

AFI Development PLC
25 Olympion Street
3035 Limassol
Cyprus

22 August 2007

Dear Sirs

**AFI DEVELOPMENT PLC
VALUATION OF A PORTFOLIO OF FREEHOLD AND LEASEHOLD PROPERTIES**

Scope of Instructions Information and Report

In accordance with our engagement letter, dated 14 August 2007, with AFI Development PLC (the “**Company**”), we, (Jones Lang LaSalle), Chartered Surveyors, have considered the properties referred to in the attached schedule (the “**Schedule**”), in order to advise you of our opinion of the Market Value (as defined below) of the freehold or leasehold interests (as appropriate) of the Company in each of these properties (the “**Properties**”).

Purpose of Valuation

We understand that this valuation report and the attached Schedule (together, the “**Valuation Report**”) is required in accordance with IFRS regulations for the purposes of your company accounts and specifically for the purpose of implementing Accounting Standard No.15 of the Institute of Certified Public Accountants of Israel.

Basis of Valuation and Assumptions

We confirm that the valuations have been carried out on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the RICS Appraisal and Valuation Standards, 5th Edition (the “**Red Book**”). This is an internationally accepted basis of valuation.

Market Value is defined 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.”

We can confirm that we have prepared our valuation as External Valuers as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards and our valuation has been prepared in accordance with our General Principles in Appendix 2 of this report.

In arriving at our opinions of Market Value we have also arrived at our opinions of current estimated net annual rent. These are assessed on the assumption that they are the best rent at which a new letting of an interest in property would have been completed at the date of valuation assuming:

- (i) a willing landlord;
- (ii) that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the letting;
- (iii) that the state of the market, levels of value and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as on the valuation date;
- (iv) that no account is taken of any additional bid by a prospective tenant with a special interest;
- (v) that where relevant the length of term and principal conditions assumed to apply to the letting and other tenants terms are the same as those set out in the rent review clause contained in the occupational lease which we confirm are not exceptionally onerous or beneficial for letting of the type and class of the subject property and;
- (vi) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Taking into account the fact that, with the exception of a limited number of lettings at the properties known as H20 and Bolshaya Pochtovaya and a number of pre-leases at the Four Winds, Tverskaya Zastava and Ozerkovskaya I projects, none of the properties is currently leased to tenants at the date of Valuation, the “net annual rent” for each Property, where relevant, is referred to in the Schedules as the ‘Estimated Market Rental Value on Completion’.

Status of Value

We confirm that we have undertaken the valuations acting as External Valuers, as defined in the Red Book, qualified for the purpose of the valuation.

Date of Valuation and Inspections

The date of valuation is 30 June 2007 and is based on information provided to us as at this date. We inspected the properties during January, February and July 2007 and we have made other such enquiries as we deemed necessary in order to provide you with our advice.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the Company’s advisers have confirmed that our assumptions are correct so far as they are aware. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

We would state that the adopted development commencement dates and construction periods in respect of each property have been made in isolation of the remaining properties also subject to development. As a result, the valuations reported do not reflect the effect of numerous properties being developed simultaneously or being released to the market at the same time.

We have also made an assumption that the information the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

In addition to those assumptions which we have made, it has also been necessary for us to prepare our valuation of the Property on the basis of a number of “Special Assumptions”. In this respect, a Special Assumption is referred to in the Red Book as an Assumption that either:

- (i) *requires the valuation to be based on facts that differ materially from those that exist at the date of valuation: or*
- (ii) *is one that a prospective purchaser (excluding a purchaser with a special interest) could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances*

With regard to this Valuation Report, we are of the opinion that the Special Assumptions set out below are valid, realistic and relevant.

In those instances where full ownership rights are yet to be held, or where the granting of a ground lease is awaited, meaning that the basis of the “Projects” to be developed are not yet finalised, our valuations take into account any reasonably anticipated risks of delay and costs in receiving the Project documentation. However, we have assumed that there will be no unforeseeable additional costs or delays in comparison to those generally experienced and that such rights or interests are in due course obtained.

In those instances where investment contracts are held for the development of properties, our valuations are on the basis that a ground lease and an ownership certificate will be obtained by the developer upon completion of the development and this is in line with normal market practice in Russia.

The majority of properties are held by way of ground leasehold interests granted by the City of Moscow Government. The ground rental payments of such interests may be reviewed on an annual basis, in either an upwards or downwards direction, by reference to an established formula. Within the terms of the lease, there is a right to extend the term of the lease upon expiry in line with the existing terms and conditions thereof. It should be noted, however, that very few leasehold interests have yet to reach termination and, hence, the effective ability to renew on such a basis is relatively untested. In arriving at our opinions of Market Value, we have assumed that the respective ground leases are capable of extension in accordance with the terms of each lease. In addition, given that such interests are not capable of assignment, we have assumed that each leasehold interest is held by way of a special purpose vehicle (“SPV”), and that the shares in the respective SPVs are capable of assignment.

With regard to each of the Properties considered, in those instances where Project documentation has been agreed with the respective local authorities, our opinions of value have been arrived at on the basis of these agreed agreements. Where such documentation is yet to be agreed we have had regard to the Company’s individual proposals, but have not necessarily adopted these in arriving at our opinions of value, where we have felt it more prudent to adopt other assumptions as to volume of development etc.

With regard to the property known as Moscow City Central Core, which is held by way of a shared ownership but where an agreement is in place with the co-owner for the purchase of this share, we have taken such costs into account in arriving at our opinion of value and have valued the property on the basis that there is a 100% share in the income received with the exception of that from the concert hall, which is to be received by the co-owner. 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.

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 of the Properties concerned.

In terms of the Assumptions and Special Assumptions which we have made and which are summarised within this Valuation Report, the Company has confirmed that our Assumptions are correct as far as they are aware. In the event that any of our Assumptions prove to be incorrect, the valuations contained in this valuation report should be reviewed and modified as necessary.

Valuation

On the bases outlined within this Valuation Report, we are of the opinion that the aggregate of the individual gross Market Values, as at 30 June 2007, of the freehold and long leasehold interests subject to the existing lettings but otherwise with vacant possession is as set out below:

\$4,508,730,000
**(Four Billion Five Hundred and Eight Million, Seven Hundred and
Thirty Thousand US Dollars)**

It should be noted that the above valuation represents the aggregate of the individual values attributable to each property and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

Realisation Costs

Our Valuation is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any property. Our valuation is, however, net of purchaser's acquisition costs.

Tenure and Tenancies

We have not had access to the title deeds of the Properties. As a result, we have assumed that the title is marketable and that the Properties are free from encumbrances, mortgages and charges. We have also assumed that, where the interest in the Properties is leasehold, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest.

In respect of a number of the properties, the Company is in possession of a share of the ownership of the entire asset. In these cases, where the Company will receive a share of the income to be generated by the property on completion, we have valued this share and have arrived at our opinion of value on this basis. In those instances where the company does have a part ownership, we would state that the Company may have a higher proportional liability of the construction costs (up to 100%). This factor has also been taken into account in arriving at our opinions of value.

With regard to the property known as Moscow City Central Core, the Company is under an obligation to provide a 25% share of the completed development to the Moscow City Authorities. We understand that, as part of the development of the property, there is the ability for the Company to purchase back this share from the City. We have been informed by the Company that this amount equates to \$75,000,000 (seventy five million US Dollars) and we have assumed that this option will be exercised in arriving at our opinion of value.

In terms of those properties which are held by way of ground leases, we understand that such ground leases are not capable of being transferred in Moscow. We further understand that each asset is held as a SPV. Consequently, as noted above, we have valued the Properties on the Special Assumption that the shares in each of these SPVs can be sold and, in addition, that there are no further assets or liabilities held by each SPV which might affect the ability to sell the shares in the vehicles.

It is important to note that the rights to complete a development may be lost or, at least, delayed if the lessee fails to complete a permitted development within the timescale set out by the ground lease. In addition, in the event that a development has not been commenced upon the expiry of a lease then the City Authorities are entitled to decline the granting of a new lease on the basis that the land is not used in accordance with its designation. Furthermore, where all necessary permissions and consents for the development are not in place, this may provide the City with grounds for rescinding or non-renewal of the ground lease. In undertaking the valuations reported herein, we have made the assumption that no such circumstances will arise to permit the City to rescind the land lease or to not grant a renewal.

In some instances we understand that the Company is still in the process of acquiring rights to a number of the Properties. As previously stated, we have valued these properties on the Special Assumption that these rights will be obtained. We have reflected within our valuations any outstanding costs which will be incurred in obtaining full ownership rights.

As at the date of valuation there were no concluded occupational leases passing on any of the subject properties, with the exception of six lease agreements passing at the property known as H2O and Bolshaya Pochtovaya and a number of pre-leases at the Four Winds, Tverskaya Zastava and Ozerkovskaya I projects. We have been provided with copies of these lease agreements and have read them prior to forming our opinion of value.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

With regard to all valuations reported within this document, we have assumed that vacant possession of all parts of the Properties required prior to redevelopment is obtained.

With the exception of a limited number of buildings, we understand that the structures existing on the majority of the sites which have yet to be developed do not form part of the Company's intended developments and are proposed to be demolished prior to the redevelopment of the sites.

Floor Areas

We have not undertaken any measured surveys of the Properties and have relied entirely on information as to site areas and floor areas and dimensions of existing and proposed developments as provided to us by the Company.

Planning

The process of obtaining planning permits and all necessary planning consents is a particularly time consuming and difficult process in Moscow, and Russia generally. Prior to the granting of a ground lease, a number of preliminary planning approvals are required. Once the ground lease has been granted, a 'Project' must be approved through a division of the City Authorities and this will effectively summarise all design details of the proposed development. This document then provides the basis upon which a formal planning consent may be applied for and subsequently granted, and will outline all necessary contributions and technical requirements from utility providers.

Where available, the Company has provided us with such project documentation in respect of each of the development projects and we have had regard to this information in arriving at our opinions of Market Value.

In arriving at our opinions of Market Value we have had regard, where available, to the Company's specific proposals to develop each asset. However, although we have taken these proposals into account, each valuation reflects our opinion of such a development which may form the basis of a bid for the property by a prospective purchaser. As a result, our valuations do not necessarily fully reflect the Company's proposed development programme.

Where such documentation has not been available, we have incorporated our reasonable estimates of all costs necessary to obtain all necessary consents and documentation, together with the time necessary to obtain such. It should be understood that these are only estimates and the actual payments requirement may vary.

Although we have not made any formal searches in terms of planning consents and issues, we have generally relied upon guidelines provided by within the Moscow City 2020 Structure Plan or other relevant structure plans, as well as information provided by the Company as well as project documentation (where available) in respect of each of the Properties.

We have assumed that all existing properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We have also assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

In arriving at our opinions of market value we have assumed that all necessary planning consents will be obtained within a reasonable and standard timescale and that there will be no extraordinary issues which may delay the receipt of the necessary consent and which may impact on the value or marketability of the Property.

Environmental Investigations and Ground Conditions

We have not been instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the properties.

We were not instructed to carry out structural surveys of the properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the issuer's advice save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Plant and Machinery

In respect of any existing buildings, landlords' plant and machinery such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each property and are included within our valuations. Plant and machinery, tenant's fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bylaw or regulation.

Exchange rates

We have indicated the Market Values of the subject properties in the attached valuation schedule in US Dollars. In arriving at our opinions of value we have adopted the exchange rate of the \$ (USD) against the Russian Ruble (RUB) of 1 USD = 25.8162 RUB.

Responsibility

In accordance with our normal practise we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any other party than those mentioned above and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

For the avoidance of doubt, such approval is required whether or not Jones Lang LaSalle are referred to by name and whether or not the contents of our valuation report are combined with other reports.

Yours faithfully



Robert C Mayhew BSc (Hons) MRICS
Director
For and on behalf of Jones Lang LaSalle



Sergey Belov
Associate Director

**SCHEDULES OF PORTFLIO ASSETS
AND VALUATIONS**

**AFI DEVELOPMENT PLC
SCHEDULE
Portfolio Assets
Valuation as at 30 June 2007**

#	Property Name	Location, Description, Tenure & Tenancy	Market Value US\$	Estimated market rental upon completion US\$ per annum excluding VAT & Operating Expenses	Market Value on Completion US\$
1	<p>Tverskaya Zastava</p> <p>Shopping Centre</p> <p>Plaza I</p>	<p>The Property comprises six individual development sites with an aggregate site area of 8.13 hectares. The Property is intended for the development of an underground shopping centre, with a gross area of 113,100 m², to be known as Tverskaya Zastava, a mixed-use complex called Plaza I, which will include a 5 star hotel, Class A office and residential uses, as well as separate office developments known as Plaza II, II (a) and IV. In addition, the Property comprises a mixed use development called 'Four Winds I' and 'Four Winds II', which is currently being developed to provide office space and residential apartments located in two self-contained buildings. The aggregate gross building area of all phases will be 549,009 m².</p> <p>The shopping centre will be located on a site with an area of 3.35 hectares situated on Tverskaya Zastava square. The shopping centre, which will have gross lettable area of 36,279 m², will be principally located on two underground levels together with three further levels of underground car parking providing a total of 1,240 spaces, located beneath the retail levels. The construction of the shopping centre is planned to be completed by the first quarter of 2010.</p> <p>The Plaza I mixed-use scheme will consist of two buildings: the first located at 1st Brestskaya Street 64-66 and the second at 2nd Brestskaya Street 50/2. The combined site area will total 1.55 hectares. Plaza I will include a 300 room 5 star hotel, 60,200 m² of office and retail space, approximately 13,000 m² of residential area for sale and 1,404 car parking spaces. The Plaza I phase is proposed to be delivered during 2011.</p>	<p>\$225,630,000</p> <p>\$374,700,000</p>	<p>\$63,124,600</p> <p>\$57,300,000</p>	<p>\$625,470,000</p> <p>\$917,250,000</p>

Plaza II	Plaza II will predominantly provide offices together with retail space at ground floor level. It is located at Gruzinsky Val, 31 and the site area is 0.53 hectares. The Property will have a gross building area of 98,075 m ² and a gross lettable area of 63,745 m ² . In addition, 944 car parking spaces will be located at underground level. The Property's gross building area will total 152,800 m ² . The Plaza II phase is proposed to be delivered during 2011.	\$350,500,000	\$62,970,050	\$746,500,000
Plaza II (a)	Plaza II (a) will predominantly provide office accommodation with retail space at ground floor level. It is located at Butyrsky Val, bld. 1 on a site of 0.17 hectares. The Property will have a gross building area of 8,397 m ² and a gross lettable area of 4,321 m ² plus 72 car parking spaces to be located at underground level. The Plaza IIa phase is proposed to be delivered during 2011.	\$17,900,000	\$4,177,800	\$47,925,000
Plaza IV	Plaza IV will comprise a Class A office building located at Gruzinsky Val, 11. The Property occupies a site of 1.4 hectares and the development is proposed to have a gross building area comprising 100,000 m ² and a gross lettable area of approximately 75,000 m ² . In addition, there will be underground and surface car parking totalling 770 spaces. The Plaza IV phase is proposed to be delivered during 2011.	\$117,260,000	\$31,861,948	\$394,160,000
Four Winds I	The office building is located on a site with an area of 0.42 hectares. It is proposed to have a gross building area of 31,932 m ² and a gross lettable area of 21,732 m ² together with 146 underground car parking spaces. The offices will be of Class A specification and construction is due to be completed by the end of 2007.	\$222,070,000 (Four Winds I and II)	\$15,991,470	\$191,967,797
Four Winds II	The residential building is located on a site with an area of 0.71 hectares. The proposed gross building area is 44,704 m ² . The total number of apartments within the residential building equates to 109 and there are also a total of 258 car parking spaces. The apartments will be of 'business class' standard. In addition to the principal uses, there will be support retail accommodation and a fitness centre. As at the date of valuation, 9,127.8 m ² of apartment space and 64 car parking spaces have been sold. The construction is due to be completed by the end of 2008.		\$1,425,915	\$72,483,235

		<p>Each of the phases of the Tverskaya Zastava project is located within the Tverskoy district of Moscow, to the north-west of the city centre. Tverskoy forms part of Moscow's Central Business District and is located between one of the city's main railway stations, Belorussky Station, and Manege Square. In addition to being an important business district, Tverskoy provides one of Moscow's most popular entertainment, social and retailing destinations. These facilities are concentrated around a variety of squares, including Pushkin, Triumphalnaya and Tverskaya Zastava Squares.</p> <p>The shopping centre and Plaza phases of the subject property are located on or around a large square known as Tverskaya Zastava, which forms one of the busiest traffic interchanges in Moscow. In terms of adjoining uses, the square is bordered from the west by a number of buildings forming the Belorussky railway station and various pavilions comprising the Belorusskaya Metro station.</p> <p>The Four Winds part of the subject property is located at Bolshaya Gruzinskaya Street 69/71. In terms of adjoining streets, it is bordered by 1st and 2nd Brestskaya Streets, 1st Tverskaya-Yamskaya Street, Tverskaya Zastava Square and Bolshaya Gruzinskaya Street. This location has good accessibility by car and by public transport. The nearest metro station is Belorusskaya located within five minutes walk.</p> <p>The Company owns a 100% share in the freehold interest for the buildings and has a leasehold interest in the land in respect of the shopping centre, Plaza I, Plaza II and Plaza II (a).</p> <p>The Company owns a 50% share in the freehold interest for the buildings and leasehold interest for the land in the Four Winds and Plaza IV phases.</p>			
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2	Moscow City Centre	<p>The Property comprises a development site with a total area of 4.37 hectares. At present, the Property is in the course of construction to provide a mixed-use development project known as Moscow City Central Core. The scheme will provide gross lettable areas of 3,246 m² of office space, 179,423 m² of retail accommodation and a concert hall of 12,738 m². The aggregate gross building area of the project will be 195,407 m².</p> <p>The above ground section of the Central Core will form part of a multi-functional complex, to be constructed above an existing underground section. Within the Central Core there will be provided a 6,000 seat concert hall as well as a public square connecting the exit from Bagration Bridge with a square to the front of Mosgorduma and the Moscow City Government buildings.</p> <p>The retail centre, which will have a gross lettable area of 111,743 m², will be located on two underground and five above-ground levels. The Centre will contain anchor shops, retail and pedestrian areas, a café, restaurant / bar zones, a cinema and a leisure zone. At present, the development is unique in terms of its relatively central location, planned scale of the development, critical mass, central planning and the support of the City authorities. Construction completion is planned by the end of 2008.</p> <p>The property is located in the "Central" administrative district of Moscow on the Krasnopresnenskaya Embankment. The subject development project will form part of the Moscow International Business Centre (MIBC) "Moscow City" where about 1.25 million m² of high-quality office space is planned to be constructed by the end of 2010. Currently, MIBC "Moscow City" is the largest investment project in the real estate sector in Russia. The concept of the development is to create a high quality business environment to meet international requirements and standards.</p> <p>The Company has a freehold interest in the building and a leasehold interest in the land.</p>	\$978,000,000	\$132,413,850	\$1,432,571,500
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3	<p>Ozerkovskaya</p> <p>Phase II</p>	<p>The Property comprises three individual development sites with an aggregate site area of 3.3373 hectares. The Property is located at Ozerkovskaya Embankment 22-28 and Bolshaya Tatarskaya Street 35 and is part of a larger multi-functional complex called 'Aquamarine'.</p> <p>The subject property consists of three phases referred to as Phases II, III and IV. Phase II comprises an office building combined with a residential and hotel complex, while Phase III and Phase IV comprise a further two office buildings. The combined gross building area of the phases will be 172,378 m² and will comprise the following developments:</p> <p>Phase II will comprise a Class A office building together with a residential and hotel complex on a site with an area of 1.5265 hectares and a combined gross building area of 66,058 m².</p> <p>The office building is currently under construction and will have a gross building area of 16,800 m² and a lettable area of 12,460 m² provided within a nine storey building with two underground levels for car parking of 112 spaces. Construction of this phase is almost completed and the building should be operational during Q3 2007. At present, 100% of premises have been pre-leased.</p> <p>The residential & hotel part of Phase II will have a gross building area of 49,258 m² included within which is a 4 star hotel totalling 11,130 m² having 156 rooms and 31 car parking spaces. The residential element will consists of three blocks with a gross building area of 38,128 m² and a net residential area for sale of 15,316.7 m² plus 2,665.5 m² of balcony space. In total there will be 114 apartments for sale as well as 401 underground car parking spaces. The residential space is of 'business class' standard. Completion of construction of this phase is scheduled for the second half of 2008</p> <p>As at the date of valuation, 1,874.7 m² of apartment space including 44.5 m² of balcony space have been sold.</p>	\$179,200,000	\$5,087,417	\$175,786,714
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	Phase III	<p>A proposed Class A office building together with residential apartments having a gross building area of 75,500 m², located on a site of 1.44 hectares. This phase will include four blocks of which three will provide office space and the fourth will be residential. The business centre will have a gross building area is 64,017 m² and a lettable area of 41,190 m² and will benefit from 562 underground car parking spaces. The residential gross building area will be 11,483 m² providing a net area for sale of 5,029 m². In addition there will be a total of 49 apartments for sale together with 144 underground car parking spaces. Completion of construction for this phase is scheduled for the first half of 2009.</p>	\$127,300,000	\$18,145,630	\$210,499,546
	Phase IV	<p>Phase IV involves the redevelopment of an existing administrative property currently owned by the federal institution "Federal Fund of Industrial Innovations".</p> <p>The proposal is to develop a Class A office building having a gross building area of 30,820 m² and a lettable area of 23,000 m² together with 178 underground car parking spaces. Construction is scheduled for completion during the second half of 2009.</p> <p>The Ozerkovskaya project is located in one of the most developed business districts in Moscow known as 'Zamoskvorechiye', within the Central Administrative District. The Property is located inside and within a short distance of the Garden Ring and the general area is one where both high office rents and residential prices are witnessed. The nearest metro stations are Paveletskaya and Novokuznetskaya, both of which are within a 10 minute walk.</p> <p>The Company has a freehold interest in the buildings and a leasehold interest in the land.</p> <p>In respect of Phases I, II and III, the Company has a 50% interest in the Property with the exception of the hotel, 24 apartments and 48 car parking spaces, which are owned 100%. In respect of Phase IV, the Company has a 70% interest in the Property.</p>	\$55,600,000	\$13,539,820	\$143,812,042

4	Otradnoye	<p>The Property comprises a site with an area of 37.9 hectares upon which it is proposed to construct a residential development. Upon completion the Property will have an aggregate gross building area of 741,400 m² within eight 25-storey apartment blocks providing a total of 450,100 m² of 'economy class' residential accommodation, retail space totalling 22,000 m², commercial space totalling 17,960 m², common areas of 31,090 m² and parking of 106,400 m² (with 3,040 parking spaces). The projected completion date is scheduled for 2012.</p> <p>The Property is located in Odintsovo, which is situated in the western part of Moscow Region within a forested and park belt. The city is situated 4 km to the west of Moscow between the Mozhajskoe and Minskoe highways. The Odintsovo district has both well developed transport infrastructure and accessibility and is considered to be one of the most ecologically attractive areas in Moscow Region.</p> <p>The Otradnoye district is located in the north-western part of Odintsovo. In terms of adjoining uses, the subject property is bordered by the 'Verhnee Otradnoye' settlement to the north while an area occupied by the Zvenigorodsky State lies on the north-western side. Marshala Biryuzova Street borders the site from the north-eastern side while Severnaya Street borders the site from the south-eastern side.</p> <p>The Company has a 94% share of the residential and 90% share of the commercial freehold interests in the Property.</p>	\$403,700,000	-	\$1,483,812,400
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5	Paveletskaya	The Paveletskaya development includes two properties as below:			
	Paveletskaya Embankment	<p>A proposed commercial development with a site area of 5.0683 hectares. The project involves the redevelopment of an existing industrial estate to provide a Class B business park with an overall projected gross building area of approximately 90,000 m² and a lettable office area of 67,000 m². The Property will be provided with surface parking spaces in the amount of 550 spaces. The projected completion date is the middle of 2009.</p> <p>The Property is located in a Southern Administrative District of Moscow, in the Danilovsky area. This district is currently characterised by a variety of industrial zones and heavy road traffic. However, the process of relocation of the industrial zones, due to the redevelopment of sites to provide business centres and residential accommodation, has resulted in a gradual improvement of the area.</p> <p>In terms of accessibility, the Property benefits from good transport links, being within reasonable proximity of a number of major transport routes such as the Garden Ring and 'Third Transport Ring', which provide convenient access to the city centre. The closest metro station is Tuskaya, which is approximately 20 minutes walking distance.</p> <p>The Company has a freehold title in the buildings and a leasehold interest in the land.</p>	\$49,400,000	\$30,733,775	\$233,109,875
	H2O	<p>The Property comprises an existing Class B office building recently reconstructed around the frame of a former administrative building which formed part of an industrial estate.</p> <p>The building has a gross floor area of 10,698 m² and a gross lettable area of 8,913 m². The office building is arranged on six floor levels and also benefits from support retail and canteen facilities at ground floor level. Parking is provided at surface level for 80 vehicles. The building is in operation. Approximately 88.7% of the lettable area has been leased.</p> <p>The Property is located on a site having an area of 0.4 ha and is situated in a Southern Administrative District of Moscow, in the Danilovsky area.</p> <p>The Company has a freehold title in the buildings and a leasehold interest in the land.</p>	\$31,000,000	\$5,604,580	\$37,898,620

6	Ruza	<p>The Property comprises a portfolio of land plots comprised within five individual development sites with an aggregate site area of 386.96 hectares. Plot 1 has an area of 81.6 hectares and is comprised within two adjacent sites, these being a northern site (area of circa 50 hectares) and a southern site (area of circa 32 hectares). The plot is located near Ustie village, and has all communications including Moscow and local connected telephone lines. The site has an irregular shape, is mostly flat and free from trees. Plot 2 has an area of 32.7 hectares and is located near Akulovo village. This site has an irregular shape and is mostly flat although downward sloping to its south-eastern boundary (towards the River Ruza). A small part of the plot is occupied by trees. Plot 3 has an area of 4.43 hectares and is located near Pisarevo village. The site has a regular shape and is flat and free from trees. Plot 4 has an area of 81.54 hectares and is located near Bogorodskoe village. The site has an irregular shape, is mostly flat and part of the plot is wooded. Plot 5 has an area of 186.6 hectares and is located near Bogorodskoe village. The site has an irregular shape, is mostly flat and part of the plot is wooded.</p> <p>The development concept for these land plots involves the changing of the use permit (from agricultural to 'Individual Residential Construction'), fencing the entire plot, division of each section into individual plots (0.1 hectares to 1.4 hectares), the installation of utilities to each of the individual plots and the construction of roads to service these plots. In total, we have estimated that 1,840 individual land plots within the entire Property will be prepared for sale during the period 2007 to 2012.</p> <p>The Property has a favourable location in the Ruza district of Moscow Region. This district is located to the west of Moscow city centre between the Novorizhskoye and Minskoye highways between 70 and 120 km of the capital's centre. A significant part of the district is covered by forest. The Ruzskoe and Ozerninskoe water reservoirs are well known for their excellent fishing and ecologically clean water. The territory is also crossed by such rivers as the Ruza, Moskva, Ozerna, Veina and many smaller rivers. The district enjoys a well developed infrastructure, and is presently the location of numerous holiday homes, country hotels and health resorts. Ruza district is known for such destinations as the "Dorokhovo" resort, the health centre "Rusj" and "Podmoskovie".</p> <p>The Company has a freehold interest in the land.</p>	\$78,500,000	-	\$167,404,000
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7	Dinamo	<p>The Property comprises a redevelopment scheme with a proposal to construct a Class B business park having a total built area of 96,217 m² and a lettable area of 84,671 m², on a site of 4.183 hectares. The development will be reconstructed around an existing industrial property and, as well as office space, will also include retail facilities such as canteens as well as support retail facilities on the ground floor with the total area of about 3,000 m². The site area allows for the arranging of about 950 surface car parking spaces.</p> <p>The Property is bordered by a residential area to the east and an industrial area to the south. In particular, there are two industrial areas in the local neighbourhood, these being the ZIL plant, soon be reconstructed, and the Kirova plant. The immediate area is currently changing as existing industrial users relocate to the outskirts of the city. As an example, a new commercial development will be constructed on the former plot of the Likhachev's plant (ZIL), which is located a short distance from the Property.</p> <p>The Property is located within a southern district of the Danilovsky area of Moscow at Leninskaya Sloboda Street 19 close to the embankment. The Property is located within close proximity of a number of major transport roads including the 'Third Transport Ring' as well as being close to Andropova Proezd which leads to the Kashirskoe highway and thereafter Domodedovo International Airport. The site also has good pedestrian accessibility from Avtozavodskaya metro station (five minutes walk). The current development is in its conceptual stage of development with a total development period estimated at 1.5 years.</p> <p>The Company has a freehold interest in the buildings and a leasehold interest in the land.</p>	\$118,600,000	\$43,348,244	\$368,287,000
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8	Berezhkovskaya	<p>The Property comprises a site upon which is it proposed to construct a two phase office development to provide an office centre on a site with an area of 1.5 hectares. The Property is intended for the Class A office development involving the regeneration of a former industrial plant. Phase I is under construction and will comprise four buildings providing office space totalling of 12,000 m². Phase II will see the development of a total of 100,000 m² of office space with underground car parking. Timing for the completion of construction is estimated at Q4 2007 for Phase I and Q4 2008 for Phase II. The gross lettable area of Phase I will be 7,104 m²; Phase II will provide 48,100 m² of office lettable space together with 529 underground parking spaces.</p> <p>The subject property is located within the Dorogomilovsky district of Moscow to the west of the city centre. Dorogomilovsky forms part of Moscow's 'Decentral West' business district which includes the Moscow River, Minskaya Street and Kievskaya and Smolenskaya railway lines. It is both a cultural and business district of the city. Access to the subject property is proposed to be from Berezhkovskaya Embankment, to the south-east of the Property. north-east side of the surrounded area is occupied by residential buildings and parking spaces. The Property has good transport access to a number of major transport routes including the 'Third Transport Ring' and Berezhkovskaya Embankment providing easy access to the city centre.</p> <p>The Company owns a 74% share in the freehold interest for the buildings and leasehold interest for the land.</p>	\$147,400,000	\$40,547,198	\$374,860,000
9	St Petersburg	<p>The Property comprises a development site with a total area of 3.07 hectares upon which it is proposed to development a discount shopping centre. The development will include a two storey building with projected gross area of 22,000 m² and a lettable area totalling 15,400 m². The development will also include a surface car park provided free of charge to the customers.</p> <p>The subject property is located in the Vsevolozhsky District, which forms part of the Leningrad Region. It is located approximately 12 km south-east of St. Petersburg on the Kola highway. This location is close to the administrative boundary of St. Petersburg and a short distance from the city's KAD ring road. Nearby developments, also located on the Kola highway, include the 'IKEA' and 'MEGA-Dybenko' shopping malls. In addition, proposed developments include a new metro station and a nearby residential housing estate.</p> <p>The ownership is based on a 76% share in the freehold interest of the building and the land.</p>	\$17,170,000	\$4,682,000	\$46,742,000

10	<p>Perm</p> <p>Phase I</p> <p>Phase II</p>	<p>A multi-phase development to includes the following phases:</p> <p>The Property comprises a multi-use development project which will include both residential and commercial uses having a total gross building area of 122,640 m². The site area totals 1.7383 hectares. The commercial part of the Property will comprise a retail centre with a gross lettable area of 11,100 m² together with 111 underground parking spaces. The residential accommodation will be of 'business-class' standard to be housed in three towers of 25, 34 and 45 floors, having a total of 61,116 m² of net residential space in 565 units together with 583 underground parking spaces. Completion of construction is scheduled for the second half of 2009.</p> <p>The site is located in the Leninsky district (Block 5) of Perm and is bordered by Okulova Street from the north, Osinskaya from the east, Ordzhonikidze Street from the south and by Popova Street from the west. It is situated near the major transport routes of the city, Lenina Prospect and Komsomolsky Prospect. The location has good transport and pedestrian accessibility.</p> <p>Phase II will comprise a residential scheme located on a site with an area of 0.988 hectares. The proposed scheme will have a gross building area of 106,340 m² and 61,116 m² of net accommodation. The project will consist of three residential towers, having 25, 34 and 45 floors and comprising a total of 565 apartments of 'business class' standard together with 583 underground car parking spaces. Construction is due for completion during the second half of 2010.</p> <p>The site is located in the Leninsky district (Block 6) and is bordered by Okulova Street from the north, Popova from the east, Ordzhonikidze Street from the south and by Sverdlovskaya Street from the west. The site is currently occupied by dated residential which will be removed once the existing residents have been relocated prior to the start of construction.</p>	<p>\$7,100,000</p> <p>\$4,300,000</p>	<p>\$990,778</p> <p>-</p>	<p>\$68,963,064</p> <p>\$61,387,880</p>
	Phase III	<p>Phase III comprises a proposed office development with an approximate gross building area of 25,000 m² and a lettable area of 16,205 m² together with 162 car parking spaces. Construction is scheduled for completion during the second half of 2010.</p> <p>The site is located in the Leninsky district (Block 7) and is bordered by Okulova Street from the north, Sverdlovskaya Street from the east and Ordzhonikidze Street from the south and west.</p>	\$300,000	\$1,501,062	\$11,272,800

		<p>The site has an irregular shape. Currently the site is occupied by dated residential dwellings where occupiers will be resettled prior to the start of construction. The Property is situated near various major transport routes of the city such as Lenina Prospect and Komsomolsky Prospect. The location has good transport and pedestrian accessibility.</p> <p>Each of the three phases are located on the bank of the River Kama close to the central part of the city. The Leninsky district is the administrative and financial centre of the city. Mostly commercial institutions, retail and business centres such as banks and financial institutions are concentrated in this area. The Governor's administration, the municipal Duma is also located in the district.</p> <p>The Company has a freehold interest in the buildings and a leasehold interest in the land in respect of each of the three phases held.</p>			
11	Volgograd	<p>The Property comprises a multi-functional complex which will include retail, office and hotel elements having a total gross building area of 150,000 m² on a site of 6.6 hectares. The gross building area of the Class B business centre will total 30,750 m² with a lettable area of 25,500 m² and 150 underground car parking spaces. The retail centre will total 111,000 m² of gross building area with a lettable retail area of 54,100 m² and 600 underground car parking spaces. The shopping centre is proposed to be a regional catchment. The hotel will include a 3 star hotel, having 140 rooms and 50 car parking spaces within a gross building area of 8,250 m². Completion of construction is planned for the end of 2009.</p> <p>The project is located in the Central district of Volgograd within which the main commercial facilities are found, this being the most attractive destination in the city for most residents and visitors. The project's proximity to major routes and a railway station creates a constant flow of potential customers. In addition, new transport proposals will make access from the major transport routes considerably more convenient. The site is bordered by Nevskaya, Parkhomenko and Balonina Streets, and benefits from good transport and pedestrian accessibility.</p> <p>The ownership is based on a freehold interest in the buildings and the land.</p>	\$5,700,000	\$21,701,160	\$194,981,341

12	Kuntsevo	<p>The Property comprises a number of development sites with an aggregate area of 22.24 hectares. The Property is intended for the development of a large-scale mixed-use development project. Upon completion, the Property will have a total built area of 1,507,250 m² and will include a number of differing phases called Esplanade (250,000 m² of office and retail spaces), Office Buildings (1,133,400 m²), Railway Overlapping (70,850 m²) and Retail Centre (53,000 m²). The Esplanade will connect all existing and proposed metro and railway stations in the vicinity together with social, retail and business complexes and residential developments. The various levels will include car parks, local transport network, social, retail and necessary technical facilities.</p> <p>The transport interchange centre (Esplanade) will be arranged within buildings of 6 and 17 stories and will predominately provide office premises with a gross lettable area of 104,400 m² together with 1,175 car parking spaces. It will also include retail premises with a gross lettable area of 58,100 m². The 'Office Buildings' element will include three Class A office buildings of between 14 and 68 stories having 775,278 m² of gross office lettable area and 4,250 car parking spaces as well as 32,000 m² of retail space, at ground floor level. 'Railway Overlapping' will be arranged in buildings of between seven and nine storey with 53,636 m² and 6,440 m² of gross office and retail lettable area respectively. The 'Retail Centre' of 28,560 m² lettable area will contain anchor shops, retail and pedestrian areas, a café and restaurant / bar zones.</p> <p>The development site is located at the intersection of the Rublevskoe, Mozhaiskoe, Aminievskoe and Kutuzovsky highways where a number of railway and metro lines converge. The mixed-use development will be located on the border of the Kuntsevo and Fili-Davidkovo administrative areas in Moscow. The district has a well developed transport and social infrastructure. The nearest metro station is Kuntsevskaya, which is located within five minutes walking of the Property. Currently the district is mainly a residential destination although with the delivery of this development, a new business district bringing new infrastructure will appear.</p> <p>As of valuation date the Company has met with concept approval from Public Council. The Company has a freehold title in the buildings and a leasehold interest in the land.</p>	\$650,000,000	\$628,802,475	\$5,721,121,500
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13	Kislovodsk	<p>The Property comprises a proposed recreational and entertainment complex to include leisure uses, apartments, a spa/sanatorium and a water sports complex. Currently the project is in the initial stages of planning. The valuation envisages development of 70 cottages with areas of approximately 450 m² and individual site areas of 0.1 ha.</p> <p>The project is located in the spa-city of Kislovodsk and within an area known as the 'Caucasian Mineralny Vodi' health resort. The site is located in the western part of Kislovodsk on and around a lake and has a total area of 7.56 ha. The site can be accessed by Pryamaya and Ozernaya Street, connected by a dam. Ozernaya Street connects to Prospect Pobedi via 40 let Oktyabrya Street. Prospect Pobedi, which is the main street in Kislovodsk, and crosses the city. It is intersected with the highways connecting Kislovodsk with other cities of Caucasian Mineralny Vodi.</p> <p>The Company has a freehold interest in the buildings and leasehold interest in the land.</p>	4,800,000	-	51,030,000
14	Bolshaya Pochtovaya	<p>A proposed Class B+ office building together with residential apartments having a gross building area of 231,680 m², located on a site of 2.67 hectares.</p> <p>The business centre will have a gross building area of approximately 126,277 m² and a lettable area of 95,000 m² plus 894 underground car parking spaces. The residential gross building area will be 100,000 m² providing a net area for sale of 47,600 m² together with 1,012 underground car parking spaces. Construction could be started in a half-a-year. Completion of construction is scheduled for the first half of 2010.</p> <p>The property is located in the 'Central Administrative' district of Moscow at Bolshaya Pochtovaya Street 30, in Basmanny area. The property's immediate vicinity comprises industrial properties, many of which are being redeveloped into class B business centres. The nearest metro station is Electrozavodskaya which is located within a 15 minute walk. Baumanskaya metro station is located approximately 20 minutes walking distance or 7-10 minutes by public transport. Ownership of the property is based on a freehold interest in the buildings and a leasehold interest in the land.</p>	\$123,300,000	\$58,818,400	\$876,832,108

15	Kosinskaya	<p>Property consists of two projects.</p> <p>The first comprises a Class B- office building under construction located on a site of 6.57 ha. Construction completion is scheduled for Q4 2007. The gross floor area of the building according the title documents is 111,700 m².</p> <p>The second comprises a land site with existing buildings which are to be subject to demolition. Currently the project is in the initial stages of planning. The valuation envisages development of a retail centre. As part of the valuation, it is assumed that there will be a gross building area of 106,000 m² including a leasable retail area of 55,480 m² and underground parking of 30,000 m² (for 857 parking spaces).</p> <p>Construction may be commenced in approximately six months and completion is scheduled for the end of first half of 2009.</p> <p>The property is located in the 'East Administrative' District of Moscow at Kosinskaya Street 9, in the Veshnyaki area. The site is located close to a number of major transport routes, being bounded by the Moscow ring road on the east, and by Moldagulovoy Street to the north. The nearest metro station is Vikhino, which is located within a 10-15 minute walk.</p> <p>Ownership of the property is based on a freehold interest in the buildings and a leasehold interest in the land.</p>	\$219,300,000	\$66,232,591	\$523,976,827
		TOTAL	\$4,508,730,000	\$1,309,000,763	\$15,180,105,249