.2012	4Q 01.04.2012 30.06.2012	1Q 01.07.2012 30.09.2012	2Q 01.10.2012 31.12.2012	3Q 01.01.2013 31.03.2013	4Q 01.04.2013 30.06.2013	1Q 01.07.2013 30.09.2013	2Q 01.10.2013 31.12.2013	3Q 01.01.2014 31.03.2014	4Q 01.04.2014 30.06.2014	1Q 01.07.2014 30.09.2014	2Q 01.10.2014 31.12.2014	3Q 01.01.2015 31.03.2015	4Q 01.04.2015 30.06.2015	1Q 01.07.2015 30.09.2015	2Q 01.10.2015 31.12.2015	3Q 01.01.2016 31.03.2016	4Q 01.04.2016 30.06.2016	1Q 01.07.2016 30.09.2016	2Q 01.10.2016 31.12.2016	3Q 01.01.2017 31.03.2017	4Q 01.04.2017 30.06.2017		
	\$2 307 766	\$2 293 272	\$2 318 266	\$2 333 639	\$2 380 350	\$2 363 922	\$2 397 095	\$2 358 514	\$2 435 947	\$2 431 795	\$2 376 430	\$2 412 983	\$2 477 187	\$2 473 111	\$2 443 627	\$2 463 414	\$2 443 515	\$2 476 689	\$2 464 492	\$2 487 403	\$2 491 496	\$2 494 805	\$2 498 150	\$2 448 592		
Non-recoverable Costs																										
Reserve deductions	1,00%	\$23 078	\$22 933	\$23 183	\$23 336	\$23 804	\$23 639	\$23 971	\$23 585	\$24 359	\$24 318	\$23 764	\$24 130	\$24 772	\$24 731	\$24 436	\$24 634	\$24 435	\$24 767	\$24 645	\$24 874	\$24 915	\$24 948	\$24 981	\$24 486	
Total Expenditure		\$23 078	\$22 933	\$23 183	\$23 336	\$23 804	\$23 639	\$23 971	\$23 585	\$24 359	\$24 318	\$23 764	\$24 130	\$24 772	\$24 731	\$24 436	\$24 634	\$24 435	\$24 767	\$24 645	\$24 874	\$24 915	\$24 948	\$24 981	\$24 486	
Total Quarterly Cash Flow		\$2 284 689	\$2 270 339	\$2 295 084	\$2 310 302	\$2 356 547	\$2 340 283	\$2 373 124	\$2 334 929	\$2 411 588	\$2 407 477	\$2 352 666	\$2 388 853	\$2 452 416	\$2 448 380	\$2 419 191	\$2 438 780	\$2 419 079	\$2 451 922	\$2 439 847	\$2 462 529	\$2 466 581	\$2 469 857	\$2 473 168	\$2 424 106	
Total Quarterly Cash Flow from Turnover		\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	\$29 524	
Terminal Value Calculation	10,00%																								\$96 883 869	
Terminal Value Calculation for Turnover	15%																									\$775 672
Present Value Calculation	Discount Rate	12,50%	1,0000	0,9710	0,9428	0,9155	0,8889	0,8631	0,8381	0,8137	0,7901	0,7672	0,7449	0,7233	0,7023	0,6820	0,6622	0,6430	0,6243	0,6062	0,5886	0,5715	0,5549			
Present Value Calculation for Turnover	Discount Rate	17,50%	1,0000	0,9605	0,9225	0,8861	0,8511	0,8174	0,7851	0,7541	0,7243	0,6957	0,6682	0,6418	0,6164	0,5921	0,5687	0,5462	0,5246	0,5039	0,4840	0,4649	0,4465			
Present Value per Period		\$2 284 689	\$2 204 462	\$2 163 825	\$2 114 971	\$2 094 708	\$2 019 890	\$1 988 802	\$1 900 014	\$1 905 452	\$1 847 009	\$1 752 585	\$1 727 906	\$1 722 410	\$1 669 680	\$1 601 903	\$1 568 017	\$1 510 219	\$1 486 307	\$1 436 072	\$55 171 030					
Present Value per Period for Turnover		\$29 524	\$28 357	\$27 237	\$26 161	\$25 127	\$24 134	\$23 180	\$22 264	\$21 385	\$20 540	\$19 728	\$18 948	\$18 200	\$17 480	\$16 790	\$16 126	\$15 489	\$14 877	\$14 289	\$360 053					
Net Present Value Including Costs of Purchase		\$90 929 839																								
Market Value		\$90 929 839																								



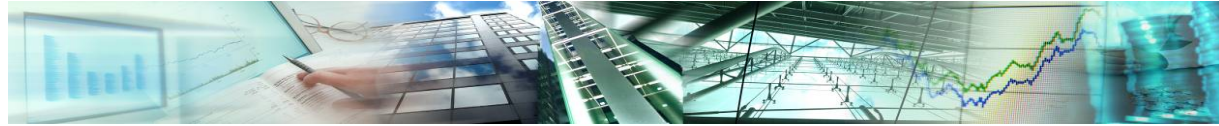


## Skyscraper, Moscow

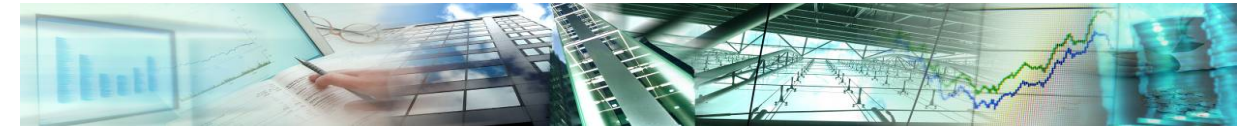
	Description	Type of Premises	Type of Deal	GLA (sqm)	Phase 1
Zone 1	Office	Office	Lease	85 000	100%
Zone 2	Retail	Retail	Lease	7 000	100%
	Underground Parking (# spaces)		Lease	1 690	100%
<b>Total Area for Lease sqm (excl. Parking)</b>				<b>92 000</b>	<b>92 000</b>
<b>Total Parking for Lease (spaces)</b>				<b>1 690</b>	<b>1 690</b>
<b>Total Area (excl. Parking)</b>				<b>92 000</b>	<b>92 000</b>
<b>Total Parking (spaces)</b>				<b>1 690</b>	<b>1 690</b>

Design & Construction Costs		
Office	\$/sqm	2 412
Retail	\$/sqm	2 412
Underground Parking	\$/place	35 000
Completion Condition		Shell & Core
Construction Contract Type		Fixed
Construction Costs Inflation Rate	%	0%
Permit & Design Costs Inflation Rate	%	0%
Fit-out Period	Months	3
VAT Rate	%	18%
Contribution to Cash Reserve (% of GOI)	%	1,25%
Interest on Cash Reserve	%	0%
Security Deposit	Months	3
Review / Renewal Period	Years	1
Review / Renewal Period for Anchors	Years	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
Income Tax Rate	%	20%
Advance Payment for Construction	%	20%
Hold Back on Construction	%	5%

Year	Annual Rent/Sale Price per sq m			Occupancy		
	Zone 1	Zone 2				
	Office	Retail	Underground Parking	Office	Retail	Underground Parking
2011	525	500	5 000	85%	85%	85%
2012	541	515	5 150	85%	85%	85%
2013	557	530	5 305	90%	90%	90%
2014	574	546	5 464	90%	90%	90%
2015	591	563	5 628	95%	95%	95%
2016	609	580	5 796	95%	95%	95%
2017	609	580	5 796	95%	95%	95%



	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	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	31-Mar-2017	30-Jun-2017	30-Sep-2017	
	4Q2010	1Q2011	2Q2011	3Q2011	4Q2011	1Q2012	2Q2012	3Q2012	4Q2012	1Q2013	2Q2013	3Q2013	4Q2013	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	
<b>Cashflow of the Project</b>																													
<b>Cashflow from Operating Activity</b>																													
Phase 1																													
Last Review Date - N/A																													
Last Review Date - Anchr N/A																													
45 Weights																													
45 91%																													
45 9%																													
45																													
Office																													
Retail																													
Surface Parking																													
Structured Parking																													
Underground Parking																													
Gross Operating Income																													
Operating Expenses																													
Total Gross Operating Income																													
Total Operating Expenses																													
Property Tax																													
Insurance																													
Management and Personnel Expenses																													
Repairs and Maintenance																													
Utilities																													
Other																													
Total Net Operating Income from Leasing																													
Broker's Fees on Leasing																													
EBITDA																													
Net Income																													
Total CF from Operating Activity (excl. VAT)																													
<b>Cashflow from Investing Activity</b>																													
Property Acquisition																													
Agent's Fees on Acquisition																													
Phase 1																													
Period Counter																													
Construction Costs																													
Permit & Design Costs																													
Site Proceeds																													
Book Value for Disposal																													
Total Acquisition/Disposal																													
Tax on Sale Proceeds																													
Total Construction, Permit and Design Costs																													
<b>Value Added Tax Calculation</b>																													
VAT Received from Tenants																													
VAT Paid on Maintenance Costs & Broker's Fees																													
VAT on Investment Activity																													
VAT Received from Sales																													
VAT Paid on Broker's Fees																													
VAT Paid on Construction, Permit & Design																													
Total VAT Received (Paid)																													
Balance of VAT																													
Total VAT Received (Paid) Disregarding Inflation																													
Balance of VAT Disregarding Inflation																													
Total CF from Investment Activity																													
<b>Equity Cashflow</b>																													
Quarterly IRR																													
Annual IRR																													
NPV																													
Discount Rate																													
Period																													
NPV Factor																													
Discounted Equity Cashflow																													
Cumulative																													



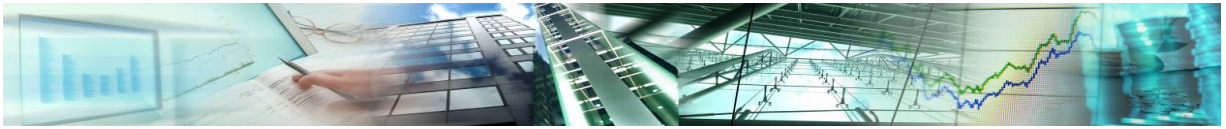
Triumph Mall, Saratov

**Results and Assumptions**

**Results**

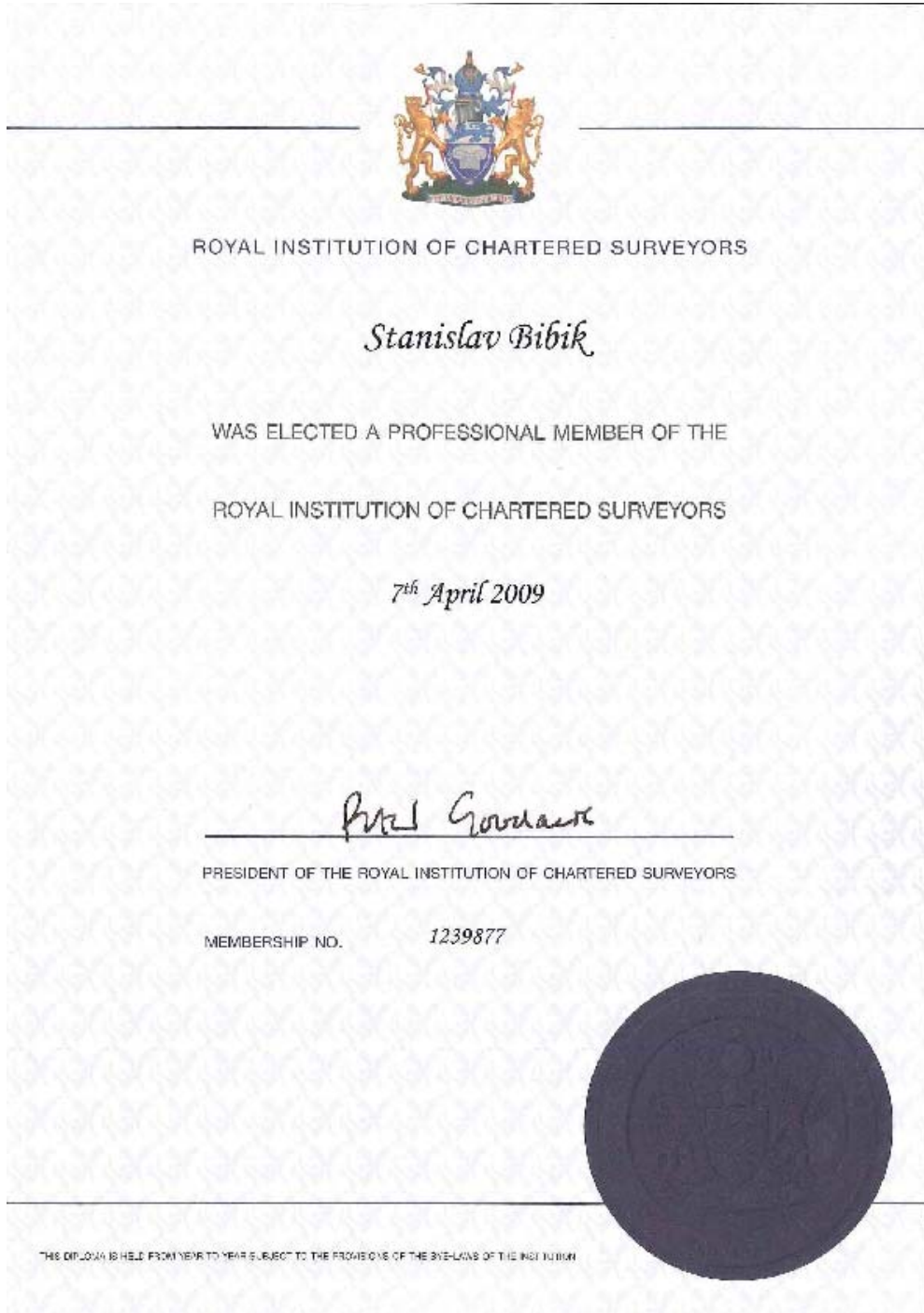
Total Lettable Area	27 305,23 sqm
Vacancy at Beginning of Year 1	0,00 sqm
Vacancy Rate in Terms of Lettable Area	0,00%

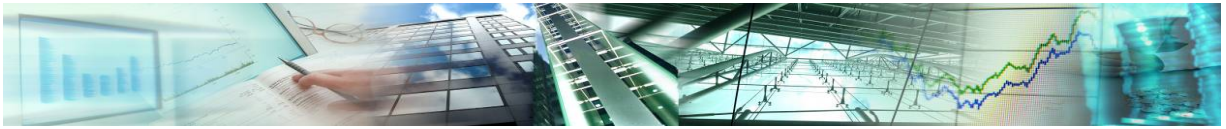
Period		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
		01.07.2011	01.10.2011	01.01.2012	01.04.2012	01.07.2012	01.10.2012	01.01.2013	01.04.2013	01.07.2013	01.10.2013	01.01.2014	01.04.2014	01.07.2014	01.10.2014	01.01.2015	01.04.2015	01.07.2015	01.10.2015	01.01.2016	01.04.2016	01.07.2016	01.10.2016	01.01.2017	01.04.2017
		30.09.2011	31.12.2011	31.03.2012	30.06.2012	30.09.2012	31.12.2012	31.03.2013	30.06.2013	30.09.2013	31.12.2013	31.03.2014	30.06.2014	30.09.2014	31.12.2014	31.03.2015	30.06.2015	30.09.2015	31.12.2015	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2017	30.06.2017
		2011/2012		2012/2013		2013/2014		2014/2015		2015/2016		2016/2017													
<b>Non-recoverable Costs</b>		\$2 617 512	\$2 684 865	\$2 829 552	\$2 834 114	\$2 839 998	\$2 865 961	\$3 086 723	\$3 091 271	\$3 097 793	\$3 120 757	\$3 266 830	\$3 271 784	\$3 275 411	\$3 309 006	\$3 448 132	\$3 453 530	\$3 462 927	\$3 300 315	\$3 315 379	\$3 312 945	\$3 413 184	\$3 423 306	\$3 417 415	\$3 418 231
Reserve deductions	1,00%	\$26 175	\$26 849	\$28 296	\$28 341	\$28 400	\$28 660	\$30 867	\$30 913	\$30 978	\$31 208	\$32 668	\$32 718	\$32 754	\$33 090	\$34 481	\$34 535	\$34 629	\$33 003	\$33 154	\$33 129	\$34 132	\$34 233	\$34 174	\$34 182
Non-Recoverable Opex		\$395 926	\$395 926	\$375 447	\$375 447	\$375 447	\$375 447	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968	\$354 968
<b>Other Adjustments to Value</b>																									
Marketing Costs	0,0 Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Letting Fees	1,0 Months	\$31 993	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditure</b>		\$454 094	\$422 774	\$403 742	\$403 788	\$403 847	\$404 107	\$385 835	\$385 881	\$385 946	\$386 176	\$387 636	\$387 686	\$387 722	\$388 058	\$389 449	\$389 503	\$389 597	\$387 971	\$388 122	\$388 097	\$389 100	\$389 201	\$389 142	\$389 150
<b>Quarterly Cash Flow</b>		\$2 163 418	\$2 262 091	\$2 425 809	\$2 430 326	\$2 436 151	\$2 461 855	\$2 700 888	\$2 705 390	\$2 711 847	\$2 734 581	\$2 879 194	\$2 884 098	\$2 887 689	\$2 920 948	\$3 058 683	\$3 064 027	\$3 073 330	\$2 912 344	\$2 927 257	\$2 924 848	\$3 024 084	\$3 034 105	\$3 028 273	\$3 029 081
<b>Quarterly Cash Flow from Turnover</b>		\$89 471	\$91 045	\$98 419	\$98 419	\$98 419	\$100 149	\$108 260	\$108 260	\$108 260	\$110 164	\$119 087	\$119 087	\$119 087	\$121 180	\$130 995	\$130 995	\$130 995	\$133 298	\$144 095	\$144 095	\$144 095	\$146 628	\$158 504	\$158 504
<b>Terminal Value Calculation</b>	10,50%																								
<b>Terminal Value Calculation for Turnover</b>	15%																								
<b>Present Value Calculation</b>	Discount Rate	12,50%	1,0000	0,9710	0,9428	0,9155	0,8889	0,8631	0,8381	0,8137	0,7901	0,7672	0,7449	0,7233	0,7023	0,6820	0,6622	0,6430	0,6243	0,6062	0,5886	0,5715	0,5549		
<b>Present Value Calculation for Turnover</b>	Discount Rate	17%	1,0000	0,9615	0,9245	0,8889	0,8547	0,8218	0,7902	0,7598	0,7305	0,7024	0,6754	0,6494	0,6244	0,6003	0,5772	0,5550	0,5337	0,5131	0,4934	0,4744	0,4561		
<b>Present Value per Period</b>		\$2 163 418	\$2 196 453	\$2 287 075	\$2 224 847	\$2 165 468	\$2 124 818	\$2 263 486	\$2 201 471	\$2 142 694	\$2 097 962	\$2 144 814	\$2 086 126	\$2 028 117	\$1 991 948	\$2 025 352	\$1 970 020	\$1 918 665	\$1 765 405	\$1 722 957	\$1 722 957	\$1 888 998			
<b>Present Value per Period for Turnover</b>		\$89 471	\$87 540	\$90 988	\$87 486	\$84 118	\$82 303	\$85 544	\$82 252	\$79 086	\$77 379	\$80 426	\$77 331	\$74 354	\$72 749	\$75 614	\$72 704	\$69 906	\$68 397	\$71 091	\$1 888 998				
<b>Net Present Value Including Costs of Purchase and Turnover</b>		\$107 675 246																							
<b>Market Value</b>		\$107 675 246																							



## APPENDIX SEVEN

### VALUATION LICENSES

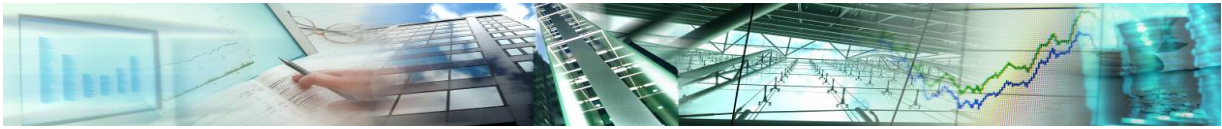




## **APPENDIX EIGHT**

### **PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS**





## **1. PRELIMINARY**

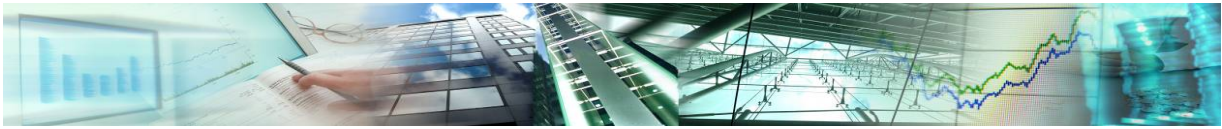
- 1.1 These general terms and conditions (the "Terms of Business") shall apply to all forms of professional services, other than agency services (to which separate terms will apply), provided by Cushman & Wakefield ("C&W", "we", "us" or "the Firm") to the client to whom the fee confirmation letter is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

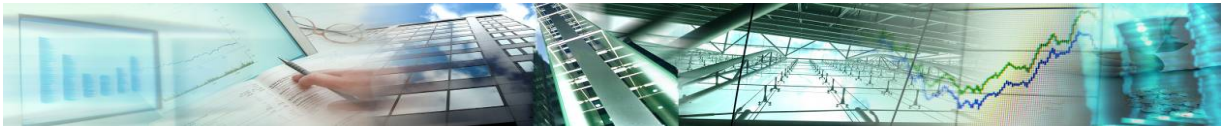
#### **5. INFORMATION RECEIVED FROM THE CLIENT**

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, outgoing 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**

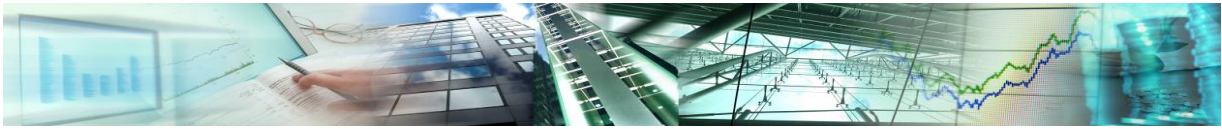
- 6.1 We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis 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**

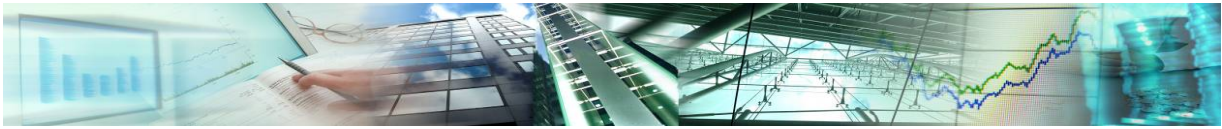
- 9.1 Where matters beyond our control cause delay to the performance of the Services we will notify you as soon as we become aware of the situation.

### **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.

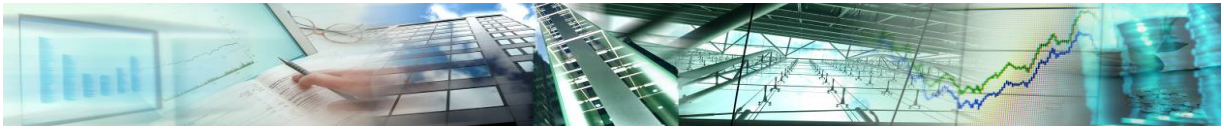
#### **Tenure and Tenancies**

- 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**

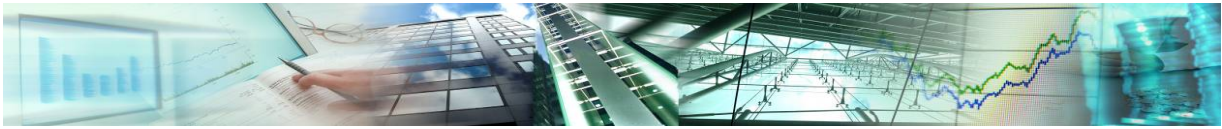
- 10.1 Unless specifically instructed in writing to make formal searches with the relevant local planning authorities, we shall rely in the provision of our Services on the information provided informally by the relevant planning authority or its officers or by you or your advisors to us. We recommend 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**

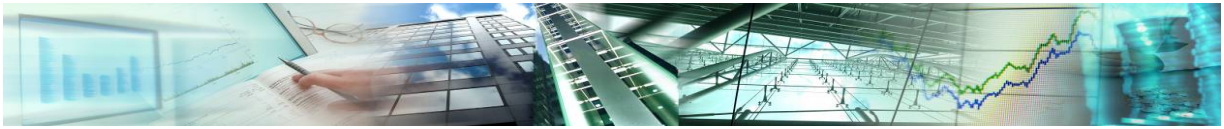
- 12.1 Subject at all times to the provisions in these Terms and Conditions and the Letter, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance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

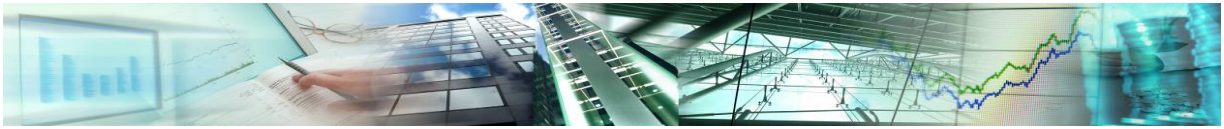
### **14. QUALITY CONTROL**

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**

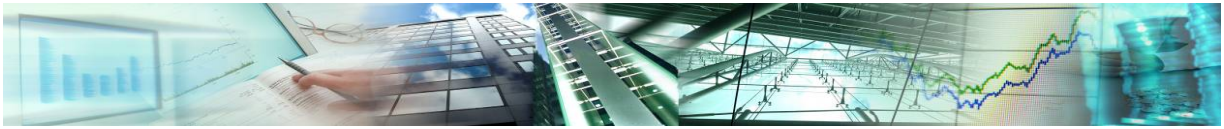
15.1 We (including any of our international partnerships, group companies and affiliated organisations) are a data controller of all personal data collected during the provision of the agency services. We shall use such personal data and information we obtain from other sources for providing the agency 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

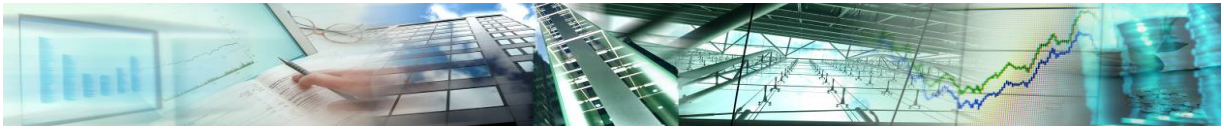
## **19. THIRD PARTIES RIGHTS AND ASSIGNMENT**

- 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.

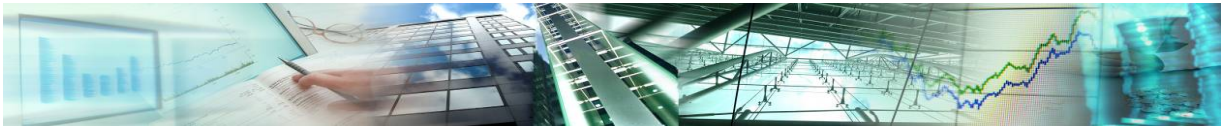
Where we are instructed to value an operational property having regard to its trading potential (such as self storage properties, hotels and marinas), we will take account of any trading information provided to us. The valuations will be based on our opinion as to future trading potential and the level 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.”