

Portfolio Valuation Report

Various real estate assets in St. Petersburg & the Leningrad Region, Moscow & the Moscow Region and Yekaterinburg, Russia

Prepared for:
OJSC “LSR Group”

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16/April/2010



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APPENDICES

APPENDIX I GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

APPENDIX II GLOBAL ASSUMPTIONS



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16 April 2010

Dear Sirs

LSR GROUP – VALUATION OF VARIOUS DEVELOPMENTS IN ST. PETERSBURG AND THE Leningradskaya Region, Moscow and the Moscow Region and Yekaterinburg

In accordance with your instructions, we have pleasure in reporting to you as follows:

1. SCOPE OF INSTRUCTIONS

We have prepared a Market Valuation for each Property (as defined below) in accordance with the terms set out in this Valuation Report and its Appendices.

The properties that are the subject of this Valuation Report, each a “Property” and together the “Properties” are listed as follows:



LSR Group OJSC
Portfolio Assets
Schedule of Properties
(valuation as of 31 December 2009)

| No | Development Project | Address | Site Area, ha | Gross buildable area, sq m | Net sellable / leasable area, excl. car parking, sq m | Construction start date (month / year) | Estimated completion date (month / year) | Presold / preleased of net sellable / leasable areas, excl. car parking, % | Tenure | Development strategy |
|----|---------------------|---------|---------------|----------------------------|---|--|--|--|--------|----------------------|
|----|---------------------|---------|---------------|----------------------------|---|--|--|--|--------|----------------------|

Properties held as investment

Saint Petersburg & Leningradskaya Region

Existing buildings

| | | | | | | | | | | |
|---|---------------|-------------------------|------|-------|-------|-----------|--|------|----------|------|
| 1 | Apollo | Dobrolubova prospect, 8 | 0,24 | 8 454 | 6 069 | completed | | 100% | Freehold | Hold |
| 2 | Orlov | Paradnaya, 8 | n/a | 4 990 | 3 414 | completed | | 100% | Freehold | Hold |
| 3 | Gelious | Marata street, 47-49 | n/a | 3 909 | 3 074 | completed | | 87% | Freehold | Hold |
| 4 | Litera | Galernaya street, 10 | 0,09 | 2 379 | 2 147 | completed | | 100% | Freehold | Hold |
| 5 | Kazanskaya 36 | Kazanskaya street, 36 | 0,25 | 6 823 | 5 080 | completed | | 100% | Freehold | Hold |

Moscow & Moscow Region

Existing buildings

| | | | | | | | | | | |
|---|-----------------------|------------------------|------|-------|-------|-----------|--|-----|-----------|------|
| 6 | Tverskoy boulevard 16 | Tverskoy boulevard, 16 | 0,14 | 4 904 | 2 336 | completed | | 37% | Leasehold | Hold |
|---|-----------------------|------------------------|------|-------|-------|-----------|--|-----|-----------|------|



Properties held for future development

Saint Petersburg & Leningradskaya Region

Office centres

| | | | | | | | | | | |
|---|----------------------|---------------------------------------|-------|---------|---------|--------|--------|----|-----------|----------------|
| 7 | Okhtinskaya Vertikal | Vyborgskii reg., Energetikov St.,9, A | 10,47 | 485 576 | 278 111 | Jan-12 | Dec-16 | 0% | Freehold | Build and Hold |
| | Phase 1 | | | 194 230 | 111 650 | Jan-12 | Dec-14 | 0% | Freehold | Build and Hold |
| | Phase 2 | | 10,47 | 203 940 | 114 492 | Jan-13 | Dec-15 | 0% | Freehold | Build and Hold |
| | Phase 3 | | | 87 406 | 51 969 | Jan-14 | Dec-16 | 0% | Freehold | Build and Hold |
| 8 | Vali Gribalevoy | Gribalevoy St., 9 | 0,75 | 46 038 | 29 324 | Jan-11 | Dec-13 | 0% | Freehold | Build and Hold |
| 9 | Salova, 61 | Frunzensky reg., Salova St.61 | 2,50 | 139 588 | 91 696 | Jan-11 | Dec-13 | 0% | Leasehold | Build and Hold |

Land plots for residential development

| | | | | | | | | | | |
|----|-------|----------------------------|--------|-----------|-----------|--------|--------|----|----------|----------------|
| 10 | Ruchi | Piskarevskiy prospect, 145 | 305,87 | 4 277 933 | 2 468 000 | Jun-12 | Dec-20 | 0% | Freehold | Build and Sell |
|----|-------|----------------------------|--------|-----------|-----------|--------|--------|----|----------|----------------|

Properties in the course of development

Saint Petersburg & Leningradskaya Region

Elite class residential

| | | | | | | | | | | |
|----|------------------------------------|---|------|---------|---------|-----------|--------|-----|---------------------|----------------|
| 11 | Hermitage View House (residential) | Zoologicheskii lane, 2-4 | 0,19 | 11 620 | 6 818 | Dec-08 | Dec-12 | 10% | Freehold | Build and Sell |
| 12 | Smolnii Quarter (residential) | Central district, quarter 1030A-1 and 1030A-2 | 8,65 | 147 813 | 96 728 | Mar-10 | Jun-14 | 0% | Investment contract | Build and Sell |
| | Phase 1 | | 8,65 | 36 823 | 26 218 | Mar-10 | Dec-12 | 0% | Investment contract | Build and Sell |
| | Phase 2 | | | 110 990 | 70 510 | Jun-11 | Jun-14 | 0% | Investment contract | Build and Sell |
| 13 | Nevskiy 1 | Nevskiy prospect, 1 | 0,22 | 10 577 | 6 457 | Jul-11 | Jun-14 | 0% | Leasehold | Build and Sell |
| 14 | Paradnii Quarter (residential) | Paradnaya St., 1-3, Radisheva St., 35,39 | 9,6* | 210 447 | 122 522 | Jun-08 | Dec-14 | 36% | Investment contract | Build and Sell |
| | Phase 2, bldgs 1,2,3 | | | 91 065 | 57 379 | completed | | 76% | Investment contract | Sell |
| | Phase 3, bldgs. 6,7 | | 9,6* | 61 734 | 33 493 | Jun-08 | Dec-13 | 1% | Investment contract | Build and Sell |
| | Phase 3, bldgs. 4,5,8 | | | 57 648 | 31 650 | Jun-12 | Dec-14 | 0% | Investment contract | Build and Sell |



| | | | | | | | | | | |
|----|------------------------------|-------------------------------------|------|---------|---------|-----------|--------|-----|---------------------|----------------|
| 15 | Radisheva | Radisheva St., 39 liter M | 0,85 | 30 533 | 21 008 | Jul-12 | Jun-14 | 0% | Freehold | Build and Sell |
| 16 | Shpalernaya 60 Phase 3 | Shpalernaya street, 60, liters I, D | 0,13 | 5 398 | 3 981 | completed | | 80% | Leasehold | Sell |
| 17 | Dom u Morya | Martynova emb., 74,70,62 | 3,56 | 48 690 | 31 346 | completed | | 89% | - | Sell |
| | Phase 1 | Martynova emb., 74 | 2,58 | 33 037 | 21 581 | completed | | 85% | Freehold | Sell |
| | Phase 3 | Martynova emb., 62 | 0,98 | 15 653 | 9 765 | completed | | 97% | Freehold | Sell |
| 18 | Residence at Suvorovskiy | Suvorovskiy prospect, 63 B | 1,25 | 59 692 | 38 647 | completed | | 45% | Leasehold | Sell |
| 19 | Suvorovskiy 32 | Suvorovskiy prospect, 32 | 1,13 | 29 440 | 11 897 | Jul-12 | Jun-14 | 0% | Investment contract | Build and Sell |
| 20 | Konung | Vyborg town, Severniy Val street, 3 | 0,25 | 5 438 | 4 190 | completed | | 50% | Freehold | Sell |
| 21 | Kamenoostrovskaya Kolleksiya | Kamenoostrovskiy prospect, 56-62 | 0,76 | 18 821 | 13 435 | completed | | 47% | Leasehold | Sell |
| 22 | Venice | Deputatskaya street, 34 liter A | 0,83 | 24 337 | 15 532 | May-10 | Dec-12 | 0% | Freehold | Build and Sell |
| 23 | Kovenskiy | Kovenskiy lane, 5 | 0,39 | 14 844 | 5 629 | Apr-10 | Dec-12 | 0% | Investment contract | Build and Sell |
| 24 | Europe City | Medikov street, 10 | 7,38 | 165 000 | 118 042 | Jun-11 | Dec-15 | 0% | Freehold | Build and Sell |
| | Phase 1 | | 7,38 | 82 500 | 59 021 | Jun-11 | Dec-13 | 0% | | |
| | Phase 2 | | | 82 500 | 59 021 | Jun-13 | Dec-15 | 0% | | |

Business class residential

| | | | | | | | | | | |
|----|------------------------------|---|-------|---------|---------|--------|--------|-----|-----------|----------------|
| 25 | Sophia | Yuzhnoe shosse, 55, site 1,2,3,4,5,6 | 20,00 | 513 000 | 360 400 | Feb-13 | Dec-18 | 0% | Freehold | Build and Sell |
| 26 | Dom u Komendantskoy ploshadi | Ozero Dolgoe district, quarter 25A, 48A, 49 | 3,18 | 49 699 | 31 949 | Sep-06 | Mar-10 | 70% | Leasehold | Build and Sell |
| | bldgs 48A | | 3,18 | 19 205 | 12 414 | Sep-06 | Dec-08 | 95% | Leasehold | Build and Sell |
| | bldgs 49 | | | 30 494 | 19 535 | Apr-07 | Mar-10 | 53% | Leasehold | Build and Sell |

Mass market residential

| | | | | | | | | | | |
|----|------------------|--------------------------------|------|---------|---------|--------|--------|--------|-----------|----------------|
| 27 | Dolgoozerniy | Dolgoozernaya street, site 1 | 4,03 | 82 846 | 57 698 | Oct-06 | Dec-13 | 77% | Leasehold | Build and Sell |
| | Phase 2 | | 4,03 | 27 631 | 19 730 | Oct-06 | Dec-08 | 97% | Leasehold | Build and Sell |
| | Phase 3 | | | 30 760 | 21 834 | Dec-06 | Jul-09 | 94% | Leasehold | Build and Sell |
| | Phase 4 | | | 24 455 | 16 134 | Dec-06 | Dec-13 | 28% | Leasehold | Build and Sell |
| 28 | Fortuna | Mebelnaya street, site 3 | | 4,45 | 104 684 | 69 288 | Sep-06 | Jun-10 | 87% | Leasehold |
| 29 | Pulkovskiy Posad | Pulkovskoe shosse, liter K, 30 | 8,25 | 101 843 | 70 357 | Oct-06 | Dec-12 | 59% | Freehold | Build and Sell |
| | Phase 2 | | 8,25 | 4 373 | 4 082 | Oct-06 | Oct-07 | 98% | Freehold | Build and Sell |
| | Phase 3 | | | 29 394 | 22 250 | Jan-07 | Nov-08 | 94% | Freehold | Build and Sell |
| | Phase 4-1 | | | 4 283 | 3 171 | Jan-07 | Oct-08 | 95% | Freehold | Build and Sell |



| | | | | | | | | | | |
|-----------------------|----------------------------|---|--------|-----------|-----------|--------|--------|-----|---------------------|----------------|
| | Phase 4-2 | | | 19 070 | 14 434 | Jan-07 | Sep-11 | 26% | Freehold | Build and Sell |
| | Phase 5-1 | | | 11 278 | 9 593 | Mar-09 | Dec-09 | 77% | Freehold | Build and Sell |
| | Phase 5-2 | | | 33 445 | 16 827 | Mar-09 | Dec-12 | 15% | Freehold | Build and Sell |
| 30 | Antey | Kosmonavtov prospect, site 10, 63 | 7,08 | 202 125 | 127 893 | Jan-07 | Dec-13 | 39% | Freehold | Build and Sell |
| | Phase 1 | | | 36 979 | 26 577 | Jan-07 | Dec-09 | 94% | Freehold | Build and Sell |
| | Phase 2 | | | 64 313 | 37 864 | Jul-07 | Sep-12 | 7% | Freehold | Build and Sell |
| | Phase 3-1 | | 7,08 | 33 394 | 24 731 | Aug-07 | Dec-09 | 91% | Freehold | Build and Sell |
| | Phase 3-2 | | | 19 150 | 13 304 | Aug-07 | Sep-13 | 0% | Freehold | Build and Sell |
| | Phase 4 | | | 48 289 | 25 417 | Mar-08 | Dec-13 | 0% | Freehold | Build and Sell |
| 31 | Yuzhniy | Leninskiy prospect, quarter 15,18, sites 1,2,3,6,7,8 | 9,33 | 363 865 | 262 504 | Sep-07 | Dec-12 | 58% | Leasehold | Build and Sell |
| | Phase 1 | | 1,55 | 55 591 | 39 536 | Apr-08 | Jun-11 | 0% | Leasehold | Build and Sell |
| | Phase 2 | | 1,65 | 54 994 | 44 675 | Aug-08 | Dec-12 | 33% | Leasehold | Build and Sell |
| | Phase 3 | | 1,80 | 54 804 | 39 454 | Oct-08 | Mar-10 | 99% | Leasehold | Build and Sell |
| | Phase 4 | | 0,99 | 40 324 | 28 413 | Sep-07 | Aug-10 | 74% | Leasehold | Build and Sell |
| | Phase 5 | | 1,83 | 80 746 | 57 280 | Aug-08 | Dec-12 | 60% | Leasehold | Build and Sell |
| | Phase 6 | | 1,51 | 77 406 | 53 146 | Mar-08 | Aug-10 | 81% | Leasehold | Build and Sell |
| 32 | Karolina | Narodnaya street, site 1 | 2,16 | 56 537 | 33 264 | Apr-08 | Dec-11 | 64% | Leasehold | Build and Sell |
| 33 | Tsvetnoy Gorod | Piskarevskiy prospect, 145 | 274,50 | 3 906 828 | 2 232 000 | Jun-12 | Dec-20 | 0% | Freehold | Build and Sell |
| | Phase 1 | | 267,40 | 3 668 095 | 2 102 000 | Jun-12 | Dec-20 | 0% | Freehold | Build and Sell |
| | Phase 2 | | 7,10 | 238 733 | 130 000 | Dec-12 | Dec-16 | 0% | Freehold | Build and Sell |
| 34 | Yugnaya Aquatoria | Krasnoselskiy Region, quarter 28,28A, Doblesti street | 23,90 | 523 065 | 321 971 | Mar-11 | Jun-16 | 0% | Leasehold | Build and Sell |
| 35 | Avrora | Nevskiy district, quarter 9A, Belisheva street. | 15,00 | 390 270 | 276 800 | Sep-09 | Dec-14 | 0% | Leasehold | Build and Sell |
| 36 | Vostok | Nevskiy district, quarter 19A, Badaeva street. | 1,58 | 59 655 | 40 850 | Jul-09 | Sep-11 | 0% | Leasehold | Build and Sell |
| Office centres | | | | | | | | | | |
| 37 | TOC na Leningradskom | Vyborg town, Leningradskiy prospect, 17 | 0,19 | 9 283 | 6 673 | Jan-10 | Apr-12 | 0% | Freehold | Build and Hold |
| 38 | Kuybisheva | Kuybisheva street, 13 liter B | 0,19 | 10 276 | 6 774 | Jan-11 | Jun-13 | 0% | Freehold | Build and Hold |
| 39 | Paradnyi Quarter (offices) | Paradnaya St., 1-3, Radisheva St., 35,39 | 9,6* | 21 875 | 13 164 | Jan-06 | Dec-14 | 0% | Investment Contract | Build and Sell |
| | Phase 4, bldgs. 11 | | | 4 109 | 2 305 | Jan-06 | Dec-11 | 0% | Investment Contract | Build and Sell |



| | | | | | | | | | | |
|----|--------------------------------|----------------------------------|------|--------|-------|-----------|--------|----|---------------------|----------------|
| | Phase 3, bldgs. 16 | | | 5 075 | 3 561 | completed | | 0% | Investment Contract | Sell |
| | Phase 4, bldgs. 17,18 | | | 12 691 | 7 298 | Jun-12 | Dec-14 | 0% | Investment Contract | Build and Sell |
| 40 | Hermitage View House (offices) | Zoologicheskiiy lane, 2-4 | 0,21 | 19 374 | 7 383 | Jan-10 | Dec-12 | 0% | Freehold | Build and Hold |
| 41 | Kamenoostrovskaya Kolleksiya | Kamenoostrovskiy prospect, 58-60 | 0,83 | 9 783 | 5 184 | Feb-11 | Feb-13 | 0% | Leasehold | Build and Sell |

Country houses

| | | | | | | | | | | |
|----|--------------------------|--|--------|-------|-----------|-----------|------|-----|---------------------|----------------|
| 42 | Repino-Leninskoe | Leningradskaya Region, Leninskoe settlement | 207,87 | - | 1 546 566 | - | - | 20% | Freehold | - |
| | Phase 1 - Noviy Mir | Land plots | 20,00 | - | 148 296 | completed | | 90% | Freehold | Build and Sell |
| | Phase 2 - Park Way | Land plots | 8,66 | - | 59 622 | completed | | 63% | Freehold | Sell |
| | Phase 3 - Elegiya | Land plots | 5,70 | - | 45 330 | 2007 | 2011 | 19% | Freehold | Build and Sell |
| | Phase 4 - Bolshoi Alakul | Land plots | 77,30 | - | 531 000 | 2011 | 2012 | 0% | Freehold | Build and Sell |
| | Phase 5 - Pobeda L-Park | Land plots | 18,44 | - | 136 600 | 2011 | 2012 | 0% | Freehold | Build and Sell |
| | Phase 6 - Butterfly | Land plots | 14,92 | - | 137 600 | 2011 | 2012 | 0% | Freehold | Build and Sell |
| | Phase 7 - Dachnoe | Land plots | 29,97 | - | 221 800 | 2011 | 2012 | 0% | Freehold | Build and Sell |
| | Phase 8 - Maloe Repino | Land plots | 32,88 | - | 266 318 | 2008 | 2010 | 50% | Freehold | Build and Sell |
| 43 | Zhemchuzhina Razliva | Leningradskaya Region, Sestroretsk town, 10B | 6,84 | 7 655 | 7 474 | completed | | 73% | Investment Contract | Sell |

Moscow & Moscow Region

All properties

| | | | | | | | | | | |
|----|-------------------------|---|------|--------|--------|-----------|--------|-----|---------------------|----------------|
| 44 | Noviy Balchug | Sadovnicheskaya street, 9, bldgs. 1,2,3 | 0,42 | 24 815 | 12 099 | Sep-10 | Dec-13 | 0% | Investment Contract | Build and Sell |
| 45 | Davydkovskaya | Davydkovskaya street, 16 | 1,14 | 2 448 | 1 737 | completed | | 0% | Freehold | Sell |
| 46 | Grunvald | Moscow Region, Zarechye settlement | 4,10 | 58 331 | 26 067 | Mar-05 | Jun-10 | 57% | Investment Contract | Build and Sell |
| 47 | Leningradskoe shosse 58 | Leningradskoe shosse, 58, bldgs 14, 21 | 1,81 | 96 520 | 49 389 | Jul-11 | Jan-15 | 0% | Freehold | Build and Sell |

Yekaterinburg

Mass market residential

| | | | | | | | | | | |
|----|---------------------|-----------------------------|-------|---------|---------|--------|--------|----|-----------|----------------|
| 48 | Michurinskiy | Michurinskiy settlement | 51,88 | 923 225 | 541 920 | Mar-12 | Mar-17 | 0% | Freehold | Build and Sell |
| 49 | 40-Letiya Komsomola | 40-Letiya Komsomola St., 2b | 9,87 | 149 145 | 76 621 | May-11 | May-13 | 0% | Leasehold | Build and Sell |



| | | | | | | | | | | |
|----|---|--|------|---------|---------|-----------|--------|-----|-----------|----------------|
| 50 | Vosstaniya-Molodezhi | The quadrant formed by Vosstaniya-Molodezhi-Dostoevskogo-Narodnogo fronta Street | 0,89 | 26 106 | 13 309 | Apr-11 | Dec-13 | 0% | Freehold | Build and Sell |
| | Phase 1 | Building 1A, 1B, 1V | 0,89 | 9 002 | 6 751 | Apr-11 | Oct-12 | 0% | Freehold | Build and Sell |
| | Phase 2 | Building 1E | | 4 169 | 3 127 | Apr-11 | Dec-12 | 0% | Freehold | Build and Sell |
| | Phase 3 | Building 1D, 1Zh | | 4 574 | 3 431 | Jul-11 | Oct-12 | 0% | Freehold | Build and Sell |
| | Phase 4 | Parking | | 8 361 | - | Jul-12 | Dec-13 | - | Freehold | Build and Sell |
| 51 | KOSK po Novgorodtsevoy | Novgorodtsevoy Street | 0,88 | 10 000 | 9 000 | May-11 | Nov-12 | 0% | Leasehold | Build and Sell |
| 52 | Bakinskih Komissarov-Vosstaniya Parking | A quarter between residential buildings on Bakinskih 109 and Vosstaniya 99, | 0,15 | 3 225 | - | May-08 | Sep-12 | - | Leasehold | Build and Sell |
| 53 | Europeiskiy | Gotvalda Street, 14-A | 0,72 | 14 248 | 10 087 | completed | | 97% | Freehold | Sell |
| 54 | Postovskogo-Onufrieva | Postovskogo Street, 14 | 0,79 | 18 904 | 13 001 | Nov-07 | Mar-12 | 66% | Leasehold | Build and Sell |
| | Phase 2 | | 0,69 | 17 316 | 13 001 | Nov-07 | Aug-10 | 66% | Leasehold | Build and Sell |
| | Phase 3 | | 0,10 | 1 588 | - | Apr-11 | Mar-12 | - | Leasehold | Build and Sell |
| 55 | Zeleniy Mus | 8-th March Street, 194 | 1,73 | 58 089 | 35 222 | Apr-06 | May-11 | 38% | Leasehold | Build and Sell |
| | Phase 1 | | 0,28 | 8 148 | 6 381 | Apr-06 | Aug-08 | 92% | Leasehold | Build and Sell |
| | Phase 2 | | 0,23 | 10 261 | 7 985 | Jan-08 | May-10 | 38% | Leasehold | Build and Sell |
| | Phase 3 | | 0,22 | 15 128 | 11 852 | Feb-08 | Dec-10 | 16% | Leasehold | Build and Sell |
| | Phase 4 | | 0,23 | 10 334 | 8 044 | Jan-08 | Dec-10 | 27% | Leasehold | Build and Sell |
| | Phase 5 | | 0,50 | 13 152 | - | Jul-06 | May-11 | - | Leasehold | Build and Sell |
| | Phase 6 | | 0,27 | 1 067 | 960 | Jul-06 | Dec-09 | 33% | Leasehold | Build and Sell |
| 56 | Kalinovskiy | The quadrant formed by Shefskaya, Sovhoznaya and Taganskaya Streets, | 6,68 | 205 503 | 120 983 | Aug-08 | Jun-14 | 8% | Freehold | Build and Sell |
| | Phase 1 | | 0,94 | 29 924 | 22 443 | Aug-08 | Jul-10 | 45% | Freehold | Build and Sell |
| | Phase 2 | | 0,22 | 7 712 | 5 784 | Feb-08 | Jun-11 | 2% | Freehold | Build and Sell |
| | Phase 3 | | 0,22 | 7 685 | 5 764 | Dec-09 | Jun-11 | 0% | Freehold | Build and Sell |
| | Phase 4 | | 0,30 | 17 286 | 12 964 | Oct-08 | Sep-13 | 0% | Freehold | Build and Sell |
| | Phase 5 | | 0,42 | 17 286 | 12 964 | Oct-08 | Sep-13 | 0% | Freehold | Build and Sell |
| | Phase 6 | | 0,31 | 13 018 | - | Jul-12 | Jun-13 | - | Freehold | Build and Sell |
| | Phase 7 | | 0,31 | 6 633 | - | Jul-12 | Jun-13 | - | Freehold | Build and Sell |
| | Phase 8 | | 0,47 | 9 027 | 6 770 | Aug-10 | Jul-11 | 0% | Freehold | Build and Sell |
| | Phase 9 | | 0,48 | 9 107 | 6 830 | Oct-10 | Oct-11 | 0% | Freehold | Build and Sell |
| | Phase 10 | | 0,20 | 10 852 | 8 212 | Jan-11 | Sep-12 | 0% | Freehold | Build and Sell |



| | | | | | | | | | | |
|----|---------------------------|--|------|--------|--------|-----------|----------|-----|-----------|----------------|
| | Phase 11 | | 0,47 | 10 977 | 8 324 | Apr-11 | Dec-12 | 0% | Freehold | Build and Sell |
| | Phase 12 | | 0,48 | 24 288 | 18 659 | Jul-11 | Dec-12 | 0% | Freehold | Build and Sell |
| | Phase 13 | | 0,47 | 14 594 | 10 969 | Sep-11 | Sep-13 | 0% | Freehold | Build and Sell |
| | Phase 14 | | 0,48 | 9 543 | - | Jan-13 | Jun-14 | - | Freehold | Build and Sell |
| | Phase 15 | | 0,60 | 12 377 | - | Jan-13 | Jun-14 | - | Freehold | Build and Sell |
| | Phase 16 | | 0,32 | 5 193 | 1 299 | Jan-13 | Jun-14 | 0% | Freehold | Build and Sell |
| 57 | Furmanova-Moskovskaya | Furmanova Street, 123-A | n/a | 5 062 | - | completed | | - | Freehold | Sell |
| 58 | Bebelya-Opalihinskaya | Opalihinskaya Street, 42 | 0,13 | 969 | 872 | completed | | 76% | Freehold | Sell |
| 59 | Lokomotiv | Bilimbaevskaya Street, 37-39 | 1,94 | 22 826 | 14 939 | Jun-08 | Sep-12 | 7% | Leasehold | Build and Sell |
| | Phase 1 | | 0,80 | 9 912 | 7 447 | Jun-08 | Sep-11 | 0% | Leasehold | Build and Sell |
| | Phase 2 | | 0,81 | 9 989 | 7 492 | Sep-08 | May-10 | 15% | Leasehold | Build and Sell |
| | Phase 3 | | 0,33 | 2 925 | - | Apr-11 | Sep-12 | - | Leasehold | Build and Sell |
| 60 | Tatishhev | The quadrant formed by Tokarey-Tatishcheva-Suhorukova-Nagornaya Streets | 2,16 | 53 560 | 37 900 | Mar-08 | Oct-13 | 8% | Leasehold | Build and Sell |
| | Phase 1 | | 0,27 | 6 435 | 5 015 | Mar-08 | Jul-10 | 63% | Leasehold | Build and Sell |
| | Phase 2 | | 0,32 | 7 727 | 5 857 | Jul-12 | Oct-13 | 0% | Leasehold | Build and Sell |
| | Phase 3 | | 0,45 | 12 429 | 9 410 | Jan-11 | Jul-13 | 0% | Leasehold | Build and Sell |
| | Phase 4 | | 0,97 | 23 224 | 17 617 | Sep-10 | Oct-12 | 0% | Leasehold | Build and Sell |
| | Phase 5 | | 0,15 | 3 746 | - | Apr-12 | Jun-13 | - | Leasehold | Build and Sell |
| 61 | Molotoboitsev-Martovskaya | The land plot between two residential buildings 12, Molotoboitsev Street and 3, Martovskaya Street | 0,39 | 3 709 | - | May 2008 | Sep 2011 | - | Freehold | Build and Sell |

**site area for all Paradny Quarter phases*



We have been instructed to prepare this Valuation Report as at 31 December 2009. We have prepared a Market Valuation for each Property (as defined below) in accordance with the terms set out in this Valuation Report and its Appendices.

We confirm that the valuations contained in this Valuation Report have been made in accordance with the appropriate sections of the Practice Statements, Guidance Notes and United Kingdom Practice Statements ("UKPS") contained within the Royal Institution of Chartered Surveyors (the "RICS") Appraisal and Valuation Manual (also known as the "Red Book", 6th edition), issued by the RICS and that such valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuation. Although this is a United Kingdom basis for valuation, it is internationally accepted as a basis of arriving at the valuation of real estate wherever situated.

We confirm that this Valuation Report is a Regulated Purpose Valuation as defined in the Red Book. In preparing this Valuation Report, we have complied with the requirements contained within the provisions of PR 5.6.5G of the Prospectus Rules (and related guidance) published by the Financial Services Authority.

2. VALUATION UNCERTAINTY

To arrive at our respective valuations we have considered an appropriate development commencement date and development period for each Property in isolation, based on each Property's particular circumstances.

In an imperfect market and coming from a period of little if any development activity the valuations are not able to factor in what, if any, effect there may be to values resulting from multiple properties being developed concurrently.

This effect may result in an excess of supply either of completed units or indeed sites in their entirety being sold by distressed owners seeking to take advantage of an improving market. Also not being considered are any resource, expense or savings issues if undertaken by a single developer), or released to the market (occupation or investment) together.

3. BASIS OF VALUATION

Our opinion of the Market Value (as defined below) of each Property has been primarily derived using comparable rents, yields and sale prices from recent market transactions on arm's length terms.

In accordance with the Company's instructions, we have undertaken our valuations on the following basis of Market Value.

The valuations contained in this Valuation Report are predicated on the following three assumptions.

Firstly, that the ground lease relating to each Property, to the extent that such leases currently exist, can be extended, effectively in perpetuity, on similar terms to the existing leases.

Secondly, as land leases are effectively non-transferable in Russia, we have assumed that each lease (or leases) relating to a Property is held by a special purpose vehicle ("SPV"), and that the shares in each SPV can be sold.



Thirdly, in respect of the Ruchyi and Tsvetnoi Gorod development projects, the Company, via its subsidiaries, holds freehold the 23 adjoining land plots with a total area of 580.91 hectares.

One of the 23 land plots (7.1 hectares) is held freehold by GDSK LLC, the remaining 22 land plots (573.81 hectares) are held freehold by Okhtisky Bereg LLC. GDSK LLC holds 94% of shares in the Okhtisky Bereg LLC charter capital, the remaining 6% is held by a third party private individual.

Our valuation is subject to our standard valuation terms and conditions and assumptions which are included in this Valuation Report in Appendices I and II. Where appropriate, the Company has confirmed that our assumptions (as set out in Appendix II) are correct so far as they are aware. In the event that any of our assumptions prove to be incorrect, the valuations contained in this Valuation Report should be reviewed and modified as required.

Each Property has been valued in accordance with the requirements of the Red Book on the basis of "Market Value". This is 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."

4. TENURE AND TENANCIES

We have had access to copies of the reports on title of land and buildings and are advised that titles are marketable and the properties are free from encumbrances, mortgages and charges, except those described below. We have also assumed that no other documents exist which may invalidate or otherwise weaken the strength of these documents.

We are unsure whether there may be occupational leases existing over a number of the buildings on a number of the land plots subject to development. If this is the case, our valuation assumes that vacant possession of these buildings can be obtained within 6 months.

In assessing gross development values of the completed commercial elements of the relevant Properties, we have assumed that the Properties will be let on 5 year 'triple net' leases. A lease drawn on triple net terms means that tenants are responsible for taxes, repairs, service charge and insurance.

In those instances where the Properties are held in part ownership, our valuations assume that these interests are capable of sale in the open market without any restriction from the co-owner and that there are no encumbrances within the share agreements which would impact upon the saleability and thus price of the Properties concerned. In addition, with regard to those Properties where rights of ownership have yet to be fully purchased, our valuations take into account all outstanding payments required to be made in order to acquire full ownership.

Certain of the Properties are held leasehold on ground leases from St. Petersburg and Moscow City Authorities. The standard terms of such ground leases are that rents are reviewed annually (upwards or downwards) in accordance with a city-wide formula that is set by St. Petersburg and Moscow City authorities.

As some land leases are however held by SPVs, we therefore value each such lease on the assumption that the shares in each such SPV can be sold and, that no other assets or liabilities are held by that SPV that might affect the ability to sell the shares.



Whilst in Russia the lessee of a ground lease has a priority right to renew the lease upon expiry, on the same terms and conditions, the effectiveness of this right remains largely untested in the market. Our valuation is predicated on the assumption that the ground lease of each Property can be extended, effectively in perpetuity, on similar terms to the existing leases.

Whilst the leases provide a 'use designation' of the land, the lessee is still required to obtain from the relevant city authorities a Project (i.e. design documentation) which confirms the architectural, planning, engineering and other requirements of development. Where a considered development scheme differs from that anticipated by the Project (or where no Project exists), our valuation assumes that the required variation to the landlord's (i.e., the relevant city authority's) permission will be forthcoming without material cost or delay.

In the event that a lessee (i.e., a developer) has not completed development by any completion date stipulated in the lease, the rights to complete the development could be delayed or lost entirely. Similarly, where development has not commenced by the end date of the lease, the government could decline to renew the lease on the grounds that the land is not used in accordance with its designation. Accordingly there is a risk that where Projects or permissions to start construction works are not in place, the government could rescind the grant of the lease and in turn prevent the use of land in accordance with its designation, providing grounds for cancellation / non-renewal of the land lease. For the purposes of this valuation, we have made the assumption that no such delay or prevention will occur and, if necessary, short-term leases will be extended / renewed by the government to facilitate the deferred commencement / completion of construction by the Company.

Once the lessee of the land lease develops the land, the ownership of the buildings upon the land effectively ensures a perpetual right to occupy the land irrespective of the existence or otherwise of a ground lease.

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

- the relevant Property possesses a good and marketable title (albeit in the case of land leases through the sale of shares of the lessee company), free from any unusually onerous restrictions, covenants or other encumbrances;
- where the interest held in the relevant 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;
- leases to which the relevant Property may be subject are on standard market terms, and contain no unusual or onerous provisions or covenants which would affect value;
- all notices have been served validly and within appropriate time limits;
- the Property excludes any mineral rights; and
- vacant possession can be given for all accommodation which is not leased.

We have been provided with estimations of current land lease rents payable by the Company. We confirm that where appropriate, land lease rents have been deducted in our Market Valuations and opinions of Market Valuation on Completion. We would caution that the land lease rents are estimates, and as such we reserve the right to reappraise our valuations in the event that the finalised land lease rents differ materially from those currently quoted. It is our opinion that the Company's estimates appear reasonable.

There are a number of properties in the portfolio, highlighted below, where 100% of rights do not belong to LSR Group or its subsidiaries:-

1. **Grunvald** development, situated in the settlement of Zarechye, the Moscow Region. In accordance with an investment contract No. F504/03 dated 17 December 2003 signed between the Federal Security Service of Russian Federation, which holds the land plot, and ZAO “Mosstroyrekonstruktsiya” (LSR Group subsidiary), the latter will get 70% of the areas in the completed property (residential area, other area and parking lots).
2. **Kovenskiy** development, situated at 5 Kovenskiy Lane, St. Petersburg. In accordance with agreement of joint investment activity No. 1-K5 dated 29 August 2007 signed between “Lenestateproekt” LLC and OJSC “SKV SPb” (LSR Group subsidiary), the latter will receive 66.7% of the areas in the property upon completion (100% of the sellable residential and non-residential space including the car park). In our valuation we have taken into account only the share of OJSC “SKV SPb” in this project.
3. **Suvorovskiy 32** development, situated at 32 Suvorovskiy prospect, St. Petersburg. In accordance with an investment contract No. 01-8/327 dated 16 November 2005 between Military Academy of Connection and “LenSpetsSMO “Promstroyontazh” LLC (LSR Group subsidiary), the company will get 70% of residential areas and 100% of commercial areas, OR, the company will get 100% of areas in the property if they provide equivalent residential areas in mass market residential buildings to the Military Academy of Connection. The Company has decided to change the scenario and to proceed with the first option, which means that “LenSpetsSMO Promstroyontazh” LLC is entitled to 70% of the residential space, but the 30% share of the Military Academy should be reduced by 215 sq m of residential space in mass market residential schemes in Moscow, which, as at the date of valuation, the Company had already purchased for the Military Academy. In our valuation we have taken into account only the share of “LenSpetsSMO Promstroyontazh” LLC in this project.

Comments on property rights:-

Novy Balchug – development project situated at bldgs. 1, 2, 3, 9 Sadovnicheskaya Street, Moscow. In accordance with:-

- Clause 16 of Federal Law No. 189-FZ dated 29 December 2004 “On enforcement of the Residential Code of the RF”;
- Clause 36 of the Residential Code of the RF No. 188-FZ dated 29 December 2004; and
- Clause 36 of Land Code of the RF No. 136-FZ dated 25 October 2001

the land plot is held on a commonhold collective basis by the flat owners. Therefore, the lease agreement in respect of this land plot between the Moscow Government and the LSR Group subsidiary, Velikan 21 Vek LLC, can only be concluded after the remaining the flat owners have been relocated (5 flats with a total area of 357.8 sq m and the commercial premises with a total area of 50.5 sq m).

In accordance with the effective schedule the relocation is due for completion by 31 March 2010, LSR applied to the Moscow Government to extend this deadline.

Once relocation is completed, a land lease agreement can be concluded enabling the Company to obtain a construction permit. Upon the fulfillment of its obligations under the investment contract and the commissioning of the completed scheme the Company will be granted a long term land lease.

Nevsky, 1 – development project situated at 1, Nevsky Prospekt, St. Petersburg. The building is held freehold by the LSR Group affiliated company, OJSC “Stroitelnaya Korporatsiya Sankt Peterburga”.



The land plot under the building is currently held on a long term (49 years) lease by a subsidiary of LSR Group and third parties. In accordance to Land Lease agreement No. 10/ZD-01170 dated 14 November 2008, the Company's share in the leasehold constitutes 2,068 sq m (out of a total of 2,197 sq m). The remaining share of the land plot is held leasehold by CJSC Inzhstroj.

Paradny Quarter – development project situated on Paradnaya and Radisheva Streets, St. Petersburg. The land plot is state owned (the Russian Federation) and is currently held on the title and tenure of perpetual use by North-West Flat Management Department (territorial) (the former Flat Management Department 131) of the Ministry of Defense of the RF in accordance with Certificate of the perpetual use title 78-AB No. 540614 dated 08 February 2007.

CJSC Joint Venture "Petr Velikiy" is the main (general) investor pursuant to Investment Contract No. 08-8/289 dated 30 March 2005 concluded with subdivisions of the Ministry of Defense. The investment contract assumes that the Ministry of Defense subdivisions will receive 30% of the residential space in the completed scheme or residential space in mass market properties equivalent to 30% of residential space in Paradny Quarter. The Company has decided to proceed with the second option. In accordance with Agreement dated 23 September 2005 concluded between CJSC "Paradny Kvartal" and CJSC Joint Venture "Petr Velikiy", CJSC "Paradny Kvartal", affiliate of LSR Group, as a co-investor of the project, is entitled to the entire premises in the completed buildings with the exception of built-in premises with a total area of 12,147.96 sq m which are due to CJSC Joint Venture "Petr Velikiy" (building 13 with a total area of 4,598.4 sq m and commercial premises in buildings 5 and 6 with a total area of 1,845.45 sq m) and to OJSC "SKV SPb", another affiliate of LSR Group, which is also a co-investor of the project in accordance with Agreement dated 23 September 2005, who is entitled to 128.4 sq m of total area, commercial premises with a total area of 977.3 sq m and building 12 with a total area of 4,598.4 sq m). In our valuation we have taken into account only the shares of CJSC "Paradny Kvartal" and OJSC "SKV SPb".

A number of properties which belong to LSR Group subsidiaries are held under **security as of 31 December 2009** in relation to loan facilities provided by the banks as follows:

1. Sberbank:

- A land plot located at: Leningradskaya Region, Vyborgskiy district, Leninskaya volost, Leninskoe settlement with total area of 184,372 sq m (Pobeda L-Park), cadastral number 47:01:17-06-001:0161. The pledge expires on 23 January 2012.
- A land plot located at: Leningradskaya Region, Vyborgskiy district, MO "Pervomayskoe selskoe poselenie", Leninskoe settlement, Alakyul, site 10, with total area of 467,346 sq m (land plot from project Bolshoy Alakyul), cadastral number 47:01:17-06-001:0879. The pledge expires on 23 January 2012.
- Premises at liter A, 1/4, Nevskiy prospect, St. Petersburg, with total area of 4,178 sq m. The pledge expires on 09 March 2011.

2. OJSC "Bank VTB Severo-Zapad" :

Hermitage View House project:

- Buildings at liter A, 2-4, Zoologicheskij lane, with total area of 3,044 sq m;
- A land plot at liter A, 2-4 Zoologicheskij lane with total area of 4,005 sq m, at which these above mentioned buildings are located. Mortgage in place until 14 July 2011.



In accordance with Letter No. 6364 dated 08 April 2008 issued by OJSC "Bank VTB Severo-Zapad", the security for the two above mentioned properties was lifted. In the letter the bank approves demolition of the two properties in question to proceed with the realization of the development project at the land plot.

Orlov Project:

- Non-residential building (cadastral number 78:31:1210:12:73 with a total area of 4,989.8 sq m located at 7A Paradnaya Street, St Petersburg. The loan term expires on 25 October 2010.

Ruchyi:

- The land plot (cadastral number 78:11:5606:75) with a total area of 523,405 sq m located at Lot 15 of the 'Ruchyi' enterprise, St. Petersburg. The first pledge's expiry date is 20 April 2010. The second pledge expires on 10 June 2010. The land plot (cadastral number 78:11:5606:86) with a total area of 180,004 sq m located at Lot 43 of the 'Ruchyi' enterprise, St. Petersburg. The first pledge's expiry date is 17 September 2010. The second pledge expires on 30 March 2011.
- The land plot (cadastral number 78:11:5606:87) with a total area of 174,362 sq m located at Lot 44 of the 'Ruchyi' enterprise, St. Petersburg. The first pledge's expiry date is 17 September 2010. The second pledge expires on 30 March 2011.
- The land plot (cadastral number 78:11:5606:67) with a total area of 6,281sq m located at Lot 45 of the 'Ruchyi' enterprise, St. Petersburg. The first pledge's expiry date is 17 September 2010. The second pledge expires on 30 March 2011.
- The land plot (cadastral number 78:11:5606:85) with a total area of 110,103sq m located at Lot 66 of the 'Ruchyi' enterprise, St. Petersburg. The first pledge's expiry date is 17 September 2010. The second pledge expires on 30 March 2011.

3. OJSC "Rossiysky Selkhokhozyaistvenny Bank":

Dom u Morya Project:

- 100% of share in the charter capital of Martynovka LLC (LSR's affiliate company which holds freeholds the unsold flats and other premises in the Dom u Morya projects) . The Mortgage in place until 10 November 2014.

Ruchyi:

- The land plot (cadastral number 78:11:5609:12) with a total area of 304,356 sq m located at Lot 10 of the 'Ruchyi' enterprise, St. Petersburg. The pledge's expiry date is 10 November 2014.
- The land plot (cadastral number 78:11:5608:67) with a total area of 605,611 sq m located at Lot 11 of the 'Ruchyi' enterprise, St. Petersburg. The pledge's expiry date is 10 November 2014.
- The land plot (cadastral number 78:11:5607:55) with a total area of 283,268 sq m located at Lot 13 of the 'Ruchyi' enterprise, St. Petersburg. The pledge's expiry date is 10 April 2014.
- The land plot (cadastral number 78:11:5608:66) with a total area of 186,682 sq m located at Lot 36 of the 'Ruchyi' enterprise, St. Petersburg. The pledge's expiry date is 10 November 2014.
- The land plot (cadastral number 78:11:5606:83) with a total area of 315,381 sq m located at Lot 39 of the 'Ruchyi' enterprise, St. Petersburg. The pledge's expiry date is 10 November 2014.



- The land plot (cadastral number 78:11:5606:82) with a total area of 576,674 sq m located at Lot 40 of the 'Ruchyi' enterprise, St. Petersburg. The pledge expires on 17 April 2012.
- The land plot (cadastral number 78:11:5607:54) with a total area of 583,959 sq m located at Lot 5 of the 'Ruchyi' enterprise, St. Petersburg. The pledge expires on 17 April 2012.
- The land plot (cadastral number 78:11:5606:73) with a total area of 369,674 sq m located at Lot 8 of the 'Ruchyi' enterprise, St. Petersburg. The pledge expires on 17 April 2012.

Aggregate Freehold and Leasehold Market Values

| No | Development Project | Tenure | Market Value of 100% ownership, RUR | Valued Interest, % (LSR Legal Share) | Market Value, RUR |
|----|---------------------|--------|-------------------------------------|--------------------------------------|-------------------|
|----|---------------------|--------|-------------------------------------|--------------------------------------|-------------------|

Freehold

Properties held as investment

Saint Petersburg & Leningradskaya Region

Existing buildings

| | | | | | |
|---|---------------|----------|-------------|------|-------------|
| 1 | Apollo | Freehold | 976,402,000 | 100% | 976,402,000 |
| 2 | Orlov | Freehold | 664,235,000 | 100% | 664,235,000 |
| 3 | Gelious | Freehold | 399,029,000 | 100% | 399,029,000 |
| 4 | Litera | Freehold | 265,161,000 | 100% | 265,161,000 |
| 5 | Kazanskaya 36 | Freehold | 718,103,156 | 100% | 718,103,156 |

Properties held for future development

Saint Petersburg & Leningradskaya Region

Office centres

| | | | | | |
|---|----------------------|----------|---------------|------|---------------|
| 6 | Okhtinskaya Vertikal | Freehold | 1,252,862,422 | 100% | 1,252,862,422 |
| | Phase 1 | Freehold | | | |
| | Phase 2 | Freehold | | | |
| | Phase 3 | Freehold | | | |
| 7 | Vali Gribalevoy | Freehold | 287,161,112 | 100% | 287,161,112 |

Land plots for residential development

| | | | | | |
|---|-------|----------|----------------|-----|----------------|
| 8 | Ruchi | Freehold | 19,040,883,353 | 94% | 17,898,430,352 |
|---|-------|----------|----------------|-----|----------------|

Properties in the course of development

Saint Petersburg & Leningradskaya Region

Elite class residential

| | | | | | |
|----|------------------------------------|----------|---------------|------|---------------|
| 9 | Hermitage View House (residential) | Freehold | 2,514,086,208 | 100% | 2,514,086,208 |
| 10 | Radisheva | Freehold | 1,330,621,583 | 100% | 1,330,621,583 |
| 11 | Dom u Morya | Freehold | 494,718,327 | 100% | 494,718,327 |
| | Phase 1 | Freehold | | | |
| | Phase 3 | Freehold | | | |
| 12 | Konung | Freehold | 138,700,200 | 100% | 138,700,200 |
| 13 | Venice | Freehold | 2,027,503,646 | 100% | 2,027,503,646 |



| | | | | | |
|----|-------------|----------|---------------|------|----------------------|
| 14 | Europe City | Freehold | 3,183,262,431 | 100% | 3,183,262,431 |
| | Phase 1 | Freehold | | | |
| | Phase 2 | Freehold | | | |

Business class residential

| | | | | | |
|----|--------|----------|---------------|------|----------------------|
| 15 | Sophia | Freehold | 6,203,328,640 | 100% | 6,203,328,640 |
|----|--------|----------|---------------|------|----------------------|

Mass market residential

| | | | | | |
|----|------------------|----------|----------------|------|-----------------------|
| 16 | Pulkovskiy Posad | Freehold | 773,718,043 | 100% | 773,718,043 |
| | Phase 2 | Freehold | 4,517,813 | | |
| | Phase 3 | Freehold | 104,251,437 | | |
| | Phase 4-1 | Freehold | 12,575,296 | | |
| | Phase 4-2 | Freehold | 273,923,525 | | |
| | Phase 5-1 | Freehold | 163,125,679 | | |
| | Phase 5-2 | Freehold | 215,324,293 | | |
| 17 | Antey | Freehold | 2,330,186,988 | 100% | 2,330,186,988 |
| | Phase 1 | Freehold | 122,904,481 | | |
| | Phase 2 | Freehold | 1,080,417,336 | | |
| | Phase 3-1 | Freehold | 226,067,879 | | |
| | Phase 3-2 | Freehold | 310,426,189 | | |
| | Phase 4 | Freehold | 590,371,103 | | |
| 18 | Tsvetnoy Gorod | Freehold | 17,299,096,724 | | 16,337,534,627 |
| | Phase 1 | Freehold | 16,026,034,951 | 94% | 15,064,472,854 |
| | Phase 2 | Freehold | 1,273,061,773 | 100% | 1,273,061,773 |

Office centres

| | | | | | |
|----|--------------------------------|----------|-------------|------|--------------------|
| 19 | TOC na Leningradskom | Freehold | 32,552,207 | 80% | 26,041,766 |
| 20 | Kuybisheva | Freehold | 145,674,729 | 100% | 145,674,729 |
| 21 | Hermitage View House (offices) | Freehold | 212,337,007 | 100% | 212,337,007 |

Country houses

| | | | | | |
|----|--------------------------|----------|---------------|------|----------------------|
| 22 | Repino-Leninskoe | Freehold | 1,079,907,583 | 100% | 1,079,907,583 |
| | Phase 1 - Noviy Mir | Freehold | 28,147,589 | | |
| | Phase 2 - Park Way | Freehold | 41,295,756 | | |
| | Phase 3 - Elegiya | Freehold | 32,870,984 | | |
| | Phase 4 - Bolshoi Alakul | Freehold | 354,890,180 | | |
| | Phase 5 - Pobeda L-Park | Freehold | 105,145,818 | | |
| | Phase 6 - Butterfly | Freehold | 118,061,236 | | |
| | Phase 7 - Dachnoe | Freehold | 163,776,378 | | |
| | Phase 8 - Maloe Repino | Freehold | 235,719,642 | | |

Moscow & Moscow Region

All properties

| | | | | | |
|----|-------------------------|----------|---------------|------|----------------------|
| 23 | Davydkovskaya | Freehold | 306,593,100 | 100% | 306,593,100 |
| 24 | Leningradskoe shosse 58 | Freehold | 1,352,378,924 | 100% | 1,352,378,924 |

Yekaterinburg

Mass market residential

| | | | | | |
|----|----------------------|----------|---------------|------|----------------------|
| 25 | Michurinskiy | Freehold | 2,179,277,267 | 100% | 2,179,277,267 |
| 26 | Vosstaniya-Molodezhi | Freehold | 174,347,106 | 100% | 174,347,106 |
| | Phase 1 | Freehold | | | |
| | Phase 2 | Freehold | | | |
| | Phase 3 | Freehold | | | |



| | | | | | |
|----|---------------------------|----------|---------------|------|----------------------|
| | Phase 4 | Freehold | | | |
| 27 | Europeiskiy | Freehold | 19,411,162 | 100% | 19,411,162 |
| 28 | Kalinovskiy | Freehold | 1,218,331,264 | 100% | 1,218,331,264 |
| | Phase 1 | Freehold | 331,072,496 | | |
| | Phase 2 | Freehold | 150,430,266 | | |
| | Phase 3 | Freehold | 105,012,788 | | |
| | Phase 4 | Freehold | 190,491,816 | | |
| | Phase 5 | Freehold | 112,721,866 | | |
| | Phase 6 | Freehold | 328,602,032 | | |
| | Phase 7 | Freehold | | | |
| | Phase 8 | Freehold | | | |
| | Phase 9 | Freehold | | | |
| | Phase 10 | Freehold | | | |
| | Phase 11 | Freehold | | | |
| | Phase 12 | Freehold | | | |
| | Phase 13 | Freehold | | | |
| | Phase 14 | Freehold | | | |
| | Phase 15 | Freehold | | | |
| | Phase 16 | Freehold | | | |
| 29 | Furmanova-Moskovskaya | Freehold | 20,098,522 | 100% | 20,098,522 |
| 30 | Bebelya-Opalinskaya | Freehold | 11,290,876 | 100% | 11,290,876 |
| 31 | Molotoboitsev-Martovskaya | Freehold | 47,230,216 | 100% | 47,230,216 |

Total Properties held as freehold **66,698,489,796** **64,587,964,256**

Total of aggregate Market Value held Freehold **62%**

Leasehold

Properties held as investment

Moscow & Moscow Region

Existing buildings

| | | | | | |
|----|-----------------------|-----------|---------------|------|----------------------|
| 32 | Tverskoy boulevard 16 | Leasehold | 1,583,471,347 | 100% | 1,583,471,347 |
|----|-----------------------|-----------|---------------|------|----------------------|

Properties held for future development

Saint Petersburg & Leningradskaya Region

Office centres

| | | | | | |
|----|------------|-----------|-------------|------|--------------------|
| 33 | Salova, 61 | Leasehold | 599,718,730 | 100% | 599,718,730 |
|----|------------|-----------|-------------|------|--------------------|

Properties in the course of development

Saint Petersburg & Leningradskaya Region

Elite class residential

| | | | | | |
|----|--------------------------------|---------------------|---------------|------|----------------------|
| 34 | Smolnii Quarter (residential) | Investment contract | 6,570,098,660 | 100% | 6,570,098,660 |
| | Phase 1 | Investment contract | | | |
| | Phase 2 | Investment contract | | | |
| 35 | Nevskiy 1 | Leasehold | 1,555,595,774 | 100% | 1,555,595,774 |
| 36 | Paradnii Quarter (residential) | Investment contract | 5,765,898,851 | 100% | 5,765,898,851 |
| | Phase 2, bldgs 1,2,3 | Investment contract | 2,241,100,931 | | |
| | Phase 3, bldgs. 6,7 | Investment contract | 2,024,421,437 | | |
| | Phase 3, bldgs. 4,5,8 | Investment contract | 1,500,376,483 | | |
| 37 | Shpalernaya 60 Phase 3 | Leasehold | 146,783,206 | 100% | 146,783,206 |
| 38 | Residence at Suvorovskiy | Leasehold | 2,459,357,412 | 100% | 2,459,357,412 |
| 39 | Suvorovskiy 32 | Investment contract | 364,316,098 | 100% | 364,316,098 |
| 40 | Kamenoostrovskaya Kolleksiya | Leasehold | 1,109,455,138 | 100% | 1,109,455,138 |



| | | | | | |
|----|-----------|---------------------|------------|------|-------------------|
| 41 | Kovenskiy | Investment contract | 66,511,603 | 100% | 66,511,603 |
|----|-----------|---------------------|------------|------|-------------------|

Business class residential

| | | | | | |
|----|------------------------------|-----------|-------------|------|--------------------|
| 42 | Dom u Komendantskoy ploshadi | Leasehold | 492,850,699 | 100% | 492,850,699 |
| | bldgs 48A | Leasehold | 59,103,695 | | |
| | bldgs 49 | Leasehold | 433,747,004 | | |

Mass market residential

| | | | | | |
|----|-------------------|-----------|---------------|------|----------------------|
| 43 | Dolgoozerniy | Leasehold | 413,097,225 | 100% | 413,097,225 |
| | Phase 2 | Leasehold | 38,245,322 | | |
| | Phase 3 | Leasehold | 90,672,327 | | |
| | Phase 4 | Leasehold | 284,179,576 | | |
| 44 | Fortuna | Leasehold | 560,683,188 | 100% | 560,683,188 |
| 45 | Yuzhniy | Leasehold | 2,957,949,121 | 100% | 2,957,949,121 |
| | Phase 1 | Leasehold | 820,041,978 | | |
| | Phase 2 | Leasehold | 343,135,121 | | |
| | Phase 3 | Leasehold | 22,917,122 | | |
| | Phase 4 | Leasehold | 290,253,616 | | |
| | Phase 5 | Leasehold | 954,171,683 | | |
| | Phase 6 | Leasehold | 527,429,601 | | |
| 46 | Karolina | Leasehold | 111,421,817 | 100% | 111,421,817 |
| 47 | Yugnaya Aquatoria | Leasehold | 2,849,443,232 | 100% | 2,849,443,232 |
| 48 | Avrora | Leasehold | 3,699,914,509 | 100% | 3,699,914,509 |
| 49 | Vostok | Leasehold | 617,161,661 | 100% | 617,161,661 |

Office centres

| | | | | | |
|----|------------------------------|---------------------|---------------|------|----------------------|
| 50 | Paradny Quarter (offices) | Investment Contract | 1,695,552,715 | 100% | 1,695,552,715 |
| | Phase 4, bldgs. 11 | Investment Contract | 320,836,155 | | |
| | Phase 3, bldgs. 16 | Investment Contract | 680,121,231 | | |
| | Phase 4, bldgs. 17,18 | Investment Contract | 694,595,329 | | |
| 51 | Kamenoostrovskaya Kolleksiya | Leasehold | 113,428,651 | 100% | 113,428,651 |

Country houses

| | | | | | |
|----|----------------------|---------------------|-------------|------|--------------------|
| 52 | Zhemchuzhina Razliva | Investment Contract | 274,915,115 | 100% | 274,915,115 |
|----|----------------------|---------------------|-------------|------|--------------------|

Moscow & Moscow Region

All properties

| | | | | | |
|----|---------------|---------------------|---------------|------|----------------------|
| 53 | Noviy Balchug | Investment Contract | 2,094,096,965 | 100% | 2,094,096,965 |
| 54 | Grunvald | Investment Contract | 1,237,427,683 | 100% | 1,237,427,683 |

Yekaterinburg

Mass market residential

| | | | | | |
|----|---|-----------|-------------|------|--------------------|
| 55 | 40-Letiya Komsomola | Leasehold | 523,191,003 | 100% | 523,191,003 |
| 56 | KOSK po Novgorodtsevoy | Leasehold | 121,583,728 | 100% | 121,583,728 |
| 57 | Bakinskih Komissarov-Vosstaniya Parking | Leasehold | 11,462,516 | 100% | 11,462,516 |
| 58 | Postovskogo-Onufrieva | Leasehold | 167,544,980 | 100% | 167,544,980 |
| | Phase 2 | Leasehold | 163,998,765 | | |
| | Phase 3 | Leasehold | 3,546,215 | | |
| 59 | Zeleniy Mus | Leasehold | 763,515,000 | 100% | 763,515,000 |
| | Phase 1 | Leasehold | 31,506,093 | | |
| | Phase 2 | Leasehold | 176,778,531 | | |
| | Phase 3 | Leasehold | 261,705,099 | | |
| | Phase 4 | Leasehold | 150,757,528 | | |
| | Phase 5 | Leasehold | 108,464,439 | | |
| | Phase 6 | Leasehold | 34,303,310 | | |



| | | | | | |
|----|-----------|-----------|-------------|------|--------------------|
| 60 | Lokomotiv | Leasehold | 284,716,183 | 100% | 284,716,183 |
| | Phase 1 | Leasehold | 112,020,777 | | |
| | Phase 2 | Leasehold | 171,435,363 | | |
| | Phase 3 | Leasehold | 1,260,043 | | |
| 61 | Tatishhev | Leasehold | 475,551,555 | 100% | 475,551,555 |
| | Phase 1 | Leasehold | 72,119,599 | | |
| | Phase 2 | Leasehold | 60,309,178 | | |
| | Phase 3 | Leasehold | 110,359,364 | | |
| | Phase 4 | Leasehold | 220,631,569 | | |
| | Phase 5 | Leasehold | 12,131,845 | | |

Total Properties held as leasehold **39,686,714,365** **39,686,714,365**

Total of aggregate Market Value held Leasehold **38%**

GRAND TOTAL PORTFOLIO **106,385,204,161** **104,274,678,621**

5. NET ANNUAL RENT

Because none of the subject development Properties are leased to tenants on the date of Valuation, the “net annual rent” for each Property, where relevant, is referred to in the appended Schedules as the Estimated Market Rented Value on Completion. For the purposes of this exercise, we have defined “Net Annual Rent” 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 amortization), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.*

6. TOWN PLANNING

We have not performed searches of any sort, but have generally relied on guidelines provided under the Moscow City 2020 Structure Plan, the St. Petersburg City 2015 Structure Plan and the Yekaterinburg City 2025 Structure Plan, information provided by the Company and the Project documentation (where in existence) in respect of each of the Properties.

In accordance with Article 7 of the Land Code of the Russian Federation, land in the Russian Federation is divided into specific categories by designated purpose. Land of a specific category is used in accordance with this designated purpose. The way land is administered is determined based on its affiliation with one category or another and permitted use in accordance with the zoning in the area.



The planning and approvals process in Russia is extremely bureaucratic and fraught with uncertainty. A number of preliminary planning approvals are required in order to receive a land lease and following the granting of the lease, it is necessary to obtain the approval of a "Project" (i.e. design documentation) through a department of the relevant city authority. Following these approvals, confirmation of technical conditions from the main utility providers, fire, health and safety, environmental protection and sanitary departments of the authority is required. The "Project" provides the basis upon which a formal planning approval may be sought and outlines the necessary contributions and technical requirements of the utility providers.

We have been provided with Project documentation for the subject development sites and accordingly make what we consider to be reasonable provisions within our calculations for the time taken to 'receive' approval of the Project, and the likely costs to be incurred / contributions which maybe payable to the utility providers. We would caution that these are estimates only and actual payments may differ from these estimates.

Where a property is held for development or is subject to the granting of a land lease, and at the date of this valuation the terms of the Project are not finalised, our valuation takes into account any additional reasonable risks of delay and cost in receiving the Project. We have assumed that there are no unforeseeable circumstances that would cause additional cost or delay in excess of those generally experienced.

Each valuation has been prepared on the basis that the relevant Property has been built 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 has assumed that each Property is not affected by proposals for road widening, compulsory purchase, planning inquiry, or archaeological investigation.

It is stressed that under Russian law, the construction of buildings and other premises may only be carried out based upon an approved Project, and after all the appropriate permissions are obtained. The scope of necessary approvals and documentation required depends on the type of work to be carried out.

In all developments, each valuation assumes that all required planning permission consents will be received within a normally acceptable timescale and that there are no 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 development plan for each Property, each valuation reflects our opinion of an appropriate development that could reasonably be expected to form the basis of an offer for a Property by a third party. Therefore our valuations do not necessarily reflect the Company's intended investment / development programme.

7. 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 that is to be demolished as part of the development process.

8. SITE AND CONTAMINATION

We have not investigated ground conditions/stability and each valuation assumes that buildings that have been constructed, and will be constructed, have made, or will have, appropriate regard to existing ground conditions. Where the relevant Property has development potential, our valuation is made on the basis that there are no adverse ground conditions which would affect building costs. We are aware that there may be underground metro lines in close vicinity of a number of the sites. Should underground levels not be physically possible, this will call the financial viability of the development proposals into question.

Where the Company has supplied us with a building cost estimate, we have relied on it being based on complete 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 the Company 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.

9. PLANT AND MACHINERY

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

10. INSPECTIONS, AREAS AND DIMENSIONS

We inspected each existing Property internally and externally from ground level and each development site externally from ground level by Alexandra Lvova and Elena Parshina, Valuers, on 21-28 December 2009. The 14 development sites in Yekaterinburg were inspected on 18-19 January 2010 by Elena Parshina, Valuer.

The buildings currently occupying any of the sites are not the Company's intended developments and will be demolished to facilitate redevelopment. No measured surveys have been carried out by DTZ and 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. In the event that developable areas quoted herein differ for any reason from those ultimately constructed, we reserve the right to reappraise our valuation.



In relation to all the land sites, it was not possible to accurately determine the extent of the site boundaries as these were not clearly shown on site.

11. SOURCES OF INFORMATION

All formal information relating to a Property has been provided to DTZ by the Company. Each valuation is based on the information which has been supplied to DTZ 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 there being no undisclosed matters which would affect each valuation.

12. GENERAL PRINCIPLES

In respect of tenants' covenants, whilst we have taken into account market information of which we are aware, we have not received a formal report on the financial status of any prospective tenant. We have assumed that all leased space will be let at market levels.

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

Allowances have been made for legal and agents' expenses of realisation arising from a sale or development of each Property.

None of the Valuations contained in this Valuation Report makes any allowance either for the cost of transferring sale proceeds internationally or elsewhere within the Company, or for any restrictions on so doing.

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 any Property. Where a grant may have 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 want to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase.

The valuation of each Property has been undertaken by Mr. Chris Dryden BLE MA MRICS, Mr. Joshua Askew MA MRICS, Miss Nina Bazarova, licensed valuer, MRICS, Miss Elena Parshina, licensed valuer and Miss Alexandra Lvova, licensed valuer.

Each valuation assumes that there is an active letting and funding market.

13. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

DTZ can confirm that each valuation is not made on the basis of any departures from the Practice Statements contained in the Red Book unless specifically stated herein. 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.

14. DISCLOSURE

The member of The Royal Institution of Chartered Surveyors who is named in Section 11 has previously been a signatory to the valuations provided to the Company for the same purposes as this Valuation Report.

DTZ have previously carried out these valuations for the same purpose as this Valuation Report on behalf of the Company.

15. NO SIGNIFICANT CHANGE

Assuming there have been no significant changes to the Properties since 31 December 2009 and based on our enquiries of officials of the Company who have responsibility for the Properties and knowledge of the Markets in which they are located, as far as we are aware, there has been no material negative change in the Market Value of any of the Properties between 31 December 2009 and the date of this Valuation Report and confirm that we are not aware of anything which would require us to revise our assumptions or valuations in this Valuation Report.

16. DISCLOSURES REQUIRED UNDER THE PROVISIONS OF UKPS 5.4

In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company was less than 5% of DTZ's turnover and we anticipate that it will remain less than 5% in the financial year to 30 April 2010.

17. AGGREGATE VALUATION

Subject to the foregoing, and based on current values as at 31 December 2009, DTZ are of the opinion that the aggregate of the Market Value of each beneficial share of the freehold and leasehold rights to each development in which the Company has an interest (albeit indirectly through the shares of special purpose vehicles), as set out in the Schedules, and on the basis of the assumptions as described above is the total sum of:



LSR Group OJSC
Portfolio Assets
Schedule of Values
(valuation as of 31 December 2009)

| No | Development Project | Site Area, ha | Outstanding land acquisition cost, RUR ** | Construction budget, RUR | Estimated outstanding construction costs, RUR | Developer's profit used, % | Market Value of 100% ownership, RUR | Valued Interest, % (LSR Legal Share) | Market Value, RUR |
|----|---------------------|---------------|---|--------------------------|---|----------------------------|-------------------------------------|--------------------------------------|-------------------|
|----|---------------------|---------------|---|--------------------------|---|----------------------------|-------------------------------------|--------------------------------------|-------------------|

Properties held as investment

Saint Petersburg & Leningradskaya Region

Existing buildings

| | | | | | | | | | |
|---|---------------|------|--|--|--|--|-------------|------|--------------------|
| 1 | Apollo | 0,24 | | | | | 976 402 000 | 100% | 976 402 000 |
| 2 | Orlov | n/a | | | | | 664 235 000 | 100% | 664 235 000 |
| 3 | Gelious | n/a | | | | | 399 029 000 | 100% | 399 029 000 |
| 4 | Litera | 0,09 | | | | | 265 161 000 | 100% | 265 161 000 |
| 5 | Kazanskaya 36 | 0,25 | | | | | 718 103 156 | 100% | 718 103 156 |

Moscow & Moscow Region

Existing buildings

| | | | | | | | | | |
|---|-----------------------|------|--|--|--|--|---------------|------|----------------------|
| 6 | Tverskoy boulevard 16 | 0,14 | | | | | 1 583 471 347 | 100% | 1 583 471 347 |
|---|-----------------------|------|--|--|--|--|---------------|------|----------------------|

Total Properties held as investment

4 606 401 503

4 606 401 503



Properties held for future development

Saint Petersburg & Leningradskaya Region

| Office centres | | | | | | | | | |
|----------------|----------------------|-------|-----------|----------------|----------------|-----|---------------|------|----------------------|
| 7 | Okhtinskaya Vertikal | 10,47 | | 16 515 938 000 | 16 512 263 000 | 25% | 1 252 862 422 | 100% | 1 252 862 422 |
| | Phase 1 | | | 6 606 361 000 | 6 604 892 000 | | | | |
| | Phase 2 | 10,47 | | 6 936 629 000 | 6 935 085 000 | | | | |
| | Phase 3 | | | 2 972 948 000 | 2 972 286 000 | | | | |
| 8 | Vali Gribalevoy | 0,75 | | 1 619 891 000 | 1 619 149 000 | 20% | 287 161 112 | 100% | 287 161 112 |
| 9 | Salova, 61 | 2,50 | 7 137 000 | 5 238 986 000 | 5 237 474 000 | 20% | 599 718 730 | 100% | 599 718 730 |

Land plots for residential development

| | | | | | | | | | |
|----|-------|--------|--|----------------|----------------|-----|----------------|-----|-----------------------|
| 10 | Ruchi | 305,87 | | 94 125 394 000 | 94 094 586 000 | 30% | 19 040 883 353 | 94% | 17 898 430 352 |
|----|-------|--------|--|----------------|----------------|-----|----------------|-----|-----------------------|

Total Properties held for future development

21 180 625 617

20 038 172 616

Properties in the course of development

Saint Petersburg & Leningradskaya Region

| Elite class residential | | | | | | | | | |
|-------------------------|------------------------------------|------|---------------|---------------|---------------|-------|---------------|------|----------------------|
| 11 | Hermitage View House (residential) | 0,19 | 2 587 000 | 767 831 000 | 575 998 000,0 | 15% | 2 514 086 208 | 100% | 2 514 086 208 |
| 12 | Smolnii Quarter (residential) | 8,65 | 61 043 000 | 5 695 385 000 | 5 017 448 000 | 20% | 6 570 098 660 | 100% | 6 570 098 660 |
| | Phase 1 | | 16 556 000 | 1 581 270 000 | 1 055 975 000 | | | | |
| | Phase 2 | 8,65 | 44 487 000 | 4 114 115 000 | 3 961 473 000 | | | | |
| 13 | Nevskiy 1 | 0,22 | 11 419 000 | 1 288 582 000 | 1 165 967 000 | 15% | 1 555 595 774 | 100% | 1 555 595 774 |
| 14 | Paradnii Quarter (residential) | 9,6* | 1 570 388 000 | 7 663 579 000 | 4 140 110 000 | | 5 765 898 851 | 100% | 5 765 898 851 |
| | Phase 2, bldgs 1,2,3 | | | 3 380 068 000 | 344 969 000 | 5% | 2 241 100 931 | | |
| | Phase 3, bldgs. 6,7 | 9,6* | 834 243 000 | 2 176 091 000 | 1 805 031 000 | 12,5% | 2 024 421 437 | | |
| | Phase 3, bldgs. 4,5,8 | | 736 145 000 | 2 107 420 000 | 2 039 665 | 15% | 1 500 376 483 | | |
| 15 | Radisheva | 0,85 | 4 438 000 | 1 204 273 000 | 1 150 940 000 | 15% | 1 330 621 583 | 100% | 1 330 621 583 |



| | | | | | | | | | |
|----|------------------------------|------|-------------|---------------|---------------|-----|---------------|------|----------------------|
| 16 | Shpalernaya 60 Phase 3 | 0,13 | | 345 639 000 | 32 588 000 | 5% | 146 783 206 | 100% | 146 783 206 |
| 17 | Dom u Morya | 3,56 | 13 000 | 2 386 215 000 | 37 727 000 | | 494 718 327 | 100% | 494 718 327 |
| | Phase 1 | 2,58 | | 1 441 812 000 | 22 266 000 | 5% | | | |
| | Phase 3 | 0,98 | 13 000 | 944 403 000 | 15 461 000 | 5% | | | |
| 18 | Residence at Suvorovskiy | 1,25 | 449 000 | 2 216 651 000 | 298 317 000 | 5% | 2 459 357 412 | 100% | 2 459 357 412 |
| 19 | Suvorovskiy 32 | 1,13 | 303 635 000 | 687 348 000 | 660 827 000 | 15% | 364 316 098 | 100% | 364 316 098 |
| 20 | Konung | 0,25 | | 195 130 000 | | 0% | 138 700 200 | 100% | 138 700 200 |
| 21 | Kamenoostrovskaya Kolleksiya | 0,76 | 148 000 | 781 153 000 | 37 886 000 | 5% | 1 109 455 138 | 100% | 1 109 455 138 |
| 22 | Venice | 0,83 | 6 250 000 | 1 010 795 000 | 932 226 000 | 20% | 2 027 503 646 | 100% | 2 027 503 646 |
| 23 | Kovenskiy | 0,39 | 179 132 000 | 384 264 000 | 358 801 000 | 15% | 66 511 603 | 100% | 66 511 603 |
| 24 | Europe City | 7,38 | 37 593 000 | 5 675 293 000 | 5 067 681 000 | 20% | 3 183 262 431 | 100% | 3 183 262 431 |
| | Phase 1 | | 19 579 000 | 2 955 832 000 | 2 652 026 000 | | | | |
| | Phase 2 | 7,38 | 18 014 000 | 2 719 461 000 | 2 415 655 000 | | | | |

Business class residential

| | | | | | | | | | |
|----|------------------------------|-------|-------------|----------------|----------------|-----|---------------|------|----------------------|
| 25 | Sophia | 20,00 | 188 666 000 | 15 145 744 000 | 15 127 248 000 | 20% | 6 203 328 640 | 100% | 6 203 328 640 |
| 26 | Dom u Komendantskoy ploshadi | 3,18 | | 1 583 813 000 | 238 016 000 | | 492 850 699 | 100% | 492 850 699 |
| | bldgs 48A | | | 517 417 000 | | 0% | 59 103 695 | | |
| | bldgs 49 | 3,18 | | 1 066 396 000 | 238 016 000 | 5% | 433 747 004 | | |

Mass market residential

| | | | | | | | | | |
|----|------------------|------|--------|---------------|---------------|-----|-------------|------|--------------------|
| 27 | Dolgoozerniy | 4,03 | | 2 346 757 000 | 423 855 000 | | 413 097 225 | 100% | 413 097 225 |
| | Phase 2 | | | 674 078 000 | 140 000 | 0% | 38 245 322 | | |
| | Phase 3 | 4,03 | | 895 457 000 | 1 917 000 | 0% | 90 672 327 | | |
| | Phase 4 | | | 777 222 000 | 421 798 000 | 10% | 284 179 576 | | |
| 28 | Fortuna | 4,45 | | 3 190 217 000 | 182 176 000 | 0% | 560 683 188 | 100% | 560 683 188 |
| 29 | Pulkovskiy Posad | 8,25 | 97 000 | 2 898 641 000 | 1 115 575 000 | | 773 718 043 | 100% | 773 718 043 |
| | Phase 2 | | | 130 198 000 | | 0% | 4 517 813 | | |
| | Phase 3 | | | 806 498 000 | | 0% | 104 251 437 | | |
| | Phase 41 | | | 141 095 000 | | 0% | 12 575 296 | | |
| | Phase 42 | 8,25 | | 573 909 000 | 365 851 000 | 10% | 273 923 525 | | |
| | Phase 51 | | | 387 611 000 | 3 185 000 | 0% | 163 125 679 | | |
| | Phase 52 | | 97 000 | 859 330 000 | 746 539 000 | 10% | 215 324 293 | | |



| | | | | | | | | | |
|----|-------------------|--------|-------------|----------------|----------------|--------|----------------|------|-----------------------|
| 30 | Antey | 7,08 | 645 000 | 5 779 702 000 | 2 809 234 000 | | 2 330 186 988 | 100% | 2 330 186 988 |
| | Phase 1 | | | 1 156 705 000 | 1 151 000 | 0% | 122 904 481 | | |
| | Phase 2 | | | 1 828 996 000 | 1 197 602 000 | 10% | 1 080 417 336 | | |
| | Phase 31 | 7,08 | | 1 031 097 000 | 2 544 000 | 0% | 226 067 879 | | |
| | Phase 32 | | | 528 630 000 | 465 577 000 | 10% | 310 426 189 | | |
| | Phase 4 | | 645 000 | 1 234 274 000 | 1 142 360 000 | 10% | 590 371 103 | | |
| 31 | Yuzhniy | 9,33 | 157 892 000 | 9 683 009 000 | 4 561 466 000 | | 2 957 949 121 | 100% | 2 957 949 121 |
| | Phase 1 | 1,55 | 12 278 000 | 1 340 107 000 | 1 184 092 000 | 15% | 820 041 978 | | |
| | Phase 2 | 1,65 | 16 469 000 | 1 667 920 000 | 1 338 444 000 | 15% | 343 135 121 | | |
| | Phase 3 | 1,80 | 16 991 000 | 1 365 231 000 | 392 191 000 | 5% | 22 917 122 | | |
| | Phase 4 | 0,99 | 8 001 000 | 1 168 191 000 | 267 022 000 | 5% | 290 253 616 | | |
| | Phase 5 | 1,83 | 63 338 000 | 2 129 800 000 | 947 265 000 | 10% | 954 171 683 | | |
| | Phase 6 | 1,51 | 40 815 000 | 2 011 760 000 | 432 452 000 | 5% | 527 429 601 | | |
| 32 | Karolina | 2,16 | 72 442 000 | 1 328 489 000 | 775 191 000 | 10% | 111 421 817 | 100% | 111 421 817 |
| 33 | Tsvetnoy Gorod | 274,5 | | 85 253 206 000 | 85 185 056 000 | | 17 299 096 724 | | 16 337 534 627 |
| | Phase 1 | 267,40 | | 79 898 630 000 | 79 871 969 000 | 30% | 16 026 034 951 | 94% | 15 064 472 854 |
| | Phase 2 | 7,10 | | 5 354 576 000 | 5 313 087 000 | 20% | 1 273 061 773 | 100% | 1 273 061 773 |
| 34 | Yugnaya Aquatoria | 23,90 | 11 825 000 | 13 917 894 000 | 13 867 257 000 | 25% | 2 849 443 232 | 100% | 2 849 443 232 |
| 35 | Avrora | 15,00 | 12 756 000 | 10 122 440 000 | 10 096 405 000 | 17,5 % | 3 699 914 509 | 100% | 3 699 914 509 |
| 36 | Vostok | 1,58 | 9 220 000 | 1 472 857 000 | 1 462 177 000 | 15% | 617 161 661 | 100% | 617 161 661 |

Office centres

| | | | | | | | | | |
|----|--------------------------------|------|------------|-------------|-------------|------------|---------------|------|----------------------|
| 37 | TOC na Leningradskom | 0,19 | 12 622 000 | 285 422 000 | 276 804 000 | 22% *** | 32 552 207 | 80% | 26 041 766 |
| 38 | Kuybisheva | 0,19 | 17 000 | 366 670 000 | 333 968 000 | 22% *** | 145 674 729 | 100% | 145 674 729 |
| 39 | Paradnyi Quarter (offices) | 9,6* | | 723 023 729 | 545 784 492 | | 1 695 552 715 | 100% | 1 695 552 715 |
| | Phase 4, bldgs. 11 | | | 155 851 695 | 90 152 542 | 10% | 320 836 155 | | |
| | Phase 3, bldgs. 16 | | | 173 374 576 | 63 016 949 | 7,50 % | 680 121 231 | | |
| | Phase 4, bldgs. 17,18 | | | 393 797 458 | 392 615 000 | 15,0 0% | 694 595 329 | | |
| 40 | Hermitage View House (offices) | 0,21 | 2 802 000 | 755 380 000 | 577 314 397 | 17% *** | 212 337 007 | 100% | 212 337 007 |
| 41 | Kamenoostrovskaya | 0,83 | 79 120 000 | 401 555 932 | 388 229 000 | 15% | 113 428 651 | 100% | 113 428 651 |



Kollektsiya

Country houses

| | | | | | | | | | |
|----|------------------------|--------|--|---------------|-------------|-------|---------------|------|----------------------|
| 42 | RepinoLeninskoe | 207,87 | | 1 175 759 000 | 636 760 000 | | 1 079 907 583 | 100% | 1 079 907 583 |
| | Phase 1 Noviy Mir | 20,00 | | 267 132 000 | 5 000 000 | 5% | 28 147 589 | | |
| | Phase 2 Park Way | 8,66 | | 76 753 000 | | 5% | 41 295 756 | | |
| | Phase 3 Elegiya | 5,70 | | 37 363 000 | 21 502 000 | 10% | 32 870 984 | | |
| | Phase 4 Bolshoi Alakul | 77,30 | | 361 242 000 | 297 255 000 | 20% | 354 890 180 | | |
| | Phase 5 Pobeda LPark | 18,44 | | 72 792 000 | 68 669 000 | 15% | 105 145 818 | | |
| | Phase 6 Butterfly | 14,92 | | 63 609 000 | 55 777 000 | 15% | 118 061 236 | | |
| | Phase 7 Dachnoe | 29,97 | | 117 756 000 | 112 980 000 | 17,5% | 163 776 378 | | |
| | Phase 8 Maloe Repino | 32,88 | | 179 112 000 | 75 577 000 | 10% | 235 719 642 | | |
| 43 | Zhemchuzhina Razliva | 6,84 | | 606 567 000 | 39 185 000 | 10% | 274 915 115 | 100% | 274 915 115 |

Moscow & Moscow Region

All properties

| | | | | | | | | | |
|----|-------------------------|------|-------------|---------------|---------------|-------|---------------|------|----------------------|
| 44 | Noviy Balchug | 0,42 | 141 000 000 | 928 335 000 | 862 439 000 | 15% | 2 094 096 965 | 100% | 2 094 096 965 |
| 45 | Davydkovskaya | 1,14 | | 648 975 000 | | 0% | 306 593 100 | 100% | 306 593 100 |
| 46 | Grunvald | 4,10 | 235 771 000 | 1 819 856 000 | 461 976 000 | 7,50% | 1 237 427 683 | 100% | 1 237 427 683 |
| 47 | Leningradskoe shosse 58 | 1,81 | 241 128 000 | 3 887 367 000 | 3 882 579 000 | 20% | 1 352 378 924 | 100% | 1 352 378 924 |

Yekaterinburg

Mass market residential

| | | | | | | | | | |
|----|---------------------|-------|--|----------------|----------------|-------|---------------|------|----------------------|
| 48 | Michurinskiy | 51,88 | | 14 926 833 553 | 14 517 119 294 | 30% | 2 179 277 267 | 100% | 2 179 277 267 |
| 49 | 40Letiya Komsomola | 9,87 | | 3 122 630 304 | 3 080 320 487 | 22,5% | 523 191 003 | 100% | 523 191 003 |
| 50 | VosstaniyaMolodezhi | 0,89 | | 568 652 486 | 375 499 631 | 15% | 174 347 106 | 100% | 174 347 106 |
| | Phase 1 | | | 270 998 881 | 176 027 807 | | | | |
| | Phase 2 | 0,89 | | 124 431 251 | 78 431 378 | | | | |
| | Phase 3 | | | 138 782 354 | 90 880 679 | | | | |



| | | | | | | | | | |
|----|--|------|---------------|---------------|------|--|---------------|------|----------------------|
| | Phase 4 | | 34 440 000 | 30 159 766 | | | | | |
| 51 | KOSK po Novgorodtsevoy | 0,88 | 268 244 976 | 265 755 210 | 20% | | 121 583 728 | 100% | 121 583 728 |
| 52 | Bakinskih KomissarovVosstaniya Parking | 0,15 | 48 788 407 | 32 543 419 | 15% | | 11 462 516 | 100% | 11 462 516 |
| 53 | Europeiskiy | 0,72 | 368 694 407 | 3 157 671 | 0% | | 19 411 162 | 100% | 19 411 162 |
| 54 | PostovskogoOnufrieva | 0,79 | 517 221 088 | 63 628 555 | | | 167 544 980 | 100% | 167 544 980 |
| | Phase 2 | 0,69 | 493 514 395 | 45 641 859 | 7,5% | | 163 998 765 | | |
| | Phase 3 | 0,10 | 23 706 692 | 17 986 696 | 10% | | 3 546 215 | | |
| 55 | Zeleniy Mus | 1,73 | 1 388 699 105 | 415 641 873 | | | 763 515 000 | 100% | 763 515 000 |
| | Phase 1 | 0,28 | 216 777 816 | 1 020 738 | 0% | | 31 506 093 | | |
| | Phase 2 | 0,23 | 302 310 700 | 68 493 434 | 5% | | 176 778 531 | | |
| | Phase 3 | 0,22 | 386 778 809 | 198 148 969 | 10% | | 261 705 099 | | |
| | Phase 4 | 0,23 | 278 348 230 | 123 281 837 | 10% | | 150 757 528 | | |
| | Phase 5 | 0,50 | 164 864 190 | 18 498 534 | 5% | | 108 464 439 | | |
| | Phase 6 | 0,27 | 39 619 360 | 6 198 360 | 5% | | 34 303 310 | | |
| 56 | Kalinovskiy | 6,68 | 4 369 293 410 | 3 243 426 478 | | | 1 218 331 264 | 100% | 1 218 331 264 |
| | Phase 1 | 0,94 | 771 866 609 | 159 424 922 | 10% | | 331 072 496 | | |
| | Phase 2 | 0,22 | 195 667 374 | 64 612 955 | 10% | | 150 430 266 | | |
| | Phase 3 | 0,22 | 171 731 131 | 113 376 453 | 15% | | 105 012 788 | | |
| | Phase 4 | 0,30 | 425 895 503 | 300 123 331 | 15% | | 190 491 816 | | |
| | Phase 5 | 0,42 | 413 499 886 | 322 130 105 | 20% | | 112 721 866 | | |
| | Phase 6 | 0,31 | 162 615 827 | 155 991 521 | | | | | |
| | Phase 7 | 0,31 | 87 920 550 | 83 208 141 | | | | | |
| | Phase 8 | 0,47 | 192 204 767 | 174 776 768 | | | | | |
| | Phase 9 | 0,48 | 194 434 835 | 177 432 430 | | | | | |
| | Phase 10 | 0,20 | 246 189 342 | 234 962 844 | | | | | |
| | Phase 11 | 0,47 | 243 132 721 | 231 522 183 | | | | | |
| | Phase 12 | 0,48 | 526 907 132 | 503 372 861 | | | | | |
| | Phase 13 | 0,47 | 327 266 696 | 313 442 261 | | | | | |
| | Phase 14 | 0,48 | 122 710 920 | 122 710 920 | | | | | |
| | Phase 15 | 0,60 | 155 646 318 | 155 646 318 | | | | | |
| | Phase 16 | 0,32 | 131 603 800 | 130 692 464 | | | | | |
| 57 | FurmanovaMoskovskaya | n/a | 66 264 914,51 | | 0% | | 20 098 522 | 100% | 20 098 522 |



| | | | | | | | | | |
|----|--------------------------|------|------------|----------------|----------------|--------|-------------|------|--------------------|
| 58 | BebelyaOpalihinskaya | 0,13 | | 42 065 799 | 235 718 | 0% | 11 290 876 | 100% | 11 290 876 |
| 59 | Lokomotiv | 1,94 | | 568 897 984,03 | 225 469 597,51 | | 284 716 183 | 100% | 284 716 183 |
| | Phase 1 | 0,80 | | 244 898 155,62 | 145 288 334,57 | 12,5 % | 112 020 777 | | |
| | Phase 2 | 0,81 | | 277 422 415,15 | 35 843 927,06 | 10% | 171 435 636 | | |
| | Phase 3 | 0,33 | | 46 577 413,26 | 44 337 335,89 | 15% | 1 260 043 | | |
| 60 | Tatishev | 2,16 | | 1 504 806 557 | 1 161 012 132 | | 475 551 555 | 100% | 475 551 555 |
| | Phase 1 | 0,27 | | 236 682 823,66 | 59 288 381,00 | 10% | 72 119 599 | | |
| | Phase 2 | 0,32 | | 219 821 005,54 | 185 509 113,48 | 15% | 60 309 178 | | |
| | Phase 3 | 0,45 | | 333 543 139,70 | 288 435 414,81 | 15% | 110 359 364 | | |
| | Phase 4 | 0,97 | | 612 389 089,51 | 528 307 364,25 | 15% | 220 631 569 | | |
| | Phase 5 | 0,15 | | 102 370 498,43 | 99 471 858,27 | 15% | 12 131 845 | | |
| 61 | MolotoboitsevMartovskaya | 0,39 | 74 684 306 | 74 684 306 | 2 081 184 | 5% | 47 230 216 | 100% | 47 230 216 |

Total Properties in the course of development

80 598 177 041

79 630 104 503

GRAND TOTAL PORTFOLIO

106 385 204 161

104 274 678 621

**site area for all Paradny Quarter phases*

*** including ground lease for a construction period, city share, investment contract conditions payment, settling, land redemption, etc.*

**** discount rate used in DCF calculation*



18. MARKET VALUE

It is our opinion that the Market Value of a perpetual interest in the Subject Properties, as at the date of valuation, **31 December, 2009**, subject to the assumptions and special assumptions and comments contained in this Report and Appendices, is

RUR 104,274,679,000

(One Hundred and Four Billion, Two Hundred and Seventy Four Million, Six Hundred and Seventy Nine Thousand Rubles)

The valuation stated above, of **RUR 104,274,679,000** represents the aggregate of the current values attributable to each of the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a single sale. We set out the value ascribed to each Property in the Schedules.

DTZ has based its valuation of the Properties on assumptions as to the expected highest and best use of each Property by a typical local developer in Russia, considering the spectrum of available uses. As a result, the description of each of the developments, and the accompanying valuation, reflects our reasonable expectations as to what a typical Russia developer may build on the Property, as well as the amount that such a developer would likely pay for the relevant Property in its current state. Our valuations are not based on the Company's planned use of the properties, and we do not make any judgment as to whether the Company may achieve a higher or better use of such properties as a result of its experience, expertise, commercial network, market insight and any advantage of scale.

We have considered an appropriate development commencement date and development period for each Property in isolation, based on each Property's particular circumstances. 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.



19. CONFIDENTIALITY

The contents of this Valuation Report, together with its Appendices and Schedules may be used only for specific purpose to which they refer and we hereby give our consent for this Valuation Report and any Appendices and Schedules to be included within the Prospectus for that purpose. Consequently, and in accordance with current practice, no responsibility is accepted to any party in respect of the whole or any part of their contents other than in connection with the purpose of this Valuation Report. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the special assumptions referred to herein. For the avoidance of doubt such approval is required whether or not DTZ Russia are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

A handwritten signature in cursive script that reads 'C. W. F. Dryden'.

CHRIS DRYDEN
CHARTERED SURVEYOR
DIRECTOR
FOR AND ON BEHALF OF DTZ



APPENDICES

APPENDIX I: GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

Valuation Methodology

In arriving at our opinion of Market Value of the Company's portfolio, we have adopted the residual method of valuation for all the plots of land and those developments in the course of construction. In the case of the existing office properties, we have adopted the comparable approach in the valuation having assumed sale for owner-occupancy with vacant possession on 1 July 2010 or 1 November 2010 as appropriate.

The subject properties within the portfolio include a number of development projects at different development stages, a number of which are on site currently, with the remainder being at varying stages of the development process.

Residual site appraisal methodology is standard accepted practice for calculating Market Value of development sites. The methodology is straightforward: firstly, we calculate the valuation of the development on completion, termed the Gross Development Value (GDV). For commercial property this is undertaken by applying our opinion of achievable rent per sq m (at today's prices) to the predicted net area of the building on completion. We then apply a market capitalisation rate to the resultant net operating income. In the case of residential property, we apply our opinion of an appropriate capital rate per sq m to gross internal area. This gives us the GDV of the proposed development.

Having calculated the end value, we must then subtract all costs associated with the development. This includes not only build costs, but also infrastructure, drainage etc., plus all professional fees involved in the construction of the project – architect, project manager, structural engineer, etc. In addition, we must also take full account of development finance costs, sales and letting fees throughout the development process plus the developer's profit (developer's profit levels must be disassociated with that of contractor's profit, which is included in the build cost per sq m). Once all outgoings have been deducted, the sum left is the residual site value, i.e. the sum of money left that a third party developer can pay for the site, given the construction of the proposed subject development.

Typically, positive land values are generated but on occasions residual site appraisal results in a negative land value. This would mean that on the basis of the financial and technical assumptions employed by the developer, the development is financially unviable.

A main point to note in residual site appraisal methodology adopted for the subject valuations is that all revenues and costs are those that are achievable in the current market. In all cases, we are not projecting rents, capital values, capitalisation rates or construction costs.

In adopting the residual approach to valuation, there are two different methodologies which can be used by the valuer to assess Market Value. First, the discounted cash flow (DCF) methodology, which involves the calculation of the net present value (NPV), of all future costs and income to be incurred and generated by the development of the property. This cash flow is discounted at an appropriate rate and in turn generates a NPV of the cash flow which is the sum available for the purchase of the site at the date of valuation.



The second methodology, using the residual valuation adopts the more straightforward residual method, which does not entail the use of a full discounted cash flow. In this case, the timing of the different development stages is reflected in terms of the cost of financing the development, as is the income generated upon completion and prior to sale.

In undertaking the land plot valuations on behalf of the Company, DTZ have utilised residual valuations with the use of 'Circle Visual Developer' valuation software. The 'Circle' residual method contains a variety of different variables, each of which are significant drivers to value. The main drivers to value are income (be it rent or sale prices), development costs, capitalisation rate/exit yield and within the DCF model, discount rate. From our experience, we are aware that small changes in any one of these variables can result in relatively significant changes in Market Value of land and it is therefore important that each of these variables be thoroughly market tested in order for the inputs to be deemed supportable. The fact that these variables can have such a significant impact on value has led DTZ to not incorporate any projections within our valuations. This is in accordance with RICS guidelines.

Some commercial properties (TOC at Leningradskom, Kuybisheva, Zoologichesky), which are a part of the portfolio, were also valued for IFRS purposes. In accordance with IAS 40, commercial properties for IFRS purposes we carried out these valuations using the DCF approach.

As stated above, while preparing our market valuations of all sites, we have adopted residual site appraisal valuation methodology.

DTZ have relied on sales and rent comparisons in calculating appropriate Gross Development Values of the subject development stock. We are able to obtain sufficient detail on individual sales and lettings in the market to be able to utilise these figures as a benchmark, from which appropriate adjustments can be then be made.

Having assumed sale for owner-occupancy with vacant possession for the existing office properties, we have applied the comparable approach.

In valuing the existing office properties, we have had regard to the limited sale transaction evidence available in the market, as supplied by the Company, as well as asking prices for comparable properties currently being offered for sale in the open market.

We list below the general principles upon which valuations and reports are normally prepared, which shall apply unless specifically mentioned otherwise in the foregoing Valuation Report.

RICS Appraisal and Valuation Standards

All valuations are carried out in accordance with the RICS Valuation Standards, 6th edition (the Red Book) and are undertaken by appropriately qualified valuers as defined therein.

Valuation Basis

All valuations are made on the appropriate basis as agreed with the instructing company in accordance with the provisions and definitions of the Red Book unless otherwise specifically agreed and stated. The specific basis of valuation adopted in relation to a particular instruction and the definition thereof is detailed in this Valuation Report.



No allowances are made in our valuations for any expenses of realization or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon.

It should be noted that our valuations are based upon the facts and evidence available at the date of valuation. It is therefore recommended that valuations be periodically reviewed.

Information Supplied

We accept as being complete and correct the information provided to us by the sources detailed in our Valuation Report, relating to items such as tenure, tenancies, tenants' improvements and other relevant matters. We have relied on this information and on there being no undisclosed matters which would affect our valuation.

Documentation and Title

We review documents of title and development permission as provided to us by the instructing company in so far as appropriate and necessary to assess the values reported herein. You should however appreciate that we are not legal advisers and, as such, we recommend that reliance should not be placed on our interpretation thereof without verification by your legal advisers.

Unless notified to the contrary, we assume that each Property has a good and marketable title (albeit where necessary through the sale of company shares), free from any unusually onerous restrictions, covenants or other encumbrances, and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that there are no unusual or onerous clauses, restrictions, easements, covenants or other outgoings, which would adversely affect the value of the relevant interest(s).

Inspections

We undertake such inspections and conduct investigations as are, in our opinion, correct in our professional judgment, appropriate and possible in the particular circumstances. External inspections are carried out from ground level only.

Structural surveys

Unless expressly instructed, we do not undertake structural surveys, nor do we inspect those parts that are covered, unexposed or inaccessible, or test any of the electrical, heating, or other services. Any readily apparent defects or items of disrepair noted during our inspection will be reflected in our valuations, but no assurance is given that any Property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our report and valuations.

Where we have been supplied with information on the condition of the structure and services our valuation reflects this. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation.

Hazardous and deleterious materials

Unless expressly instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuations assume that no such materials or methods have been used. Common examples include



high alumina cement concrete, calcium chloride, asbestos and wood wool used as permanent shuttering.

Site Conditions

Unless specifically requested, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geo-technical surveys. Unless notified to the contrary, our valuations are on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances.

Contamination

In preparing our valuations we assume that no contaminative or potentially contaminative use is, or has been, carried out at the Property.

Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the Property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exist. However, should it subsequently be established that such contamination exists at any of the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may be found to have a detrimental effect on the value reported.

Commensurate with our assumptions set out above we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

Planning

Taking into consideration information presented in the documents available to us, we assume that the properties have the necessary consents and permissions relevant to their current uses and that such uses are lawful and not in contravention to any Russian planning zoning legislation.

We also assume that the properties are not subject to any enforcement action. We assume that there are no outstanding planning applications in respect of the properties, that they are not listed nor in a conservation area.

Considering the documents available to us, we also assume that the properties are free from encumbrances and easements other than presented above.

Should these assumptions be proven to be incorrect, the value now reported may be reduced.

In preparing our valuations we have assumed that all necessary consents and authorisations for the use of the Property and the processes carried out at the Property are in existence, will continue to subsist and are not subject to any onerous conditions.

High voltage electricity supply apparatus

Where there is high voltage electrical supply equipment close to a Property, it should be noted that the possible effects of electromagnetic fields on health have been the subject of media coverage. Public perception may, therefore, affect marketability and future value of the Property.



Our valuations include items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems but generally exclude operational plant and machinery and those fixtures and fittings normally considered to be the property of the tenant.

Mortgages

No allowance is made for the existence of any mortgage, or similar financial encumbrance on or over the Property and no account taken of any leases between subsidiaries.

Government Grants

All valuations are given without any adjustment for capital based Government grants received or potentially receivable at the date of valuation.

Special Purchaser Value

Unless otherwise stated, our valuations do not reflect any element of marriage value or special purchaser value which could possibly be realized by a merger of interests or by a sale to an owner occupier of an adjoining property, other than as would be reflected in offers made in the open market by prospective purchasers apart from the purchaser with a special interest.

In the valuation of portfolios, each Property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

Overseas Properties

No allowance has been made for the transfer of funds outside Russia.



APPENDIX II: GLOBAL ASSUMPTIONS

A number of general assumptions have been made in developing the residual valuations, in addition to the assumptions and conditions above. These are summarised below:

Purchaser's Acquisition Cost

Acquisition costs are included in the calculation where appropriate.

Development Proposals

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

Utilities and 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. Where these have not been provided, we have taken estimates based upon our experience in this market.

Construction Costs

Construction costs supplied by the Company have been utilised in our development appraisals, benchmarked against standard rates in the market. Rates used are assumed to equal what a third party developer/purchaser would be expected to incur in the course of the development of each project.

Construction Contract

Construction payments are assumed to follow S curve distribution.

Permit and Contribution Costs

Where there are outstanding permit costs or contributions payable to the City of Moscow, these have been assessed in line with the forecasts as supplied by the Company. Where we have made our own estimates, these have been based upon our general experience in this market.

In order to assess the capital value of a completed development, DTZ assumed that a property is to be held upon completion for a period until the net income stabilises, and that the property is then sold. This is a valuation technique and does not necessarily represent the intention of the owner in each circumstance.

Delivery Condition and Pricing

The properties include ongoing developments and properties held for development.

In Russia, apartments are typically exposed to pre-sales from an early stage. It is common practice to value apartments on a sq m basis with apartments at higher levels in a development typically



commanding higher prices as opposed to the European norm of values based on an apartment size / room number basis.

Office premises in Russia are typically delivered in a finished open plan condition with retail space being delivered in a shell and core condition. All commercial space is typically leased or sold on a price reflecting a sq m value basis.

Returns

Comparable rental rates for commercial office space have been adopted in our cash flow valuation. Sale prices for residential developments have been assessed on current market prices.

These figures are based on research carried out by DTZ and market information. In respect of commercial rents they are exclusive of operating expenses and VAT.

Our opinion of yield is based in part on comparable sales and the general market sentiment that the increasing amount of investors seeking to purchase investment product in the region will have a downward pressure on returns over time.

Review/Renewal Period

This is the length of the initial leases. The rents for the initial leases remain fixed for their entire term and the rent during this period will depend upon the prevailing market rental rate in the year of completion. The length of initial leases has been assumed at 5 years.

Vacancy Rate

Void periods have been considered in relation to each development and depend upon the property class and the relative merits of each anticipated project.

Operating Expenses

For commercial properties these are assumed to be paid by the tenant at cost, and they are therefore cash flow and VAT neutral and they are not included in the valuation conducted by DTZ. An element of the non-recoverable service charges is included to reflect void areas. For residential properties it is also assumed that operating expenses will be passed through to residents in the form of a service charge or similar, which will be deemed to operate without surplus or deficit, that is "cash inflow equals cash outflow".

Debt Assumptions

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 average yields are used to provide a consistent approach.

VAT Rate

The VAT rate has been taken at the current rate of 18%. 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/developer. VAT on future rents can be retained and offset against the VAT account until the credit is eliminated. This has a significant effect on cash flow.



In the case of the development sites earmarked for commercial development, it has been assumed that all of the costs in association with the development of each Property will be subject to VAT and also that all of the tenants (where appropriate) will pay VAT. As such, these transactions are tax neutral and therefore we express the valuations net of VAT. In the case of residential property however, we understand that VAT is only partly recoverable for the construction period and that the developer should pay VAT on the basis of the difference between income from sales and all costs associated with the construction at the prevailing rate.

Agents and Brokers Fees

Standard market practice is to use brokers to lease commercial office and warehousing space. Accordingly, agents' letting fees have been accounted for in our valuation of office and warehousing premises. Retail space is however typically leased and residential space is typically sold by developers directly to the operators / public and hence agent's fees will not be incorporated in these elements of the valuation.

Taxes

No account of property tax is included in the Valuations as reported herein.