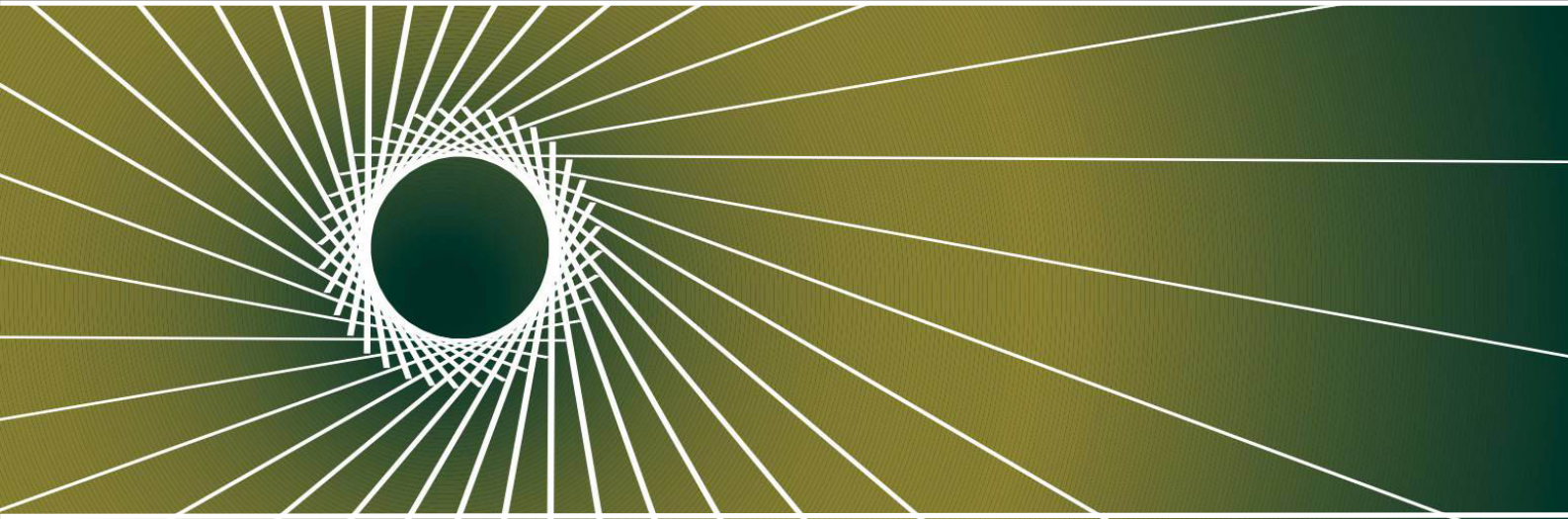


AISI REALTY PUBLIC LIMITED



Placing and Admission to trading on AIM

Libertas Capital

Nominated Adviser & Broker

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") (or, if you are a person outside the United Kingdom, otherwise duly qualified in your jurisdiction) who specialises in advising on the acquisition of shares and other securities. This document is an admission document drawn up in accordance with the AIM Rules for Companies and does not constitute a prospectus for the purposes of section 85(1) of the FSMA. Accordingly this document does not comprise a prospectus (as outlined in the AIM Rules for Companies) and a copy of it has not been, and will not be, delivered to the FSA for filing or approval.

The Company, the Investment Manager and each of the Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document including collective and individual responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM Company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

Neither the United Kingdom Listing Authority nor the London Stock Exchange plc have examined or approved the contents of this document. The Ordinary Shares are not traded on any other recognised investment exchange and save for the application for admission to AIM, no such applications have been made or will be made. Application has been made for the admission of the entire issued and to be issued share capital of the Company to trading on AIM. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence on AIM on or around 1 August 2007.

The whole text of this document should be read and in particular your attention is drawn to the Risk Factors set out in Part II of this document and all statements regarding the Company's business should be viewed in light of these Risk Factors.

Aisi Realty Public Limited

(Incorporated in Cyprus with Registered No. HE162276)

Placing of 50,210,601 new Ordinary Shares at US\$0.66 per share and Admission to trading on AIM

Nominated Adviser and Broker



Libertas Capital Corporate Finance Limited, which is regulated by the Financial Services Authority, is acting as nominated adviser to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this document. The responsibilities of Libertas Capital Corporate Finance Limited as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. Libertas Capital Corporate Finance Limited is not making any representation or warranty, express or implied, as to the contents of this document and, accordingly, without limiting the statutory rights of any recipient of this document, no liability is accepted by it for the accuracy of any information or opinion contained in this document or for the omission of any material information for which it is not responsible.

Libertas Capital Securities Limited which is regulated by the Financial Services Authority is acting as broker to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any parts of this document. The responsibilities of Libertas Capital Securities Limited, as the Company's broker under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or any other Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. Libertas Capital Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document and, accordingly, without limiting the statutory rights of any recipient of this document, no liability is accepted by it for the accuracy of any information or opinion contained in this document or for the omission of any material information for which it is not responsible.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. Your attention is drawn to the information contained on pages 2 to 5 (inclusive) of this document under the heading "Important Information".

IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this admission document and wishing to make an application for Ordinary Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, this document does not constitute an offer to sell or the solicitation of an offer to buy any of the Ordinary Shares in the United States, Canada, Australia, South Africa, Singapore, New Zealand or Japan (collectively, the “Prohibited Territories”) and this document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors should not treat the contents of this document as advice relating to legal, tax, investment or any other matter. Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in Cyprus, England and Wales and Ukraine and are subject to change. This document should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

FOR THE ATTENTION OF UNITED KINGDOM RESIDENTS

Neither Libertas Capital Corporate Finance Limited or Libertas Capital Securities Limited has approved this document for the purposes of the FSMA. This document is confidential and only for distribution in the United Kingdom (i) at any time, to persons reasonably believed by the Company to be investment professionals within the meaning of paragraph (5) of Article 19 or to high net worth companies or unincorporated associations within the meaning of paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529), as amended, and (ii) prior to Admission, to persons who are qualified investors within the meaning of section 86(7) of FSMA.

Outside the United Kingdom (and subject as provided below), this document is only being sent to persons reasonably believed by the Company to be investment professionals or to persons to whom it may otherwise be lawful to distribute it. This document is being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person. As the Placing Shares will be offered to fewer than 100 persons (other than qualified investors within the meaning of section 86(7) of FSMA) per member state of the European Economic Area, the Placing will be an exempt offer of securities to the public for the purposes of section 86 of FSMA. Accordingly, this document is not a prospectus and does not require the approval of the FSA or any other relevant authority in any other member state of the European Economic Area.

FOR THE ATTENTION OF FRENCH RESIDENTS

This document has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 of the French Code monétaire et financier and Articles 211-1 of the

General Regulation of the Autorité des Marchés Financiers (“AMF”) and has therefore not been submitted to the AMF for prior approval. The Ordinary Shares may not be offered to the public in the Republic of France except only to (i) persons providing a portfolio management investment service for third parties (as provided by Article L.411-2-5 a) of the French Code monétaire et financier) or (ii) qualified investors and/or to a restricted circle of investors (as defined in Articles L.411-2-4 b), and D.411-1 through D.411-4 of the French Code monétaire et financier), provided that said investors are acting for their own account in accordance with Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 et D. 764-1 of the French Code monétaire et financier and undertake not to retransfer, directly or indirectly, the Common Shares to the public in the Republic of France, other than in compliance with applicable laws and regulations (Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code monétaire et financier).

FOR THE ATTENTION OF NETHERLANDS RESIDENTS

The Ordinary Shares will not be offered or sold, directly or indirectly, in the Netherlands, other than (i) for a minimum consideration of €50,000 (or currency equivalent) per investor; (ii) to fewer than 100 individuals or legal entities other than qualified investors; or (iii) solely to qualified investors, all within the meaning of Article 4 of the Financial Supervision Act Exemption Regulation (Vrijstellingsregeling Wet op het financieel toezicht). In respect of the Placing, the Company is not required to obtain a licence as a collective investment scheme pursuant to the Netherlands Financial Supervision Act (*Wet op het financiële toezicht*) and is not subject to supervision by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).

FOR THE ATTENTION OF PERSONS RESIDENT WITHIN THE DUBAI INTERNATIONAL FINANCIAL CENTRE

This document relates to a collective investment fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (“DFSA”). This document is intended for distribution only to persons of a type specified in the DFSA’s Rules (i.e. Qualified Investors”) and must not, therefore, be delivered to, or relied on by, any other type of person. The DFSA has no responsibility for reviewing or verifying any documents in connection with this collective investment fund. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The Ordinary Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Ordinary Shares offered should conduct their own due diligence on the Ordinary Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

FOR THE ATTENTION OF UNITED ARAB EMIRATES RESIDENTS

The Company has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This document is strictly private and confidential and has not been reviewed, deposited or registered with any licensing authority or governmental agency in the United Arab Emirates, and is being issued to a limited number of institutional/private investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The Company may not be offered or sold directly or indirectly to the public in the United Arab Emirates.

FOR THE ATTENTION OF GERMAN RESIDENTS

The Ordinary Shares are neither registered for public distribution with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – “BaFin”*) according to the German Investment Act (*Investmentgesetz*) nor listed on a German exchange. No sales prospectus pursuant to the German Securities Prospectus Act (*Wertpapierprospektgesetz*) has been filed with the BaFin. Consequently, the Ordinary Shares may not be distributed within Germany by way of a public offer, public advertisement or in any similar manner. This document and any other document relating to the Ordinary Share, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Ordinary Shares to the public in Germany or any other means of public marketing.

Any resale of the Ordinary Shares in Germany may only be made in accordance with applicable laws in the Federal Republic of Germany. No view on taxation is expressed. Prospective investors in Germany are urged to consult their own tax advisers as the tax consequences that may arise from an investment in the Ordinary Shares.

FOR THE ATTENTION OF SWEDISH RESIDENTS

This document has not been, nor will it be, registered with the Swedish Financial Supervisory Authority (*Finansinspektionen*). The Ordinary Shares are not and may not, directly or indirectly, be offered for subscription or purchase, and no drafts or definite documents related to such offer may be distributed, except in circumstances which will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*).

FOR THE ATTENTION OF RESIDENTS OF GREECE

The Company is not a collective investment scheme and this document must not in any way be construed as an advertisement for distribution of shares in a collective investment scheme in Greece. Ordinary Shares are only being offered to qualified investors according to the meaning of law 3401/2005 and to individuals who invest at least €50,000. As a result this document is not a prospectus as defined by law 3401/2005 and the offer and advertisement of the Ordinary Shares are exempt from the prior approval of the Hellenic capital market commission.

This document and the offering do not constitute a binding offer. In any event, any offer received will be subject to review and approval by the Company and Investment Manager.

This document is provided to you on a confidential basis and no subsequent offering of the Ordinary Shares in a “secondary offering” by you to any person legal or physical may be made.

A potential investor interested in acquiring Ordinary Shares represents:

- (I) that he/she has read all of this document and in particular that he/she has read, understands and accepts the “Risk Factors” outlined in Part II of this document;
- (II) that he/she is a qualified investor according to the meaning of law 3401/2005 or a person or a legal entity well experienced in high risk investments in a volatile environment;
- (III) that he or she understands that by investing in the Company he/she becomes a shareholder in a Cypriot holding company; and
- (IV) that he or she understands that the performance or yield of the investment in the Company is not guaranteed and past performance may not be construed as a guarantee of future performance.

This document does not constitute by any means an offer of a “distance selling contract”. Its recipients will be given adequate time to process the information contained in the relevant documents. Investors are expected to conduct their own enquires into the Company, and each prospective investor will be afforded the opportunity to seek any additional information he/she or it may require, and in-person-communication is expected and highly advisable.

The Company and the Directors specifically exclude their liability in respect of any cause of action which may arise hereunder except for gross negligence or fraud. The Company and the Directors do not make any representations as to the prospects of the investment described herein.

FOR THE ATTENTION OF RESIDENTS OF ISRAEL

This document does not constitute a prospectus approved by the Israeli Securities Authority. The securities are being offered in Israel solely to investors of the categories listed in the First Appendix to Israeli Securities Law under circumstances that do not constitute an “offering to the public” under Section 15 of the Israeli Securities Law. This document may not be reproduced or used for any other purpose or furnished to any other person other than those to whom copies have been sent.

Nothing in this document should be considered as defined in the Investment Consulting, Investment Marketing and Portfolio Management Law – 1995.

FOR THE ATTENTION OF RESIDENTS OF SWITZERLAND

The Ordinary Shares will not be publicly offered, distributed or redistributed in Switzerland. They are offered in Switzerland only to a limited number of institutional investors without any public offering. This document may not be communicated or distributed in Switzerland in a manner that could constitute a public offering within the meaning of Article 652a of the Swiss Code of Obligations. It is not a prospectus within the meaning of this provision and may not comply with the information standards required by it. The Company will not apply for a listing of its shares on the Swiss Stock Exchange and this document may not comply with the information standards required by the Swiss listing regulations. The Ordinary Shares will not be registered with any Swiss authority for any purpose whatsoever.

FOR THE ATTENTION OF RESIDENTS OF THE REPUBLIC OF IRELAND

In respect Ireland, this document is exempt from the requirement to publish a prospectus in respect of offers of securities to the public set out under Regulation 12 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Regulations”) on the grounds that it is addressed solely to qualified investors (as specified in the Regulation 2(1) of the Regulations) and therefore may not contain all the information required where a document is prepared pursuant to the Regulations. Reliance on this document for the purpose of engaging in any investment activity may expose the individual or entity concerned to a significant risk of losing all of the property invested or of incurring additional liability.

It is therefore a condition of subscription to the Ordinary Shares by recipients of this document who are resident in Ireland that (i) they qualify as qualified investors as specified in Regulation 2(1) of the Regulations (ii) that they have read, agree to and will comply with the contents of this notice and (iii) that they will conduct their own analyses or other verification of the data set out in this document and will bear the responsibility for all or any costs incurred in doing so.

A recipient may qualify as a qualified investor if:

- (a) it is authorised or regulated to operate in the financial markets;
- (b) its corporate purpose is solely to invest in securities;
- (c) it is entered on the register of qualified investors maintained by the Central Bank and Financial Services Authority of Ireland; or
- (d) it fails to satisfy at least two of the following conditions according to its last annual or consolidated accounts:
 - (i) it has an average number of employees during the financial year of less than 250;
 - (ii) it has a total balance sheet not exceeding €43,000,000; and
 - (iii) it has an annual net turnover not exceeding €50,000,000.

If any recipient of this document in Ireland is not a qualified investor they should not take any action upon this document, but should return it immediately to Libertas Capital.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements. These relate to the Company’s future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part II this document. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

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DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

Paul Robert Ensor, Chairman
David Mann Flitterman
Antonios Achilleoudis
Besik (“Beso”) Sikharulidze
Elena Gennady Maksimova (also known as Helen Maximov)

All non-executive and all of:

Registered Office

Chrysanthou Mylona 3
P.C. 3030
Limassol, Cyprus

Investment Manager

Aisi Realty Capital LLC
150 Federal Street
Suite 1104
Boston, MA 02110, USA

Administrator

Meritservus Secretaries Limited
Eftapaton Court, 256,
Makarios Avenue, P.O.Box 53180,
CY-3301 Limassol, Cyprus

Nominated Adviser

Libertas Capital Corporate Finance Limited
16 Berkeley Street
London W1J 8DZ

Broker

Libertas Capital Securities Limited
16 Berkeley Street
London W1J 8DZ

English Legal Advisers to the Company

Lawrence Graham LLP
4 More London Riverside
London SE1 2AU

Ukrainian Legal Advisers to the Company

DLA Piper Ukraine LLC
77A Chervonoarmyska St.
Kiev 03150, Ukraine

Cypriot Legal Advisers to the Company

Chrysses Demetriades & Co.
Fortuna Court
284 Maharios III Avenue
3105 Limassol, Cyprus

Legal Advisers to the Placing

Eversheds LLP
Senator House
85 Queen Victoria Street
London EC4V 4JL

Reporting Accountants

Deloitte & Touche LLP
Athene Place
66 Shoe Lane
London EC4A 3BQ

Property Consultants

DTZ Kiev B.V.
52 Bohdana Khmelnytskoho St.
Kiev 01030, Ukraine

Registrars

CLR Securities & Financial Services Ltd
CLR House
26 Byron Avenue, 1096
PO Box 24616
1301 Nicosia, Cyprus

Depository

Computershare Investor Services PLC
P.O. Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

DEFINITIONS AND GLOSSARY OF TERMS

The following definitions apply throughout this document, unless the context applies otherwise:

“Act”	the Cypriot Companies Law, Cap 1113
“Adjusted Net Asset Value”	Net Asset Value following certain adjustments as set out on page 82 of this document
“Adjusted Net Asset Value per Share”	Adjusted Net Asset Value divided by the number of Ordinary Shares in issue from time to time
“Administration Agreement”	the agreement entered into between the Company and the Administrator dated 25 July 2007, further details of which are set out in paragraph 6 of Part VII of this document
“Administrator”	Meritserve Secretaries Limited or such other administrator as may be appointed by the Company from time to time
“Admission”	the admission of the Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	together the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies, incorporating guidance notes, published by the London Stock Exchange governing, <i>inter alia</i> , admission to AIM and the continuing obligations of companies admitted to AIM, as amended from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern, <i>inter alia</i> , the eligibility, approval and continuing obligations of Nominated Advisers (as defined in the AIM Rules for Companies) as amended from time to time
“Articles”	the articles of association of the Company
“Combined Code”	the combined code on corporate governance issued by the Financial Reporting Council, as amended from time to time
“Company”	Aisi Realty Public Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the operator (as defined in the CREST Regulations) used for the paperless settlement of transfers of title to shares in uncertificated form and in DI form
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the UK Uncertificated Regulations 2001 (SI 2001 No. 3755)
“Current Investment Portfolio”	the five investments made by the Group, by way of equity ownership or loan commitment, as at the date of Admission as described in Part IV of this document

“Deed Poll”	the deed poll dated 29 May 2007 entered into by the Depositary and which constitutes the Depositary Interests
“Depositary”	Computershare Investor Services Plc
“Depositary Interest”	a dematerialised depositary interest which represents an entitlement to Ordinary Shares and which may be held and transferred through CREST
“Directors” or “Board”	the board of directors of the Company whose names are set out on page 7 of this document
“DTZ”	DTZ Kiev B.V.
“Enlarged Issued Share Capital”	the entire issued share capital of the Company immediately following Admission
“Euro” or “€”	the unit of money used by the European Union countries which have adopted the single European currency unit
“Existing Ordinary Shares”	the 115,981,228 issued Ordinary Shares in issue at the date of this document
“Founding Shareholders”	Shareholders who hold Existing Ordinary Shares, excluding Tudor
“Founding Shareholder Warrants”	the warrants to subscribe for new Ordinary Shares subject to the terms and conditions set out in the Founding Shareholder Warrant Instrument and issued to the Founding Shareholders
“Founding Shareholder Warrant Instrument”	the instrument of the Company dated 25 July 2007 constituting the Founding Shareholder Warrants, further details of which are set out in paragraph 6 of Part VII of this document
“FSA”	the United Kingdom Financial Services Authority
“FSA Handbook”	the FSA Handbook of Rules and Guidance (as amended and replaced from time to time)
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GDP”	gross domestic product
“Gross Asset Value”	the value of the Company’s assets, as determined in accordance with guidelines laid down by the Board from time to time, further details of which are set out in paragraph 7 of Part I of this document
“Group”	the Company and its subsidiaries
“Hryvnia” or “UAH”	the legal currency of Ukraine
“IFRS”	International Financial Reporting Standards, being the accounting standards issued by the International Accounting Standards Board
“Investment Manager” or “Manager”	Aisi Realty Capital, LLC, acting as the investment manager to the Company pursuant to the Investment Management Agreement

“Investment Management Agreement”	the amended and restated investment management agreement entered into between the Investment Manager and the Company dated 25 July 2007, further details of which are set out in paragraph 6 of Part VII of this document
“Libertas Capital”	either or both of Libertas Capital Corporate Finance Limited and Libertas Capital Securities Limited as the context requires
“Libertas Capital Corporate Finance Limited”	the nominated adviser to the Company
“Libertas Capital Securities Limited”	the broker to the Company
“London Stock Exchange”	London Stock Exchange plc
“Net Asset Value”	the value of the assets of the Company less its liabilities, as determined by guidelines laid down by the Board and in accordance with IFRS, further details of which are set out in paragraph 7 of Part I of this document
“Net Asset Value per Share”	the Net Asset Value divided by the number of the Ordinary Shares in issue from time to time
“Nominated Adviser and Broker Agreement”	the agreement entered into between the Company and Libertas Capital dated 25 July 2007, further details of which are set out in paragraph 6 of Part VII of this document
“Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company
“Placees”	those persons who have agreed to subscribe for Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Libertas Capital at the Placing Price
“Placing Agreement”	the agreement entered into between the Company, the Investment Manager, Libertas Capital and the Directors dated 25 July 2007, further details of which are set out in paragraph 6 of Part VII of this document
“Placing Price”	US\$0.66 per Ordinary Share
“Placing Shares”	50,210,601 new Ordinary Shares that will be issued by the Company in connection with the Placing
“Property Valuer”	a recognised property valuation firm which the Company may appoint from time to time
“Registrar”	CLR Securities & Financial Services Limited
“Regulatory Information Service Provider”	a regulatory information service provider that is approved by the FSA
“Shareholders”	the holders of Ordinary Shares
“SPV”	special purpose vehicle, a company established for the sole purpose of holding an investment made by the Company
“sq. m.”	square metres

“Sterling” or “£”	the legal currency of the United Kingdom
“Takeover Code”	the City Code on Takeovers and Mergers (as published by the UK Panel on Takeovers and Mergers)
“Tudor”	The Tudor BVI Global Portfolio Limited, a shareholder in the Company
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“US Dollar” or “US\$”	the legal currency of the United States
“Valuation Date”	30 June and 31 December in each year and/or such other day as the Directors may, from time to time, prescribe as a valuation date

PLACING STATISTICS

Placing Price	US\$0.66 (32.5p)
Adjusted Net Asset Value per Share on Admission ¹	US\$0.66
Number of Existing Ordinary Shares	115,981,228
Number of Placing Shares	50,210,601
Number of Ordinary Shares in issue on Admission	166,191,829
Placing Shares as a percentage of the Enlarged Issued Share Capital	30.2%
Gross proceeds of the Placing	US\$33.1 million
Estimated net proceeds of the Placing	US\$30.2 million
Market capitalisation of the Company at the Placing Price on Admission	US\$109.7 million
ISIN	CY0100441019
AIM symbol	AISI

¹ excluding expenses in relation to the Admission and Placing

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission effective and dealings commence in Ordinary Shares on AIM	1 August 2007
Delivery of Depositary Interests into CREST	1 August 2007
Expected date of despatch of definitive share certificates (where applicable)	by 15 August 2007

All future dates referred to in this document are subject to change at the discretion of the Company and Libertas Capital.

EXCHANGE RATES

All references to \$ are to US Dollars and all references to UAH are to Ukrainian Hryvnia. The rates of exchange used for the purpose of this document are, unless otherwise stated:

£1.00 = \$2.03,

£1.00 = UAH10.16,

\$1.00 = UAH5.00

being the rates of exchange as quoted on Bloomberg at 12.00 p.m. in London on 13 July 2007.

PART I

INFORMATION ON THE GROUP

1. Introduction

Aisi Realty Public Limited, a closed-ended investment company incorporated in Cyprus, was established in June 2005 to make investments in the real estate market in Ukraine. The Company was set up with the intention of providing Shareholders with attractive returns, principally from capital appreciation through investment in real estate development projects and related investments, principally in and around the major population centres of Ukraine, with a particular focus on the capital city, Kiev.

The Company's assets are managed by Aisi Realty Capital, LLC, a Boston based investment management company with a presence in Kiev. The Investment Manager intends to capitalise on its local knowledge of the region and real estate development experience to source real estate investment opportunities (including development projects) at attractive prices, manage and oversee these investments, and structure and execute appropriate exit strategies.

The Company's Board comprises two members of the Investment Manager and three independent Directors. Further details of the members of the Board and Investment Manager may be found in Part III of this document.

Since inception, the Company has raised over US\$67 million and has committed over US\$30 million to the acquisition and advancement of six real estate projects. The Current Investment Portfolio comprises five projects following the sale of one of the Company's projects in May 2007. The Directors currently estimate that completion of the development of the existing projects will require a further minimum aggregate capital commitment of approximately US\$235 million. This will, the Directors anticipate, be financed through a combination of equity and debt capital as well as pre-sales of residential properties where relevant. Preliminary negotiations on the provision of debt financing have been held with a number of banks, including the European Bank for Reconstruction and Development, and the Directors currently anticipate that the Company will be able to obtain debt financing on acceptable terms.

DTZ has carried out an independent valuation as at 21 May 2007 to assess the current market value of four of the investments in the Current Investment Portfolio held at that date, to which approximately US\$18 million was committed. The DTZ valuation report is set out in Part V of this document and provides an aggregate current market value for these investments of US\$29.9 million, assuming, *inter alia*, 100 per cent. ownership of each investment. The Directors estimate, on a pro rata basis, the Group's interests in these projects to be US\$29.7 million assuming the full commitment of US\$18 million which includes payments to be made under sale and purchase agreements.

At Admission, the Group had an Adjusted Net Asset Value (excluding expenses in relation to the Admission and Placing) of US\$109.2 million, equalling an Adjusted Net Asset Value per Share of US\$0.66.

The Company is seeking admission to AIM along with a placing of new Ordinary Shares to raise approximately US\$33.1 million, before expenses. The net proceeds of the Placing will be used principally to invest in a number of additional investment projects under investigation by the Investment Manager which would meet the Company's investment strategy.

2. Market Opportunity

Ukraine

Ukraine, with an estimated population of 46.3 million, is situated on the eastern border of the European Union where it is strategically positioned between Europe and Russia. Historically, Ukraine was an important industrial and agricultural component of the former Soviet Union's economy and these sectors remain key components of the Ukrainian economy.



Since gaining independence in 1991, Ukraine has undergone significant economic and political development. In 2006, nominal GDP was US\$101 billion with GDP per capita of US\$1,771. In 2006, real GDP grew by 7 per cent. and is forecast to grow by approximately 6 per cent. per annum through to 2011. Alongside this strong economic growth, consumer price inflation is forecast to steadily decrease from 10.3 per cent. in 2006 to around 5.8 per cent. by 2011 and disposable income per capita is expected to more than double from US\$1,160 in 2006 to US\$2,748 by 2011.

Ukraine has also attracted significant international investment with net foreign direct investment of approximately US\$7.5 billion in 2005 and approximately US\$4.1 billion in 2006, a significant increase on previous years. The government of Ukraine has also held accession talks with the World Trade Organisation for a number of years and, reportedly, has now passed all required legislation to meet the conditions to obtain full membership.

Since the “Orange Revolution” of 2004/5, the Ukrainian political situation has been relatively stable, despite the recent political discord, and the parliamentary elections held in March 2006 were widely considered to be free and democratic.

The recent political discord amongst the parties of the Coalition for National Unity resulted in the President of Ukraine, Victor Yushchenko, dissolving parliament on 3 April 2007. Despite this and ongoing uncertainty, the political situation is still considered to be more stable than pre-2004/5 and following agreement between the major political parties, parliamentary elections have been scheduled for September 2007.

Residential Real Estate Market

The residential real estate market, within Kiev in particular, continues to experience a significant shortfall in supply due, in part, to the net arrival of over 200,000 people since 2003. This shortfall has resulted in significant and consistent price increases and a consequential increase in the number of property development projects.

It is estimated that in 2006, the total stock of residential space in Kiev was approximately 56.6 million sq. m. of which approximately 1.2 million sq. m. of new residential space came on to the market during

2005 and 1.3 million sq. m. was delivered during 2006 – only an eight per cent. increase compared to 2005 despite significant residential price inflation.

The level of unsatisfied demand in Kiev is considered to be significantly higher than the levels seen in other Western and Central European cities, driving residential price inflation. In 2006, primary market residential prices in Kiev increased by approximately 57 per cent. and secondary market residential prices by approximately 69 per cent. At the beginning of 2007, average secondary market prices were estimated at US\$2,850 per sq. m. Market average prices for prime residential space has been estimated at US\$4,500 per sq. m. Other major population centres in Ukraine have also experienced growth in secondary market residential prices of over 60 per cent. during 2006.

Overview of the residential real estate market in Kiev:

	2003	2004	2005	2006
Stock ('000s sq. m.)	53,372	54,046	55,246	56,617
New supply ('000s sq. m.)	1,001	1,050	1,201	1,300
Average secondary market prices (US\$/sq. m.) (at the beginning of the year)	525	805	1,040	1,690

Source: Ukrainian Trade Guild

The Kiev General Development Plan set out by the Kiev City Council is intended to encourage up to two million sq. m. of new residential space per year to be developed which may help reduce the level of unsatisfied demand. The initial phase of this programme requires residential developments to be initially focused on central areas of Kiev.

Office Real Estate Market

Demand for quality office space in Kiev continues to steadily increase as a number of international businesses establish offices in the city and the general economic environment remains favourable. However, the market continues to be generally undersupplied.

It is estimated that in 2006, the total stock of office space in Kiev was approximately 555,000 sq. m., excluding government offices and owner-occupied buildings, which is estimated to be considerably lower than other capital cities within Central and Eastern Europe. Of this, approximately 112,000 sq. m. of new office space came to market during 2005 and 79,000 sq. m. was delivered during 2006. A significant proportion of the new supply is the result of refurbishment of old industrial or administrative premises into non-prime office space.

The increasing demand and persistent undersupply has resulted in vacancy rates of approximately one per cent. and increasing office rents, particularly for higher quality office space. The level of development of office space in Kiev is forecast to increase significantly in the coming years to satisfy this excess demand.

Overview of the office real estate market in Kiev:

	2003	2004	2005	2006
Stock ('000s sq. m.)	276	363	476	555
New supply ('000s sq.m.)	88	88	112	79
Prime office capital values (US\$/sq.m.)	2,025	2,400	3,264	5,500
Vacancy rate	7.5%	6.5%	3.5%	1.2%

Source: DTZ

Warehouse Real Estate Market

Despite the increase in industrial output and business activity across Ukraine, the commercial warehouse real estate market remains immature with existing development projects not expected to be able to satisfy the current level of demand. Furthermore the one year moratorium imposed at the start of 2007 on the re-zoning of agricultural land has also slowed the pace of development of new warehouse projects.

Ukraine is located at the ‘crossroads’ between Europe and Russia, which makes it an attractive location for third-party logistics companies to establish warehouse operations. Hence, the current level of demand for quality warehouse space is expected to persist. This has resulted in vacancy rates close to zero. Accordingly, rental rates for warehouse space in Kiev are significantly higher than in other Central and Eastern European capitals.

Overview of the warehouse real estate market in Kiev:

	2004	2005	2006
Stock ('000s sq. m.)	100	160	225
New supply ('000s sq. m.)	20	10	65
Prime warehouse sale price (US\$/sq.m.)	404	556	693

Source: Aton Capital

3. Investment Strategy and Process

Investment Strategy

The Company intends to generate attractive returns for Shareholders through investing in a diversified portfolio of real estate development projects, and related investments, in Ukraine which are identified and recommended to it by the Investment Manager.

The Directors intend to achieve this primarily through acquiring interests in parcels of land, on a freehold or leasehold basis, for the development of residential, office or warehouse space as appropriate. Following any acquisition, the Investment Manager will oversee development after obtaining the necessary permissions and permits. Where relevant and possible, the Directors and Investment Manager intend to make the consideration for the land purchase dependent upon the delivery of the necessary approvals for the commencement of development. Additionally, up to 20 per cent. in aggregate of the Net Asset Value from time to time may be invested in other real estate and real estate related assets where the Directors believe that such assets will generate attractive returns and be complementary to the existing portfolio.

The Investment Manager has established a network of local business contacts and the Directors and the Investment Manager believe this network will provide access to attractive investment opportunities. Where appropriate, the Company may enter into arrangements with a strategic partner for land contribution, or the provision of financing or other expertise. The Investment Manager has also developed relationships with local and national government offices and agencies which oversee and regulate different aspects of the investments which the Investment Manager believes will enable the obtaining of the necessary development permits in a timely manner.

When assessing an investment opportunity, the Investment Manager intends for appropriate independent advisers and third party experts to be engaged to perform due diligence in addition to that carried out by the Investment Manager. Upon commencement of construction the Directors and Investment Manager intend to use an experienced construction consultancy firm, where considered necessary, to oversee construction and will also seek to enter into fixed price contracts with reputable and proven construction contractors for each development.

The Investment Manager will take an active role in the management of the Company's investments to create value through the development or management of the Company's investments. This includes creating operational synergies, where possible, across the Company's various investments in areas such as design, master-planning, financing, construction, and marketing.

The majority of the Company's current investments are individually held under separate entities locally incorporated in Ukraine. It is the Directors' intention that future investments will also be held in this way.

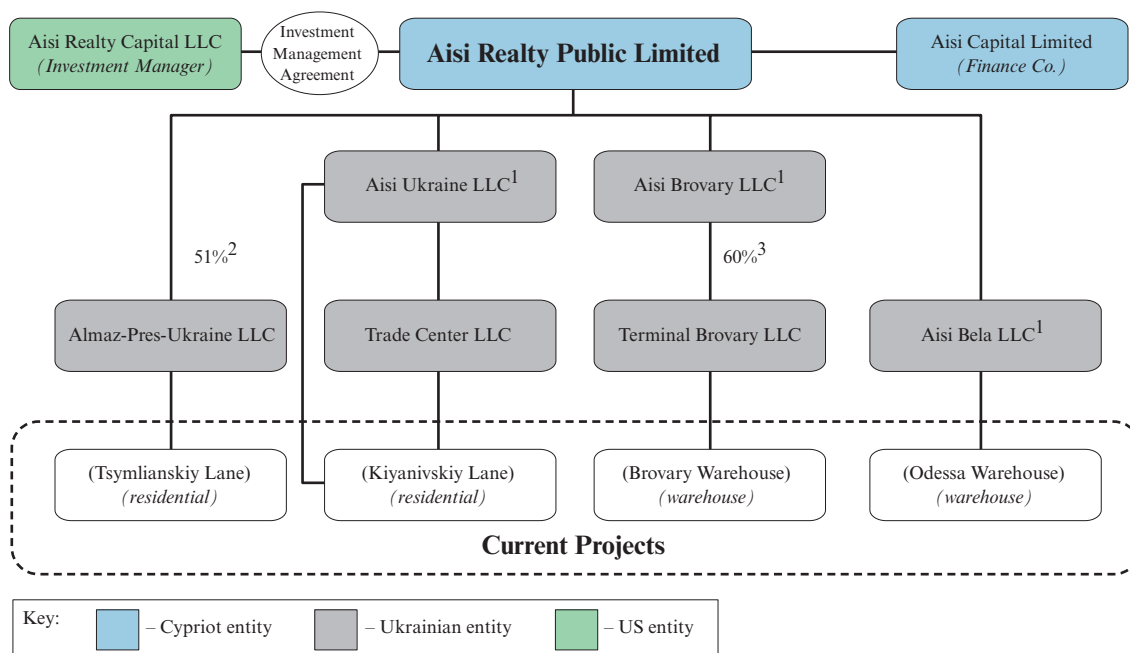
Investment Process

The Company's investment process can be summarised as follows:

- the Investment Manager sources investment opportunities itself or through its network of relationships in Ukraine;
- the Investment Manager then conducts a site visit and will investigate the potential of the market generally, and specifically, the demand for the real estate asset class to be developed;
- following completion of satisfactory due diligence by the Investment Manager and, if relevant, by independent third party consultants, the Investment Manager will make a recommendation to the Board for majority approval; then
- following completion of the investment in the project, the Investment Manager will actively manage each investment with the intention of maximising returns.

4. Organisational Structure

The Company is incorporated in Cyprus as a closed-ended investment company. Four of the Company's current projects are held separately via SPV structures with entities incorporated in Ukraine as set out in the diagram below. The fifth investment has been made by way of a loan provided by the Company to a Swiss incorporated entity and secured on land. The Investment Manager believes that within the next six months this loan will be converted such that the Company will have 100 per cent. equity ownership of the Podil Residential project. All holdings in the diagram below are 100 per cent. unless otherwise stated.



1 – 1 per cent. equity ownership held by nominee. Further details are set out in paragraph 2 of Part VII of this document.

2 – The Group has committed to acquire a further 39 per cent. shareholding in Almaz-Pres-Ukraine LLC and also holds a put option over its current shareholding. Further details are set out in paragraph 6 of Part VII of this document.

3 – The Group has committed to acquire the remaining 40 per cent. shareholding in Terminal Brovary LLC. Further details are set out in paragraph 6 of Part VII of this document.

Aisi Capital Limited is the Company's wholly owned Cyprus incorporated finance company which provides intra-group loans to the Company's Ukrainian sub-holding companies and SPVs. In addition, the Company has established another subsidiary to be utilised for future projects.

The Board oversees the management and control of the Group from Cyprus.

5. Current Investment Portfolio

Since inception, the Company has committed over US\$30 million to the acquisition and advancement of six real estate projects. In May 2007, the Company sold one of its investments, a 60.6 per cent.

shareholding in a residential development project for US\$3.0 million. This project was acquired in July 2006 for a total consideration of approximately US\$1.7 million.

The Company currently holds the following investments:

- Tsymlianskiy Lane. A development project located in the Podil district, north-west of central Kiev. The project involves the construction of 4,488 sq. m. of residential space with 1,446 sq. m. of office and 1,200 sq. m. of parking space.
- Kiyanivskiy Lane. A development project located near to the historical centre of Kiev. The project involves the construction of 20,140 sq. m. of residential space with 4,750 sq. m. of office and 3,000 sq. m. of parking space.
- Podil Residential. A development project located in the Podil district, north-west of central Kiev. The project involves the development of up to 37,900 sq. m. of residential and office space over separate buildings. The Company has extended a loan to the project which it is anticipated will be converted into a 100 per cent. equity ownership of the Ukrainian entity with ownership of the buildings.
- Brovary Warehouse. A potential warehouse development project located approximately 30 km outside of Kiev on the intersection of two major highways leading north-east to Moscow and south to Borispil airport. The project involves the construction of 40,800 sq. m. of warehouse space with 3,900 sq. m. for ancillary offices.
- Odessa Warehouse. A warehouse development project located approximately 15 km from Odessa, in southern Ukraine, on the Kiev-Odessa highway. The project involves the construction of approximately 112,000 sq. m. of warehouse space and 11,200 sq. m. of ancillary offices.

A summary of the actual cost of the investments in the Current Investment Portfolio and the estimated development costs for each project are set out below:

<i>Project</i>	<i>Investment date</i>	<i>Investment cost (US\$ million)</i>	<i>Estimated date of completion</i>	<i>Estimated development cost (US\$ million)</i>
Tsymlianskiy Lane	Nov 2006	1.0 ¹	H2 2008	12 ²
Kiyanivskiy Lane	Oct 2005	5.5	H2 2009	49
Brovary Warehouse	Sept 2006	2.4 ¹	H1 2008	30
Odessa Warehouse	April 2007	6.2	H1 2009	66
Podil Residential	June 2007	10.0	H2 2009	78
Total		<u>25.1¹</u>		<u>235</u>

¹ – Excludes amounts due under sale and purchase agreements.

² – The Group will contribute to the project development costs in accordance with its ownership interest.

Source: Company, DTZ

Further details of the Current Investment Portfolio are set out in Part IV of this document.

The Current Investment Portfolio has been financed to date through equity investment, although the Directors anticipate that debt financing will also be used to complete the development of the projects. Preliminary discussions have been held with a number of banks, including the European Bank for Reconstruction and Development to provide the required debt financing and the Directors do not currently anticipate any major issues in obtaining appropriate bank financing for each of the Company's projects. Where relevant, the Company will also consider the pre-sale of residential units to facilitate the financing of a project's development.

The Directors estimate, on a pro-rata basis, the Group's interests in these projects to be up to US\$29.7 million assuming the full commitment of US\$18 million which includes payments to be made under sale and purchase agreements. Further details are set out in Part IV of this document.

6. Investment Pipeline

The Investment Manager is currently engaged in negotiations on a number of other potential projects which meet the Company's investment strategy including:

- 160,000 sq. m. of land approximately two kilometres from Donetsk for the construction of a logistics warehouse of approximately 75,680 sq. m., including offices.
- 140,000 sq. m. of land within the Lviv ring road for the construction of a logistics warehouse of approximately 66,000 sq. m., including offices.
- The construction of a 100,000 sq. m. distribution centre near Kiev on behalf of one of Russia's largest retail and distribution providers who have been present in Ukraine for a number of years and are now in the initial phase of a substantial expansion program in Ukraine.
- The acquisition of two companies that are engaged in outdoor advertising in downtown Kiev, which would provide income generating assets, in addition to the ownership over a number of plots of land.

These discussions are at a preliminary stage and may or may not lead to an acquisition of the projects. The Investment Manager anticipates that the conclusion of preliminary agreements, if relevant, for the acquisition of some of these projects may be possible within three months. Following the signing of a preliminary agreement, due diligence will be performed prior to the completion of any acquisition.

There can be no assurance that the Company will complete all or any of these potential investments.

7. Valuation Reporting and Policy

The Net Asset Value per Share, expressed in US Dollars, will be prepared by the Administrator and will be published semi-annually. In all cases, the Net Asset Value per Share will be determined by dividing the Net Asset Value on the Valuation Date by the total number of Ordinary Shares outstanding at that date, the resulting amount to be rounded to the nearest cent (0.5 of a cent being rounded up). The Net Asset Value per Share will be calculated based on the assets' most recent valuations and in accordance with IFRS.

The Gross Asset Value shall be calculated by aggregating the value of the securities owned or unconditionally and irrevocably contracted for by the Company with the value of the other assets of the Company. The Net Asset Value shall be calculated by deducting from the Gross Asset Value the actual contingent liabilities of the Company (which shall where appropriate be deemed to accrue from day to day). For the avoidance of doubt, in the event the Company controls an entity or has significant influence over an entity, it will continue, for the purpose of calculating the Net Asset Value, to value the investment at fair value in accordance with IFRS.

Under current valuation guidelines adopted by the Directors, such values shall be determined as follows:

- the value of investments made by the Company, whereby the future cashflows to be derived from these investments can be reasonably estimated, will be based on the net present value of the expected future cash flows discounted using an appropriate market discount rate. The Property Valuer will determine the appropriate discount rate on a case by case basis;
- the value of the investments made by the Company whereby the future cashflows to be derived from these investments cannot be reasonably estimated will be based on the market value of the land owned by the relevant entity;
- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- any other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures; and

- any value other than in US Dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, *inter alia*, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is reasonable in the circumstances provided that such other valuation or valuation procedure has been approved by an appropriate expert. The Directors may delegate to the Investment Manager any of their discretions under the valuation guidelines. With respect to the calculation of the Net Asset Value, the Administrator will rely upon valuations provided to it by third parties. The Administrator shall not be liable for any errors in Net Asset Value calculations where such errors are the result of incorrect information provided by such third parties. Shareholders will be notified of the Net Asset Value per Ordinary Share as soon as practicable after the Valuation Date. Valuations may be suspended in circumstances where the underlying data necessary to value an investment cannot readily, or without undue expenditure, be obtained. Such suspensions will be communicated to investors via a Regulatory Information Service Provider.

8. Summary Financial Information

The consolidated financial information on the Group below has been extracted, without material adjustment, from the financial information contained in Part VI of this document. Investors should read the whole of this document and not just rely on the following summarised financial information.

As at 31 December 2006, the Group had audited net assets of US\$18.5 million. At Admission, the Group had an Adjusted Net Asset Value (excluding expenses in relation to the Admission and Placing) of US\$109.2 million, equalling an Adjusted Net Asset Value per Share of US\$0.66.

The audited consolidated accounts of the Group will be prepared in accordance with IFRS.

9. Reasons for Admission and Use of Proceeds

The Directors intend that the net proceeds of the Placing will be invested in real estate opportunities in Ukraine. Furthermore, the Directors believe that Admission will enhance the Group's profile and enable access to better sources of funding to be utilised in the development of current and future investments.

The 50,210,601 Placing Shares to be issued at the Placing Price pursuant to the Placing represent approximately 30.2 per cent. of the Enlarged Share Capital and will raise approximately US\$33.1 million, net of expenses, for the Company. The Placing Shares will be credited as fully paid and will, on issue, rank *pari passu* in all respects with Existing Ordinary Shares.

Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. Admission is expected to become effective and dealings in the Ordinary Shares are expected to commence on or around 1 August 2007.

10. Founding Shareholders, Warrants and Options

Prior to April 2006 the Company was provided with financial support from Mr. Sikharulidze, a Director of the Company. In April 2006, the Company completed a private placement of US\$10 million, of which Mr. Sikharulidze provided US\$2 million. The Company subsequently raised US\$5 million in December 2006, US\$45 million in March 2007 and US\$7 million in June 2007, before expenses.

The Founding Shareholder Warrants entitle the Founding Shareholders to subscribe, at par value per Ordinary Share, for such number of Ordinary Shares which when multiplied by US\$0.57 equals 100 per cent. of the difference between the market value of the Company's interests in the Current Investment Portfolio on Admission and the date being six months following Admission. The valuation of the Company's interests in the Current Investment Portfolio will be carried out by the Property Valuer on the date which is six months following Admission, and the valuation will be approved by the Board. Except in limited circumstances, all the Founding Shareholder Warrants must be exercised within 30 days of the valuation or will otherwise lapse. Further details of the Founding Shareholder Warrants are set out in paragraph 6 of Part VII of this document.

In addition, the Company has granted Tudor warrants to subscribe for 10,937,500 Ordinary Shares. These warrants must be exercised within 30 days of the date being the first anniversary of Admission or else they will lapse. The exercise price of the warrants is US\$0.64 per Ordinary Share.

The Directors have also each been granted options to subscribe for 263,158 Ordinary Shares, further details of which are summarised in paragraph 6 of Part VII.

11. Ownership, Lock-in and Orderly Market Arrangements

Each of the Directors and their connected persons (who between them are interested in 3,068,002 of the Ordinary Shares at the date of this document) have entered into lock-in agreements pursuant to Rule 7 of the AIM Rules for Companies under the terms of which they will be prohibited from selling any of the Ordinary Shares held by them at Admission or subsequently acquired by them in the 12 month period following Admission, save for specifically permitted transfers. In addition, they have also undertaken that for the 12 months after that period, they will only be permitted to sell any Ordinary Shares held by them through the Company's appointed broker, save for specifically permitted transfers.

Under the terms of the subscription agreements signed by each Founding Shareholder and Tudor, each such Founding Shareholder and Tudor has entered into a lock-in undertaking pursuant to the terms of which:

- in the event that such Shareholder holds an interest in 10 per cent. or more of the issued share capital of the Company on Admission, the lock-in undertaking will comply with Rule 7 of the AIM Rules for Companies and will prohibit such Shareholder from disposing of any of the Ordinary Shares held by it at Admission or subsequently acquired by it in the 12 month period following Admission (including those arising on exercise of any warrants to which such Shareholder is entitled), save for specifically permitted transfers; or
- in the event that such Shareholder holds an interest in less than 10 per cent. of the issued share capital of the Company on Admission, the lock-in undertaking will prohibit such Shareholder from disposing of any of the Ordinary Shares held by it at Admission, save with the permission of the Company and Libertas Capital and in certain other specific circumstances.

12. Ongoing Expenses

The Company will incur ongoing expenses. These expenses will include the following:

Investment Manager

The Investment Manager will receive annual management and performance fees from the Company. The fees due to the Investment Manager are governed by the Investment Management Agreement, the details of which are set out in Part III of this document.

In addition to the Investment Management Agreement, there is an agreement with an associate, Howard Kelham, who is also a principal of the Investment Manager, for a gross monthly fee of US\$11,263.

Directors

Each Director will initially be paid non-executive directors' fees of £30,000 per annum. The Board may look to review the Directors' fees on a periodic basis.

Libertas Capital

Libertas Capital Corporate Finance Limited has agreed to act as nominated adviser to the Company and Libertas Capital Securities Limited has agreed to act as broker to the Company for the purposes of the AIM Rules for Companies for an aggregate annual fee of £50,000, including reimbursement of any expenses incurred in carrying out their duties to the Company.

Administrator

The Administrator will perform the necessary secretarial and administrative services for the Company under the Administration Agreement. The Administrator will be paid agreed time based

administration and accounting fees, billed and payable on a periodic basis and the reimbursement of certain expenses incurred by it in connection with its duties. The details of the Administration Agreement are set out in Part III of this document.

Other expenses

Other ongoing expenses of the Company include, *inter alia*, interest payments, bank fees, regulatory fees, legal fees, acquisition and disposal fees where the service is provided by someone other than the Investment Manager, insurance costs, audit fees and other applicable expenses.

The Directors estimate that the aggregate expenses to be incurred in the first twelve months following Admission to be US\$4.7 million.

13. Life of the Company

The Company does not have a fixed life, however, shortly before the seventh anniversary of the completion of the first fundraising by the Company (5 April 2006) (or earlier if appropriate) the Board will convene a Shareholders' meeting at which a resolution will be proposed to determine the future of the Company which may include dissolution of the Company.

14. Distributions to Shareholders

The Director's intend to return profits to Shareholders once they are realised following exit of the Company's investments. For the first three years following the completion of the first fundraising by the Company (5 April 2006), profits realised from investments will not be distributed but will be made available for reinvestment into further investments as determined by the Board (net of any performance fees due).

15. Further Issues and Buybacks of Ordinary Shares

The Directors will have authority to allot all of the authorised but unissued share capital of the Company following Admission on a non-pre-emptive basis. Where the allotment price is less than the prevailing Net Asset Value per Share, the Board has resolved that such authority shall only be exercised in order to allot up to an aggregate maximum of 15 per cent. of the issued Ordinary Shares (calculated as at the time of allotment) in any twelve month period. Where the allotment price is equal to, or in excess of, the prevailing Net Asset Value per Share, such authority may be exercised without restriction. An independent third party valuation of the Net Asset Value may be obtained prior to any further issue of Ordinary Shares. The Company will endeavour to provide existing Shareholders with some form of preference in relation to the issue of further Ordinary Shares in future fund raisings, however, there is no guarantee that this will happen.

Any repurchase of Ordinary Shares will be made subject to the laws of Cyprus and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and the making and timing of any buyback will be at the absolute discretion of the Board, and not at the option of the Shareholders. General purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing Net Asset Value per Share where the Directors believe such purchases will enhance Shareholder value. Such purchases may only be made provided the price to be paid is not more than the higher of (i) five per cent. above the volume weighted average mid-market price of the Ordinary Shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

16. Suitability

As an investment company incorporated in Cyprus, the Company may only be marketed to, and is only suitable as an investment for, sophisticated and qualified investors with an understanding of the risks inherent in investing in emerging market jurisdictions and an ability to accept the potential total loss of all capital invested in the Company.

17. Takeover Regulation and Cyprus Company Law

The Company is incorporated in Cyprus. Accordingly, the protections afforded by the Takeover Code which are designed to regulate the way in which takeovers are conducted in the UK will not be

available. Cyprus does not have a takeover code governing takeover offers for Cypriot companies which are not listed on the Cyprus stock exchange and a takeover of the Company would not be regulated by the UK or Cypriot authorities. The rights of Shareholders generally are governed by the Company's memorandum of association, Articles and by Cyprus company law. A summary of certain applicable provisions of Cyprus company law is set out in Part VIII of this document.

18. Shareholder Notification and Disclosure Requirements

Under the terms of the Articles, Shareholders in the Company are obliged to comply (where necessary) with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (the "DTR") of the FSA Handbook as if the Company were a UK domestic company. The DTR can be accessed and downloaded from the FSA's website at <http://fsahandbook.info/FSA/html/handbook/DTR/5>.

Further details of these notification and disclosure requirements are summarised in paragraph 4 of Part VII of this document. **Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make a required disclosure to the Company may result in disenfranchisement.**

19. Admission, Settlement and CREST

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on or around 1 August 2007. The Ordinary Shares will be issued in registered form. The Registrar will be responsible for the maintenance of the register of Shareholders.

Shares of certain non-UK companies, such as the Company, cannot be held and transferred directly into the CREST system. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Shareholders who wish to hold and transfer Ordinary Shares in uncertificated form may do so pursuant to a Depositary Interest arrangement to be established by the Company. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will also be able to do so.

The Ordinary Shares will not themselves be admitted to CREST. Instead the Depositary will issue Depositary Interests in respect of the Ordinary Shares. The Depositary Interests will be independent securities constituted under English law that may be held and transferred through the CREST system. The Depositary Interests will have the same security code (ISIN) as the underlying Ordinary Shares. The Depositary Interests will be created and issued pursuant to a deed poll entered into by the Depositary on 29 May 2007, which will govern the relationship between Computershare and the holders of the Depositary Interests.

Ordinary Shares represented by Depositary Interests will be held on bare trust for the holders of the Depositary Interests.

To the fullest extent permitted by Cypriot law, each Depositary Interest will be treated as one Ordinary Share for the purposes of determining eligibility for dividends, issues of bonus stock and voting entitlements. In respect of dividends, the Company will put the Depositary (or custodian if appointed) in funds for the payment and the Depositary will transfer the money to the holders of the Depositary Interests. In respect of any bonus stock, the Company will allot any bonus stock to the Depositary and will issue such bonus stock to the holder of the Depositary Interest (or as such holder may have directed) in registered form. In respect of voting, the Depositary will cast votes in respect of the Ordinary Shares as directed by the holders of the Depositary Interests which the relevant Ordinary Shares represent. Application has been made for the Depositary Interests in respect of the underlying Ordinary Shares to be admitted to CREST with effect from Admission.

Further information regarding the depositary arrangement and the holding of Ordinary Shares in the form of Depositary Interests is set out in paragraph 10 of Part VII of this document and is available from the Depositary. The Depositary may be contacted at Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, United Kingdom.

PART II

RISK FACTORS

An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an independent investment adviser authorised and regulated by the FSA (or otherwise duly qualified in such investor's jurisdiction), who specialises in advising on investments of this nature before making their decision to invest.

The Directors consider the following risks and other factors to be most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in the Ordinary Shares and the risks listed below are not set out in any particular order of priority. Potential investors should carefully consider the risks described below before making a decision to invest in the Ordinary Shares. If any of the following risks actually occur, the Group's business, financial condition, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Risks relating to investment in Ukraine

Emerging market risk

International investors consider Ukraine to be an "emerging market", with the result that political, economic, social and other developments in and relating to other emerging markets may have an adverse effect on the value of the Company's investments. Investors should also note that emerging economies such as that of Ukraine are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, an investment in the Company is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisers before making an investment in the Company.

Political and general economic risk

Ukraine is slowly changing from a centrally planned economy to a market economy. Although some progress has been made since independence in reforming Ukraine's economy and its political and judicial systems, some of the necessary legal infrastructure and regulatory framework that are essential to support market institutions are still lacking. A free market economy and transparent capital markets cannot yet be said to be well established in Ukraine.

Following the dissolution of parliament on 3 April 2007 there is currently neither a prime minister nor parliament in Ukraine. Not until the parliamentary elections, which are currently scheduled for September 2007, have been held will the future economic policies of the Ukrainian government be known. Should political discord and uncertainty continue in Ukraine this may have a material adverse effect on the economy and, thus, a material adverse effect on the business of the Company.

Although Ukraine generally maintains positive relations with its neighbours, any major changes in Ukraine's international relations with Russia, in particular, any changes adversely affecting energy supplies from Russia to Ukraine and/or Ukraine's export revenues derived from transit charges for Russian oil and gas, may also have negative effects on the economy and, thus, on the business, results of operations and financial condition of the Company.

The Ukrainian economy has been subject to abrupt and violent economic downturns. There can be no assurance that the recent positive trends in the Ukrainian economy, such as a stable currency, a lower rate of inflation and growth in GDP, will continue. Substantial adverse economic conditions in Ukraine could have an adverse impact on the value of the Company's investments. The Company will also be exposed to the risk of changes in the Ukrainian legislation relating to foreign investments.

Legal risk

Ukraine presently lacks a fully developed legal system to promote and strengthen a stable market economy. The fundamental Ukrainian laws are relatively new, untested and subject to change and are often characterised by ambiguities and inconsistencies. Although the present rate of legislative change in Ukraine is rapid, several fundamental laws (e.g., the Labour Code of Ukraine, the Law on Joint Stock Companies, etc.) are still pending hearing or adoption by the Ukrainian parliament (the Verkhovna Rada). Moreover, at times the content of adopted legislation is impossible to predict or enforce and, therefore, it can be difficult to predict the impact of legal reforms on the Company's investments.

Risks associated with the Ukrainian legal system also include: (i) inconsistencies between and among the Constitution of Ukraine, laws, presidential decrees, and government and ministerial decrees, resolutions and orders; (ii) the lack of judicial and administrative guidance on the interpretation of Ukrainian legislation, including the complicated mechanism of exercising constitutional jurisdiction by the Constitutional Court of Ukraine; (iii) provisions in the laws and regulations that are ambiguously worded or lack specificity and thereby raise difficulties when implemented or interpreted; (iv) the relative inexperience of judges and courts in commercial dispute resolution; (v) the general inconsistency in the judicial interpretation of the applicable Ukrainian legislation in the same or similar cases; and (vi) corruption within the judiciary. Additional legal uncertainty arises due to the fact that various regulatory authorities may choose to reinterpret applicable laws, particularly with respect to taxation, and occasionally with retroactive effect. In addition, the applicable Ukrainian legislation often contemplates implementing regulations. Often such implementing regulations have either not yet been promulgated, leaving substantial gaps in the regulatory infrastructure, or have been promulgated with substantial deviation from the principal rules and conditions imposed by the respective legislation, which results in a lack of clarity and growing conflicts between companies and regulatory authorities. Although the Constitutional Court of Ukraine is the only body authorized to exercise constitutional jurisdiction and has mostly demonstrated its impartiality of judgments, the system of constitutional jurisdiction itself remains too complicated to ensure the smooth and effective removal of discrepancies between the Constitution of Ukraine and the applicable Ukrainian legislation, on the one hand, and among various laws of Ukraine on the other hand.

No assurance can be given that the legal environment in which the Company will operate will stabilise in the near future. Moreover, as Ukraine continues to develop its legislation, existing laws may be changed.

Uncertainties relating to the judicial system

The independence of the judicial system and its immunity from economic and political influences in Ukraine remains largely untested. The system of general and specialized courts is understaffed and under-funded. Judicial reform initiatives have thus far made the Ukrainian judicial system even slower than before. Judges and courts are generally inexperienced in the area of business and corporate law. Prior court decisions do not have a binding effect on future disputes. Court decisions are not open to public access and, therefore, may not serve as guidelines in interpreting the applicable Ukrainian legislation for the public at large. Moreover, courts themselves are not bound by earlier decisions taken under the same or similar circumstances, which results in the inconsistent application of the applicable Ukrainian legislation to resolve the same or similar disputes. Court claims are often used in the furtherance of political aims.

Enforcement of court orders and judgments can in practice be very difficult in Ukraine. The State Execution Service, a body independent of the Ukrainian courts, is responsible for the enforcement of court orders and judgments in Ukraine. Often, enforcement procedures are very time-consuming and may fail for a variety of reasons, including the defendant lacking sufficient bank account funds, the complexity of auction procedures for the sale of the defendant's property or the defendant undergoing bankruptcy proceedings. In addition, the State Execution Service has limited authority to enforce court orders and judgments quickly and effectively. Ukrainian enforcement agencies are bound by the method of execution envisaged by the relevant court order or judgment and may not independently change such method even if it proves to be inefficient or unrealisable.

All of these factors make judicial decisions in Ukraine difficult to predict and effective redress uncertain.

Enforceability of contracts

The legal system in Ukraine is in a nascent stage, and subject to continuous change and development; this generates concerns regarding the difficulties or inability to enforce contracts in Ukraine. Ukrainian enterprises have a limited history of operating in free-market conditions and have had limited experience (compared with companies in more developed jurisdictions) of entering into and performing contractual obligations.

Nationalisation, expropriation, government intervention and excessive regulation

Shortly after independence in 1991, Ukraine undertook a program for privatisation of state owned businesses, but widespread resistance to reform within the government and the legislature stalled reform efforts. Although legislation has been implemented to protect private property owners from expropriation and nationalisation, there is no assurance that such legislation could not at some point in the future be changed or that all of the rights and interests of owners and creditors of such expropriated and nationalized property would be protected. Restrictive or excessive government regulation also may be seen as a form of indirect nationalisation.

Crime and corruption

Organised crime, including extortion and fraud, pose a risk to businesses in Ukraine. Property and employees of the Company and the Investment Manager may become targets of theft, violence and/or extortion. Threats or incidents of crime may force the Company to cease or alter certain activities or to liquidate certain investments, which may cause losses or have other negative impacts on the Company. External analysts have identified corruption and money laundering as problems in Ukraine. The local and international press have alleged high levels of official corruption in Ukraine. In accordance with changes to Ukrainian anti-money laundering legislation, which became effective in June 2003, the National Bank of Ukraine and financial institutions are required to monitor certain financial transactions more closely to deter money laundering. As a result of the passage of the new legislation, the Financial Action Task Force on Money Laundering (“FATF”) removed Ukraine from its list of Non-Cooperative Countries and Territories in February 2004. Any future allegations of corruption in Ukraine or evidence of money laundering could have a negative effect on the ability of Ukraine to attract foreign investment and have a negative effect on the economy of Ukraine and, thus, on the business of the Company.

Official statistics may be unreliable

Official statistics and other data published by Ukrainian state authorities may not be as complete or reliable as those of more developed countries. Official statistics and other data may also be produced on different bases than those used in more developed countries. The Company has not independently verified such official statistics and other data, and any discussion of matters relating to Ukraine, therefore, is subject to uncertainty due to questions regarding the completeness or reliability of such information. Specifically, certain statistical information and other data contained in this admission document have been extracted from official government sources in Ukraine. Moreover, given the scarcity of reliable data, the extent of the success of the various reform programs often is difficult to evaluate.

Repatriation risk

There can be no assurance that profits realized in Ukraine will be capable of being easily repatriated. Unpredictable changes in exchange control regulations, tax law and monetary policy may result in the accumulation of substantial amounts of non convertible local currency. Therefore, there can be no assurance in the future that Ukraine’s policy will not negatively affect the ability of the Company to repatriate the proceeds of its investments, which could have a negative impact on the returns to Shareholders.

Ukraine’s business environment and the lack of liquidity

Ukrainian enterprises, when compared to businesses operating in more developed jurisdictions, are often characterized by management that lacks experience in responding to changing market conditions and limited capital resources with which to develop their operations. In addition, Ukraine has a limited infrastructure to support a market system, with communications, banks and other financial

infrastructure being less well developed and less well regulated than their counterparts in more developed jurisdictions. Ukrainian enterprises face significant liquidity problems due to a limited supply of domestic savings, few foreign sources of funds, high taxes, limited lending by the banking sector to the industrial sector and other factors. Many Ukrainian enterprises cannot make timely payments for goods or services and owe large amounts in taxes, as well as wages to employees. A deterioration in the business environment in Ukraine could have a material adverse effect on the Company's business and on the market price of investments.

Risks relating to the Company's current and future investments

Lack of publicly available data on the real estate market in Ukraine

There is a limited amount of publicly available data and research relating to the real estate market in Ukraine. Recently, a number of organisations have begun to publish statistical and other research data with respect to the Ukrainian real estate market. However, such data is generally narrower in scope and less consistent than data relating to real estate markets in other industrialised countries. This lack of data makes it difficult to assess market values and rental values of real estate in Ukraine. Although DTZ has valued the properties within the Current Investment Portfolio, the Company cannot assure investors that the values ascribed to those properties reflect their actual market values. Details of the valuation methodology and the assumptions used by DTZ are set forth in its report included as Part V of this document.

Risks of property investment

Property assets can from time to time prove to be illiquid, particularly in emerging markets. Investments in Ukrainian property may be difficult, slow or impossible to realise. The value of the Company's investments will be subject to the general risks incidental to the ownership of property, including changes in the supply of or demand for competing properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers, risks associated with construction activity (including delays, the imposition of liens and defects in workmanship) and environmental factors. The marketability and value of any properties directly or indirectly invested in by the Company will, therefore, depend on many factors beyond the control of the Company and there is no assurance that there will be either a ready market for any properties in which the Company invests or that such properties will be sold at a profit or will yield a positive cash flow.

The performance of the Company will be adversely affected by a downturn in the Ukrainian property market in terms of capital valuations and rental yields achieved. In the event of a default by a tenant or during any other period during which a property is not let, the Company will suffer a rental shortfall and incur additional expenses until the property concerned is re-let. These expenses could include legal and surveyors' costs in re-letting, maintenance costs, insurances, local property taxes and marketing costs.

Rental levels and the market value for properties are generally affected by overall conditions in the economy, such as growth and absolute levels of gross domestic product, employment trends, inflation and changes in interest rates. Rent reviews, to the extent they are present, may not be agreed at the then estimated rental values. Changes in Ukrainian law relating to foreign ownership of property might have an adverse effect on the net returns from the real estate developments financed by the Company.

Insurance risk

In common with other property investment companies operating in Ukraine, the Company has not insured any of the Group's real estate assets. In the event that the Group suffers loss or damage to any of its real estate assets, it will not be able to make or bring a claim under an insurance policy in respect of any such loss or damage.

While, in the future, the Group may seek to obtain insurance coverage of its assets, there can be no assurance as to the availability of an appropriate insurance policy or policies or as to the level of costs associated therewith.

Relative illiquidity of real estate investments

Real estate investments generally cannot be sold quickly. The Company's properties will be subject to tax laws and financing covenants. In addition, in raising additional financing the Company may encumber properties, which may further restrict their transferability. As a result, the Company may not be able to vary its portfolio promptly in response to economic or other conditions, which could have an adverse effect on the business, financial condition and results of operations of the Company.

Environmental risks

Investors should be aware that the historical lack of pollution control and environmental conservation standards during the Soviet period means that significant environmental clean up costs are likely to be incurred not only by state and local governments but also by private enterprises in Ukraine. The extent of these environmental clean up costs to be borne by any company is unlikely to be determinable at the time that the Company is considering an investment.

Even in cases where the Company is indemnified by the seller with respect to an investment against liabilities arising out of past violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Company to achieve enforcement of such indemnities.

Construction and development risks

The Company intends to develop and manage real estate, which will subject it to the general risks associated with construction and development projects. The Company's development and construction activities may involve the following risks:

- the Company may be unable to proceed with the development of properties because it cannot obtain financing on favourable terms;
- the Company may incur construction costs for a project which exceed original estimates due to increased material, labour or other costs, which could make completion of the project uneconomical because the Company may not be able to increase rents to compensate for the increase in construction costs;
- the Company may be unable to obtain, or face delays in obtaining required land-use, building, occupancy and other governmental permits and authorisations, which could result in increased costs and could require the Company to abandon its activities entirely with respect to a project;
- the Company may be unable to complete construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs and may result in termination of existing investment agreements, resulting in claims by third parties for damages and termination of the respective land leases;
- the Company may not be able to pre-sell the expected quantity of residential space, where relevant, or may only be able to pre-sell units at a lower than expected price level;
- the Company may lease developed properties at below expected rental rates; and
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in the Company's investment not being profitable.

Any negative change in one or more of these factors listed above could adversely affect the business, financial condition and results of operations of the Company.

Permitting and approvals risk

The planning and approval process in Ukraine is bureaucratic and involves uncertainty. A number of preliminary planning approvals is necessary to receive a land lease and, following the granting of the lease, the approval of the department of Architecture and Urban Planning is required, in addition to the confirmation of the technical conditions of the proposed project from the city's main utility providers: fire, health and safety, environmental protection and sanitary departments. In particular, construction approval procedures are complicated and prone to challenge or reversal, and construction and environmental rules often contain requirements that are impossible to comply with in practice.

These requirements may hinder, delay or significantly increase the costs of the Company's developments, all of which may materially adversely affect the business, financial condition and results of operations of the Company.

Risk of land ownership and lease rights challenges

The Company intends to acquire interests in companies that will own or have lease interests in land plots and buildings in Ukraine with a view to further development or re-development. Ukrainian land and property legislation is complicated and often ambiguous and/or contradictory. In particular, the laws governing the private ownership of land are relatively new and land ownership rights may not be appropriately registered with the respective land registry authorities, giving rise to ownership disputes. Furthermore, private ownership of certain types of land by foreigners is restricted. As a result, the Company's future lease rights to land may be challenged by governmental authorities or third parties, construction projects may be delayed or cancelled and the operation of completed properties may be suspended, which could materially adversely affect the business, financial condition and results of operations of the Company.

Legal and regulation risks

Various laws and regulations, including fire and safety requirements, environmental regulations, land use restrictions and taxes may affect the Company's properties. If the properties do not comply with these requirements, the Company may incur governmental fines or private damage awards. New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may also adversely affect the Company's ability to operate or resell properties.

Risks related to the Company's structure and operation

Failure to obtain additional funding

In order to complete development of real estate development projects acquired or to be acquired by the Company, the Company will need to obtain significant additional funding, through equity, debt or bank financings or through strategic third party investments or joint ventures. The Company has not received binding commitments for additional debt or equity financing. There can be no assurances that any additional financing will be available to the Company, or if available, that the terms and conditions thereof will be acceptable to the Company. Failure to obtain such financing would likely require the Company to curtail materially, suspend or cease operations, and likely cause investors to suffer a complete loss of their investment in the Ordinary Shares.

Limited operating history

The Company and the Investment Manager are newly organized and there is, therefore, only limited operating history for prospective investors to evaluate. This is the first investment management company organised by the Investment Manager and neither the Investment Manager nor its principals has a track record with respect to real estate investment funds such as the Company.

Management

The continued success of the Company will depend to some extent on the continued services of the Investment Manager, the loss of whose services could have a material adverse effect on the Company's performance.

The experience of the Investment Manager in the Ukrainian real estate development market is not a guarantee of the success of any future project or of any other projects sourced from the Investment Manager. Although the Company intends to exploit the Investment Manager's experience and market knowledge, there can be no assurance that the involvement of the Investment Manager will ensure that the Company's investments will be profitable. In particular, the Investment Manager's past experiences do not guarantee that any future projects of the Company will be completed on time, on budget or at all and a delay or an inability to complete any such project would have a material adverse effect on the Company's financial condition and the value of the Company's investments.

The Investment Manager is reliant on certain key individuals. There is no guarantee that those individuals will remain with the Investment Manager and if any of them were to leave the Investment Manager this could adversely affect the Company and the Company may be unable to appoint suitable replacements.

Currency exposure

The Directors anticipate that the Company's investments will be made in US Dollars and that the most of the revenue from the Company's investments (sales proceeds and any other income) will also be in US Dollars although some revenues may be earned in Ukrainian Hryvnia which it is intended will be converted into US Dollars as soon as practicable following receipt. Any dividends or other distributions made to Shareholders will be paid in US Dollars. All reporting by the Company in terms of its Net Asset Value announcements, interim and audited accounts will be in US Dollars. The base currency of the Company for accounting purposes will be US Dollars. Any cash held by the Company may be held on deposit or invested in money-market funds or other near-cash investments. Cash pending investment, reinvestment or distribution will be placed in US Dollar, Euro, Swiss Francs or Pound Sterling bank deposits, bonds or treasury securities, for the purpose of protecting the capital value of the Company's cash assets. The Company's business and investments may be adversely affected if there are any adverse, significant movements in the currency exchange rates. To minimise currency risk, the Company may enter into currency hedging programmes, but there can be no guarantee that these programmes will offset any losses incurred on the adverse movement in foreign exchange rates.

Lack of management rights

Shareholders in the Company will generally have no opportunity to control the day to day operation, including investment and disposition decisions, of the Company. The Investment Manager, subject to approval of the Board, will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Company. Consequently, shareholders in the Company will generally not be able to evaluate for themselves the merits of particular investments prior to the Company making such investments.

Incentive fees

The Investment Manager will be entitled to receive payment of certain incentive fees, the amount of which will depend upon the relative success of the Company's investments. Such incentive fees may create an incentive for the Investment Manager to advise the Company to make investments that are riskier or more speculative than would be the case if such incentive fees were not payable to the Investment Manager.

Change in the Group's tax status or in relevant tax legislation

Any change in the Group's tax status or in taxation legislation could affect the Company's ability to provide returns to its Shareholders. Statements in this document concerning the taxation of the Shareholders are based on the current tax law and practice, which may be subject to change. The taxation of an investment in the Company depends on the individual circumstances of the Shareholder.

Any change in the tax status or tax residence of the Company or SPVs established by the Company to make investments or in the investee companies or in tax legislation or practice may have an adverse effect on the returns available to Shareholders on an investment in the Company. The Company is incorporated in Cyprus. Any changes under the laws of Cyprus to the basis on which Cypriot companies may pay dividends could have an adverse effect on the Company's ability to pay dividends.

Potential litigation

In May 2006, the Investment Manager entered into a letter agreement with a placement agent, relating to the identification of potential investors to participate in the private placement of Ordinary Shares of the Company in connection with the third pre-IPO fund raising round undertaken by the Company. A dispute has arisen between the Investment Manager and such placing agent relating to the amount of compensation due from the Company to such placing agent under the terms of the letter agreement. The placing agent claims that a further consideration payment of US\$1.51 million is due to it. The

Company and the Investment Manager strongly dispute that any further amount is owed. If the parties are unable to resolve the dispute amicably, the matter would be resolved via arbitration proceedings in accordance with the letter agreement.

Risks relating to the Company's investment strategy

Nature of investment in the Company

Investment in the Company requires a long term commitment, with no certainty of return. Most or all of the Company's investments will be highly illiquid, and there can be no assurance that the Company will be able to realize financial returns on such investments in a timely manner. There may be little or no near term cash flow available to investors. Partial or completed sales, transfers, or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made.

Risk of limited number of investments

The Company may participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment. Investors have no assurance as to the degree of diversification in the Company's investments, either by geographic region or asset type.

Difficulty of locating suitable investments

The activity of identifying, completing and realising attractive real estate investments in Ukraine involves a high degree of uncertainty. The Company will be competing for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors. Further, additional real estate funds may be formed in the future for the purpose of opportunistic investing in real estate businesses and assets. There can be no assurance that the Company will be able to locate and complete investments which satisfy the Company's rate of return objective or realize upon their values or that it will be able to fully invest its available capital.

Future investments unspecified

Except for the potential investments described in this document, the Company's future investments will be identified after the Placing. Investors, therefore, will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Company and, accordingly, will be dependent upon the judgment and ability of the Investment Manager in investing and managing the capital of the Company.

Risks of leverage

Many of the Company's investments are expected to utilise a leveraged capital structure, in which case a third party would be entitled to cash flow generated by such investments prior to the Company receiving a return. While such leverage may increase returns or the funds available for investment by the Company, it also will increase the risk of loss on a leveraged investment. If the Company defaults on secured indebtedness, the lender may foreclose and the Company could lose its entire investment in the security for such loan.

Investments longer than life of the Company

The Board will convene a Shareholders' meeting shortly before the seventh anniversary of Admission at which a resolution will be proposed to determine the future of the Company which may include dissolution of the Company. The Company may make investments which may not be advantageously disposed of prior to the date which the Company will be dissolved, either by expiration of the Company's term or otherwise. Although the Investment Manager expects that the Company's investments will either be disposed of prior to dissolution, the Company may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Risks relating to the Placing

Forward-looking statements

This document contains forward looking statements, including, without limitation, statements containing the words “believe”, “anticipated”, “expected” and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this Part II of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. To the extent lawfully permitted, the Group disclaims any obligations to update any such forward looking statements.

Investment risk

The prices of publicly quoted securities can be volatile and are dependent upon a number of factors, some of which are general or market or sector specific and others are specific to the Company.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. The future success of AIM and the liquidity of the market for the Ordinary Shares traded on AIM cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying Net Asset Value. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group and others which are extraneous. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

Net Asset Value

There is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying value of the assets held. As well as being affected by the underlying value of the assets held, the market value of the Ordinary Shares will also be influenced by their dividend yield and exchange rates and the supply of and demand for the Ordinary Shares in the market. As such, the market value of an Ordinary Share may vary considerably from the underlying value of the assets.

There can be no guarantee that the investment objective of the Company, which is to seek capital appreciation primarily through selective investment in Ukrainian real estate related assets, will be met.

Suitability

Investment in the Ordinary Shares involves a high degree of risk. The Company’s investment activities will entail certain special risks not typically associated with investments in Western Europe and the United States. An investment in the Company should therefore be considered speculative and long-term in nature and is suitable only for sophisticated investors who understand the risks involved.

The risks noted above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

PART III

BOARD OF DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATOR

1. Board of Directors

The Directors of the Company, all of whom are non-executive, will be responsible for the management and control of the Company.

Brief biographies of the Directors are set out below:

Paul Ensor, Chairman, aged 51

Mr. Ensor has substantial experience in investing in emerging markets. He was previously Head of Special Projects, Research for three years at SG Securities where he specialised in analysing Eastern European investments. Prior to this he was Head of Equities in Bangkok for Union Bank of Switzerland, with previous experience in the Korean, Hong Kong and Indonesian equity markets. He is currently a partner at RK Equity Advisors, where he advises companies operating in emerging markets. He holds an M.Phil in Development Economics from Sussex University and a B.A. (Hons.) in History from Brown University.

David Flitterman, Director, aged 48

Mr. Flitterman has over 25 years experience in the financial industry, with a particular focus on real estate. He was previously at Deutsche Bank and Bankers Trust where he was Managing Director of the Group's Southern Europe Real Estate Investment Banking, being responsible for the group's regional activities. He also worked extensively throughout Central and Eastern Europe whilst Head of the group at Bankers Trust. He has been CEO of an IT and telecom company and currently advises various companies on investment in the finance and real estate sectors. He holds a B.A. and M.A. from Oxford University in Engineering and Economics.

Antonios Achilleoudis, Director, aged 38

Mr. Achilleoudis has significant experience in alternative asset management. He is currently a Managing Director of Axia Ventures, an alternative investment advisory firm which he co-founded in 2000. Prior to founding Axia Ventures, he was Vice President of Investments at the Private Client Group of Gruntal & Co. LLC, an investment bank based in New York, where he was responsible for managing investment portfolios for institutional and high net worth clients with a focus on alternative investments. He also holds positions as a non-executive director with Dolphin Capital Investors Limited. He holds a B.Sc. in Accounting and Finance from the New York University Stern School of Business.

Beso Sikharulidze, Director, aged 42

Mr. Sikharulidze is one of the founding principals of the Investment Manager. Prior to joining the Investment Manager, he was a portfolio manager at Fidelity Investments for 13 years, where he developed significant investment experience in diverse geographic regions. He held a wide range of positions at Fidelity Investments including Portfolio Manager for Fidelity Health Care, Fidelity Advisor Health Care Funds, Fidelity Convertible Securities Fund, Fidelity Advisor Aggressive Growth Fund and Fidelity Mid-Cap Stock Fund. Mr. Sikharulidze holds a B.S. in Mechanical Engineering from Georgia Tech University and an M.B.A. from Harvard Business School. Mr. Sikharulidze has been based in Kiev since April 2005 sourcing and evaluating real estate investment opportunities.

Helen Maximov, Director, aged 48

Ms. Maximov is one of the founding Principals of the Investment Manager. Prior to joining the Investment Manager, she worked at Schooner Capital for eight years, where she supervised a US\$40 million investment portfolio, monitoring and evaluating portfolio and company performance as well as carrying out due diligence for potential investments in emerging european markets such as Russia, Poland and Kyrgyzstan. Ms. Maximov holds a CSS in Business Administration from Harvard University and a M.A. in International Economics and Finance from the Institute of International Relations in Moscow. Ms. Maximov has been based in Kiev since August 2005 sourcing and evaluating real estate investment opportunities.

2. Investment Manager

The Company's assets are managed by Aisi Realty Capital, LLC. The senior investment professionals of the Investment Manager are Beso Sikharulidze, Helen Maximov, Howard Kelham and Nugzar Kachukhashvili (who are also the ultimate beneficial owners of the Investment Manager). Together they possess a combination of in-depth local knowledge and contacts with real estate and investment management experience.

In addition to Beso Sikharulidze and Helen Maximov, who are also Directors and whose details are set out above, information on the other members of the Investment Manager are set out below.

Howard Kelham, Principal, aged 59

Mr. Kelham is a principal of the Investment Manager, where he is responsible for overseeing all construction projects carried out by the Company. Prior to joining the Investment Manager, he managed a wide range of projects for Gleeds International, an international management and construction consultant. He has extensive experience managing real estate projects in Poland, Russia and Ukraine. Whilst working for Gleeds International, he was involved in the following projects: Trio Trade Centre, Kiev; Raiffeissen Bank, Kiev Head Office; Radisson Hotel, Kiev; Ericsson, Warsaw; Citibank, Warsaw; Kraków Plaza, Kraków; Vorowskovo Office Development, Kiev; Billa Supermarketia, Kiev; GlaxoWellcome, Poznań; Amcor Rentsch, Novgorod, Russia.

Prior to joining Gleeds International, Mr. Kelham was a managing director at Larkin Security Systems Ltd in Poland, and was a Project Manager for Rotary International on the Cadbury factory in Wrocław, Poland, and the Coca Cola bottling plant in Lviv, Ukraine. Mr. Kelham holds an Ordinary Higher National Certificate in Mechanical Engineering.

Nugzar Kachukhashvili, Principal, aged 40

Mr. Kachukhashvili is one of the founding principals of the Investment Manager. Prior to joining the Investment Manager, he was involved in building up and managing multi-national operations in the United States, the Republic of Georgia, and India. Mr. Kachukhashvili founded Connected Devices where he worked for over ten years as an IT management consultant. He previously worked at Ciber Inc., a leading provider of consulting and training services, where he was responsible for practice and strategic initiative management, hands-on enterprise IT systems development and implementation. He holds a M.Sc. in Theoretical Physics from Tbilisi University and an MBA from Harvard Business School.

Lyubov Rudyuk, Finance Director, aged 35

Mrs. Rudyuk joined the Investment Manager in April 2007, having spent 13 years, in total, with Ernst & Young and PricewaterhouseCoopers. She was based in Kiev, for six years, and USA, for seven years, where she was responsible for audits and transaction services for private equity and real estate clients, amongst other industries. She holds a B.Sc. in Economics from Kiev State University. She qualified as a CPA in 2000.

3. Investment Management Agreement

Aisi Realty Capital, LLC provides fund management and advisory services to the Company. Its roles under the Investment Management Agreement include the following:

- analysing market, economic and political conditions and developments in Ukraine;
- maintaining government relations and undertaking lobbying in Ukraine;
- sourcing investment opportunities;
- evaluating and valuing investment opportunities;
- deal structuring and negotiation of each investment;
- managing the development, leasing, financing and sale of all investments;
- presenting investment opportunities to the Board for approval;
- co-ordinating professional advisers;

- taking board director positions on subsidiary entities, monitoring investments and supporting subsidiary entities as required;
- seeking and realising exit strategies for investments;
- co-ordinating collection of financial returns due to the Company such as dividends or any proceeds received from invested assets and loans to creditors;
- recommending the level of dividend distributions to the Board; and
- providing half yearly reports to Shareholders on the progress of individual investments.

The Investment Management Agreement is for a fixed term of seven years commencing on 5 April 2006. It may be extended beyond such term with the agreement of the Investment Manager and the Company. The Investment Management Agreement is also capable of termination in certain circumstances, including material breach of the terms of the agreement or the occurrence of an insolvency event in respect of the Investment Manager. Further details of the Investment Management Agreement are set out in paragraph 6 of Part VII of this document.

Investment Management Fees

The Investment Manager will receive an annual management fee equivalent to 2.5 per cent. per annum of “equity funds” being the combination of (i) aggregate funds raised, including gross proceeds from the Placing, plus (ii) the gross proceeds of any further subsequent equity fund raisings, plus (iii) realised net profits from investments, less (iv) distributions to Shareholders. The management fee is payable in advance either, at the Investment Manager’s discretion, in a single annual payment or in four equal quarterly payments. Where the value of “equity funds” reduces part way through a year or quarter (as the case may be) the next succeeding payments of the management fee shall be reduced by a balancing adjustment to take account of any over-payment.

In addition, in relation to any investment made by the Company, the Investment Manager is entitled to a performance fee based on the net realised cash profits made by the Company subject to the Company receiving the “Relevant Investment Amount” which is defined as an amount equal to:

- the total cost of the investment; plus
- a hurdle amount equal to an annualised percentage return of 15 per cent. compounded for each year or fraction of a year during which such investment is held; plus
- a sum equal to the amount of any realised losses and/or write-downs in respect of any other investment which has not already been taken into account in determining the Investment Manager’s entitlement to a performance fee.

In the event that the Company has received distributions from an investment equal to the Relevant Investment Amount any subsequent net realised cash profits arising shall be distributed in the following order of priority:

- first, 60 per cent. to the Investment Manager and 40 per cent. to the Company until the Investment Manager shall have received an amount equal to 20 per cent. of such profits; and
- second, 80 per cent. to the Company and 20 per cent. to the Investment Manager,

such that the Investment Manager shall receive a total performance fee equivalent to 20 per cent. of the net realised cash profits. Entitlement to a performance fee accrues upon the Company committing to an investment.

Clawback

If on the disposal of an investment, the proceeds realised from that investment are less than the Relevant Investment Amount, the Investment Manager shall be obliged to repay to the Company such amounts of the performance fee that the Investment Manager has received in relation to other investments as are required in order that the Company receives the Relevant Investment Amount for the investment. The Investment Manager is never obliged to repay more than the total aggregate fees previously received minus any taxes paid or due thereon (to the extent not recoverable).

4. Corporate Governance and Conflicts Management

The Company is not required to comply with the provisions of the Combined Code. However, the Directors recognise the value of the Combined Code and will take appropriate measures to ensure that the Company complies, as far as practicable and to the extent appropriate given the Company's size and nature of business, with the Combined Code. The Board will receive full details of the Company's assets, liabilities and other relevant information in advance of meetings of the Board and in accordance with the Combined Code has adopted a list of matters which are subject to approval by the complete Board.

In relation to the use of the Company's voting rights in respect of subsidiary entities, the Investment Manager, in the absence of explicit instructions from the Board, will be empowered to exercise discretion in the use of the Company's voting rights. The underlying aim of exercising such voting rights will be to protect the return from an investment.

Since all Directors are non-executive, the Company is not required to comply with the principles of the Combined Code in respect of executive directors' remuneration and, accordingly, the Board will not appoint a remuneration committee as it is satisfied that any relevant issues can be properly considered by the Board as a whole.

The Board has appointed an investment management review committee. The function of this committee will be to ensure that the Investment Manager complies with the terms of the Investment Management Agreement. The investment management review committee will comprise all the members of the Board other than Mr. Sikharulidze and Ms. Maximov.

The Investment Manager may, from time to time, act for other clients which have a similar or different investment objective and policy to that of the Company. There may be circumstances where an investment opportunity will be available to the Company and which is also suitable for one or more such clients of the Investment Manager. Where a conflict arises in respect of such an investment opportunity, the Investment Manager will allocate the opportunity on a basis that it considers to be fair and will seek the approval of the investment management review committee.

Where the Investment Manager has an interest in any potential investment being considered by the Company, the Investment Manager shall make fair and accurate disclosure of such interest to the Board. Following such disclosure, the potential investment shall only be undertaken with the unanimous approval of the investment management review committee.

The Board has appointed an Audit Committee, which comprises all the members of the Board other than the Chairman. The Audit Committee's main functions include, *inter alia*, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

5. Administrator

Meritservus Secretaries Limited has been appointed by the Company to act as administrator to the Company with effect from, and conditionally upon, Admission under the terms of the Administration Agreement. The Administrator is responsible for providing administrative services required in connection with the Company's operations, including assistance in the preparation of annual and interim financial statements for the Company and calculation and publication of the Net Asset Value. Further details of the Administration Agreement are set out in paragraph 6 of Part VII of this document.

PART IV

CURRENT INVESTMENT PORTFOLIO

A summary of the Current Investment Portfolio is set out below. An independent valuation by DTZ of four of the five investments in the Current Investment Portfolio held at 21 May 2007 may be found in Part V of this document.

The Company's existing investments are at an early stage of development. To date, the Current Investment Portfolio to date has been financed via equity investment and the Directors anticipate that to complete development of the Company's projects, debt financing will be required. Preliminary negotiations on the provision of debt financing have been held with a number of banks, including the European Bank for Reconstruction and Development, and the Directors currently anticipate that the Company will be able to obtain debt financing on acceptable terms. Where relevant, the pre-sale of residential units to facilitate the financing of a project's development will also be considered.

A number of the Group's projects are to be developed on leasehold land. It should be noted that once the development of a building is completed, under Ukrainian law, the Group will have a right to acquire ownership of that land.

Tsymlianskiy Lane

This project is located in the Podil district, north-west of central Kiev. The project involves the construction of 4,488 sq. m. of residential space and 1,446 sq. m. of office space with 1,200 sq. m. of parking space on a plot of land totalling 3,600 sq. m. The land is held on a leasehold basis for five years to 23 October 2010. The Directors believe that the lease will be extended following the completion of the development of the project. Planning permission for the construction of a residential and office complex has already been obtained.

The Company acquired a 51 per cent. equity interest in Almaz-Pres-Ukraine LLC for US\$1.0 million in November 2006. The Company has committed to acquire a further 39 per cent. equity interest in Almaz-Pres-Ukraine LLC for a consideration of US\$1.1 million, however this commitment is conditional upon the vendor obtaining the necessary permits. Should the vendor not succeed in obtaining the necessary permits within the prescribed time limit, the Company may oblige the vendor to purchase the Company's existing 51 per cent. equity stake for US\$1.2 million or the Company may acquire a further 39 per cent. of the project for US\$1.1 million. However, the Directors and the Investment Manager currently anticipate that the Company would not acquire the further 39 per cent. equity interest in the project unless the necessary permits had already been obtained by the vendor.

The Company is currently conducting the design and permitting phase of the project and anticipates the commencement of construction in the second half of 2007, with the project estimated to be completed in the second half of 2008. The Directors and Investment Manager currently estimate the total project development cost to be approximately US\$12 million. The Company will contribute to the project development costs in accordance with its equity interest in Almaz-Pres-Ukraine LLC, from time to time.

Kiyaniivskiy Lane

This project is located near to the historic centre of Kiev and benefits from good transport links and local amenities. The project involves the construction of 20,140 sq. m. of residential space, 4,750 sq. m. of office space and 3,000 sq. m. of parking space on two adjoining plots of land which, when combined, will total 3,000 sq. m., in aggregate. The land is held on a leasehold basis for a period of 15 years until 30 March 2018. The Directors believe that the lease will be extended following the completion of the development of the project.

The land was acquired in October 2005 for a total purchase price of approximately US\$5.5 million. The project is presently undergoing a rezoning of the land from non-residential to residential use. The permitting and design process for the project is progressing and construction is expected to begin in the second half of 2007 with completion in the second half of 2009.

The Directors and Investment Manager currently estimate the total project development cost to be approximately US\$49 million. As well as a combination of equity and debt capital, the development is to be financed through the pre-sale of a proportion of the residential units.

Howard Kelham, a principal of the Investment Manager holds a 1 per cent. legal interest in Aisi Ukraine LLC, the entity which holds this project, as a nominee shareholder.

Brovary Warehouse

This project is located approximately 30 km from Kiev city centre on the intersection of two major highways leading north-east to Moscow and south to Kiev-Borispil airport. The project involves the construction of a warehouse logistics complex covering 52,284 sq. m. including 40,800 sq. m. of warehouse space and 3,900 sq. m. of warehouse offices on a plot of land covering 95,000 sq. m. The land is held on a leasehold basis for five years ending 23 March 2011. The Directors believe that the lease will be extended following the completion of the development of the project. Planning permission for the construction and servicing of a warehouse complex has already been obtained.

The Company agreed the acquisition of the equity capital of Terminal Brovary LLC, the entity that holds the project in September 2006 and, to date, has paid approximately US\$2.3 million for a 60 per cent. equity interest. The consideration for the remaining 40 per cent. will be between US\$1.6 million and US\$2.8 million. The exact price is contingent on the price at which a pre-lease is secured. The Directors and Investment Manager estimate the development cost of the project to be approximately US\$30 million.

Ground work on the warehouse facility has commenced with construction expected to be completed in the first half of 2008. Preliminary pre-lease discussions have commenced with a number of international logistics operators, and the Investment Manager anticipates having an agreement in place for the proposed new facility by the end of 2007.

Howard Kelham, a principal of the Investment Manager holds a 1 per cent. legal interest in Aisi Brovary LLC, the entity which holds the Group's interest in Terminal Brovary LLC, as a nominee shareholder.

Odessa Warehouse

This project is located approximately 15 km from Odessa, in southern Ukraine, on the Kiev-Odessa highway. The project involves the construction of a warehouse logistics complex on a plot of land covering approximately 239,000 sq. m. The land is held on a freehold basis.

The land was acquired in May 2007 for US\$6.2 million. The Directors and Investment Manager currently estimate the development cost of the project to be approximately US\$66 million.

Lyubov Rudyuk, an employee of the Investment Manager holds 1 per cent. legal interest in Aisi Bela LLC, the entity which holds this project, as a nominee shareholder.

Podil Residential

This project is located in the Podil district, north-west of central Kiev. The project involves the development of up to 37,900 sq. m. of residential and office space over a number of separate buildings.

In June 2007, the Company extended a loan of US\$10 million for a six month period secured on land which has been independently appraised to have a market value of US\$20.7 million. The loan incurs an interest rate equal to three month US LIBOR.

The Company has also agreed to convert the loan in exchange for 100 per cent. of the equity of the entity which will own the buildings to be acquired. The Investment Manager anticipates that the exchange of debt for equity will occur prior to 1 October 2007.

Independent Property Valuation

DTZ has carried out an independent valuation as at 21 May 2007 to assess the market value of the investments in the Current Investment Portfolio, excluding the Podil Residential investment which was not made until June 2007. The DTZ valuation report is set out in Part V of this document and provides an aggregate current market value for these investments of US\$29.9 million, assuming, *inter alia*, 100 per cent. ownership of each investment. A summary of the market value set out by DTZ is set out below together with the current ownership and final ownership, following payment of the amounts due under sale and purchase agreements, held by the Group:

<i>Project</i>	<i>Current market value as at 21 May 2007 (US\$ million)</i>	<i>Current ownership held by Group</i>	<i>Final ownership held by Group¹</i>	<i>Attributable value (pro rata basis) (US\$ million)</i>
Tsymlianskiy Lane	1.8	51%	90%	1.7
Kiyanivskiy Lane	15.7	100%	100%	15.7
Brovary Warehouse	5.9	60%	100%	5.9
Odessa Warehouse	6.5	100%	100%	6.5
Total	<u>29.9</u>			<u>29.7</u>

1 – Assuming payment of amounts due under sale and purchase agreements.

Source: Company, DTZ

Approximately US\$18 million has been committed to these four investments, of which US\$2.7 million is yet to be paid under sale and purchase agreements.

Investment realisation

In May 2007, the Company sold one of its investments, Tarasovskaya Street, for US\$3.0 million, having acquired it in July 2006 for US\$1.7 million. This project was a residential development project located in a historical part of Kiev. Following a detailed assessment of this project, the Investment Manager disposed of the investment to allow greater focus on other investments held by the Company which it considers will potentially provide greater returns.

PART V
INDEPENDENT PROPERTY VALUATION REPORT



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PROPERTY VALUATION REPORT

prepared for

AISI Realty Public Limited

and

Libertas Capital Corporate Finance Limited

in respect of

VARIOUS REAL ESTATE ASSETS

in

KYIV, UKRAINE

31st May 2007

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The Directors
AISI Realty Public Limited
Chrysanton Mylona, 3
P.C. 3030
Limassol
Cyprus

31st May, 2007

The Directors
Libertas Capital Corporate Finance Limited
16 Berkeley Street
London
W1J 8DZ
United Kingdom

Dear Sirs

PROPERTY VALUATION AS AT 21st May 2007
VARIOUS PROPERTIES TOGETHER KNOWN AS “THE PORTFOLIO” (“THE PROPERTIES”)
AISI Realty Public Limited (“THE COMPANY”)

In accordance with our contract dated 22 February 2007, we have pleasure in reporting to you as follows:

1. SCOPE OF INSTRUCTIONS

We, DTZ Kiev B.V. (“DTZ”), have undertaken a market valuation for each property as set out in the Appendix.

The seven properties forming four valued lots are listed as follows;

- a) Tsimliansky Lane – 0.36 ha
- b) 9-11, Kiyanivsky Lane – 0.24 ha
- c) 13, Kiyanivsky Lane – 0.1 ha
- d) 13a, Kiyanivsky Lane – 0.1 ha
- e) 13b, Kiyanivsky Lane – 0.1 ha
- f) Brovary junction of P28 and M01/E95 – 9.5 ha
- g) Kiev – Odessa Highway M-05 Odessa, - 23.39 ha

We have been instructed to prepare this Valuation Report for inclusion in an Admission Document concerning the proposed admission to trading on the Alternative Investment Market of the London Stock Exchange.

The effective date of each valuation is 21st May 2007.

We confirm that we have undertaken the valuations acting as an External Valuer, qualified for the purpose of the valuation. We are able to confirm that DTZ has had no historic or other ongoing involvement with the Company other than in relation to this valuation assignment.

2. BASIS OF VALUATION

Bases/basis of valuations

Our opinion of the Market Value of each of the properties forming undeveloped sites, or sites in the course of development, have been primarily derived using discounted cash flow technique so as to derive the Net Present Value of the subject sites, as little or no comparable recent market transactions on arm's length terms exist, hence there is no or very little market based evidence available. Where out of city centre sites have been valued and which by their nature can be valued by the engagement of transactional, and marketing comparable information, then we may have engaged this approach as appropriate. We would specifically draw attention to the Special Assumptions made in our valuation report and to our comments upon uncertainty and liquidity below.

In accordance with your instructions, we have undertaken our valuations on the following bases:

Market Value

In preparing our valuation on this basis it has been necessary for us to prepare valuations on a **Special Assumption**. A Special Assumption is referred to in the Glossary in the Red Book as an Assumption that either:

- requires the valuation to be based on facts that differ materially from those that exist at the date of valuation; or
- 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.

In the circumstances of this instruction, we consider the above special assumptions may be regarded as realistic, relevant and valid.

The site located at 9-11, Kiyanivsky Lane is held through the lease agreement by the Company through which the Company has use rights to the land for construction and exploitation purposes of nonresidential real estate. The Company has advised us that they would seek a re-zoning of the land for residential development. Whilst ongoing, this process is as yet incomplete. We do however make a **special assumption** that this re-zoning for residential development will be achieved within a reasonable timeframe and at nominal cost.

We would also like to highlight that development of residential real estate currently provides for a contribution to the Kiev City Council of 15 percent of net salable area unless otherwise agreed in the land lease contract. Additionally, a certain amount is to be paid to the City Share Participation Fund from the total gross area of the building. These conditions are reflected in our calculations.

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

Common to all properties valued, which comprise either land held for development or land in the course of development, we make the assumption that the development project prepared by the client and, in some instances approved by the local city planning authorities, will be implemented.

Each property has, as instructed and in accordance with the requirements of the Red Book, been valued 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”.

Uncertainty

Guidance note 5.2 of the RICS Appraisal and Valuation Standards recommends that the valuer highlights uncertainty which is likely to arise and could lead to a material effect on the confidence that can be applied to our valuation opinion.

It is essential that the client appreciates that the real estate market in Ukraine remains immature and undeveloped and hence, largely untested. Whilst this undoubtedly leads to opportunities, it also can lead to uncertainty given the unproven nature of the market cycles in the country.

There is an absence of truly comparable land purchase transactions that have been undertaken at arm's-length. Accordingly, we have generally relied upon a Discounted Cash Flow technique to derive what we consider to be a fair assessment of the Net Present Value of the various sites. This valuation approach involves a number of assumptions as to build cost, construction commencement date and time to completion, finance costs, developers required return, occupancy, rent, holding period and exit yields. The assessed Net Present Value of the properties, based on this forecast of future cash flows, can be particularly sensitive to the assumptions made, increasing potential uncertainty.

Whilst there is evidence of investment yields on commercial properties in Kyiv, this remains highly opaque particularly given the somewhat volatile nature of the occupational market. We have sought to anticipate likely investor appetite for acquiring the various completed commercial investments, having regard to their location, size and likely market positioning. However, given the shortage of actual transactions we consider that there should be considered to be a degree of uncertainty in relation to our expectations of yield.

3. TENURE AND TENANCIES

We have had access to copies of the title deeds of land for the sites and have based our valuation upon the existence of these documents. We also assume that no other documents exist which may invalidate or otherwise weaken the strength of these documents. We have been provided with copies of leases for the objects as proposed development. As all properties are proposed developments there have been no pre-sale and pre-lease agreements made.

We understand that each property is either held by the Company, its subsidiaries, or jointly with third parties. We have valued a 100% share of the tenure stated in each property as if each property was held entirely by the Company as at the valuation date. We have not made any adjustment to value, which may be appropriate when considering fractional ownership.

A number of properties are held leasehold on ground leases from the Kiev city authority. The standard terms of some of these leases are that rents are reviewed annually (upwards or downwards) in accordance with a city-wide formula that is set by the relevant city authorities.

It should be noted that land leases are effectively non-transferable in Ukraine. Therefore, we make the assumption that prudent lot assembly of these objects would be undertaken and they would be packaged and sold under a single transaction. However, as each lease is held by a special purpose vehicle company ('SPV'), we value each lease on the special assumption that the shares in each company can be sold, and that no other assets or liabilities are held by that company that might affect the ability for the sale of shares. It should be borne in mind that these facts could significantly adversely effect the liquidity of these objects.

Whilst in Ukraine the lessee typically has a priority right to renew the lease upon expiry on the same terms and conditions, the effectiveness of the Term Extension Right Clause remains largely untested in the market. Our valuation is based on the special assumption that the ground leases at each property can be extended, effectively in perpetuity on similar terms to the existing leases.

We would caution that a number of the land leases are held for relatively short terms and place an obligation upon the lessee to complete development by a prescribed date. Whilst some leases provide a 'use destination' of the land, the lessee is still required to obtain from the city authorities a project approval, which confirms the architectural, planning, engineering and other requirements of development. Where a final project remains outstanding our valuation makes the special assumption that the required variation to the landlord's permission will be forthcoming without material cost or delay.

In the event that the lessee has not completed development by the completion date stipulated in the lease, the rights to complete the development could be delayed or lost entirely. Accordingly there is a risk that where a final project or permission to start construction works are not in place, the relevant city authority could adversely affect the grant of these and in turn prevent the use of land in accordance with its destination, providing grounds for cancellation / non-renewal of the land lease. Whilst considered as a risk, this is not presently common practice and accordingly for the purposes of this valuation, we have made the **special assumption** that no such delay or prevention will occur and, if necessary, short-term leases will be extended / renewed by the relevant city authorities 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 Appendix, each valuation in addition to the stated Special Assumptions is on the basis that:

- (a) the 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 onerous restrictions, covenants or other encumbrances;
- (b) where the interest held in the property is leasehold, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;
- (c) leases to which the property may be subject are on standard market terms, and contain no unusual or onerous provisions or covenants which would affect value;
- (d) all notices have been served validly and within appropriate time limits;
- (e) the property excludes any mineral rights; and
- (f) vacant possession can be given of all accommodation which is not leased.

4. NET ANNUAL RENT

The net annual rent is relevant only for one property and is referred to in the appended Schedules. Net annual rent is defined in the Listing Rules as:

“the current income or income estimated by the valuer:

- (i) ignoring special receipts or deductions arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.

5. TOWN PLANNING

We have not performed formal searches, but have generally relied on guidelines provided under the Kyiv City Master plan, information provided by the Company and the project documentation (where in existence and made available to us).

The planning and approvals process in Kyiv is extremely bureaucratic and fraught with uncertainty. There are a number of preliminary planning approvals necessary in order to receive a land lease and following the granting of the lease, it is necessary to obtain the approval of a project through the local department of Architecture and Urban Planning. Following these approvals, confirmation of technical conditions from the main utility providers, fire, health and safety, environmental protection and sanitary departments of the city is required. The project provides the basis upon which a formal planning approval may be sought and outlines the necessary contributions and technical requirements required by the utility providers.

Where a property is held for development or is a 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 is on the basis that planned buildings and buildings under construction will be or are being erected in accordance with a valid planning permission and will be occupied and used without any breach of planning or building regulations.

Except where stated otherwise, each valuation is on the basis that each property is not affected by proposals for road widening, compulsory purchase, planning inquiry, or archaeological investigation.

It is stressed that, under Ukrainian 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 required documentation depends on the type of the works to be carried out.

It is possible that buildings under construction may ultimately differ from the project documentation provided to us. In case of unauthorized construction, the property owner may be subject to penalties provided under the Law of Ukraine "On Responsibility of Companies, Organizations, and Enterprises for Violations in the Area of Construction" dated 14 October 1994 (the fee in such case can amount to a maximum 50% of the costs of the reconstruction works).

The risk of such penalties is considered as low, and the unapproved construction of premises objects de facto does not affect the usage of the property. However, we caution that transactions which are subject to notarization (selling, leasing for more than one year, mortgage etc) may be prevented as notarization requires the issue by the State Bureau of Technical Inventorisation of a certificate for the premises confirming that the premises are in the condition as indicated in the Certificate for the Right of Ownership and BTI Technical Passport.

Where no project exists, each valuation assumes that all required planning permission consents will be received within a normally acceptable timescale and that there are no such issues which would materially delay the issuance of the required consent, or have a material effect on value or marketability.

6. STRUCTURE

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

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

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

7. SITE AND CONTAMINATION

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

We have not carried out any investigations or tests, nor been supplied with any information from 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.

8. PLANT AND MACHINERY

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

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

9. INSPECTIONS, AREAS AND DIMENSIONS

We have inspected each property between March and May 2007. No measured surveys have been carried out by DTZ and we have relied entirely on the site, 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 relation to a number of the land sites, it was not possible to accurately determine the extent of the site boundaries as these were not clearly shown on site.

10. 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.

11. GENERAL PRINCIPLES

Where we have reflected development potential in a valuation, we have assumed that all structures at the property will be completed using good quality materials and first class workmanship and that the development scheme will let to tenants who satisfy the tenant mix policy and are of reasonable covenant status and on lease terms as expected given market conditions and projections of the Company based upon its advance marketing activities.

No allowances have been made for any expenses of realization arising from a sale or development of each property.

Each valuation does not make allowance either for the cost of transferring sale proceeds internationally or elsewhere within the Company, or for any restrictions on doing so.

No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over each property. Where a grant 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 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. N.M.A Cotton, B.Sc. MRICS. Mr. Cotton has attended a majority of the sites. Those sites that have not been attended by Mr. Cotton have been attended by Tatyana Yurchenko, Valuer, or David Hunt MRICS. They have provided to Mr. Cotton a detailed overview of the sites, surrounding areas, concepts and, city profiles.

DTZ strongly recommend that no disposal of any property should be undertaken without proper exposure to the market. Each valuation assumes that there is an active letting and funding market, however, we would specifically draw attention to our comments concerning illiquidity herein.

12. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

DTZ can confirm that each valuation is not made on the basis of any Special Assumptions or any Departures from the Practice Statements contained in the Red Book unless specifically stated herein. We would however specifically draw attention the Special Assumptions made which will, in our opinion, have a material effect on value. 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.

13. DISCLOSURE

The member of The Royal Institution of Chartered Surveyors who is named in Section 9 above has not previously been a signatory to the valuations provided to the Company for the same purposes as this Valuation Report.

DTZ have not previously carried out these valuations for the same purpose as this Valuation Report on behalf of the Company. We have however undertaken a previous valuation of the sites (excluding the Odessa site) on behalf of the Company for the purposes of financial reporting.

14. DISCLOSURES REQUIRED UNDER THE PROVISIONS OF UKPS 5.4

NMA Cotton has been the signatory of the above valuation reports provided to the company.

DTZ Kiev B.V. ('DTZ') is an independent company being part of the DTZ Zadelhoff Tie Leung Central and Eastern European Network. In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company to the total fee income is less than 5% and, we anticipate that it will remain less than 5% in the financial year to 31st December 2007.

Although this part of the circular should be read in conjunction with all the information set out, we would point out that we have made various Assumptions as to tenure, letting and town planning, together with the condition and repair of buildings, including ground and water contamination. These assumptions are set out in the Appendix below.

15. AGGREGATE VALUATION

Subject to the foregoing, and based on current values as at 21st May 2007, DTZ are of the opinion that the aggregation of the Market Value of each 100% share of each freehold and leasehold interest held by the Company (albeit through the shares of special purpose vehicles) in each property, as set out in the Appendix is the total sum of:

US\$ 29,895,000 (Twenty Nine Million Eight Hundred and Ninety Five Thousand US Dollars).

The valuation stated above represents the aggregate of the current value 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 Appendix.

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

The valuation findings reflect DTZ's opinion of discount rate on a market leveraged basis as used in the Market Valuation for each property. Leveraging is assumed to increase with size of each individual lot value reflecting the likely amount of leverage necessary to enable purchase/development. This discount rate is calculated on the assumption that each property would be held upon development completion (see "Global Assumptions—Debt Assumptions" below).

For those Properties held for Development and Properties in the Course of Development, that will be leased upon completion, we present our opinion of Market Value as at the date of valuation and assuming built and fully operational upon completion.

16. CONFIDENTIALITY

The contents of this Valuation Report and Schedule may be used only for specific purpose to which they refer. 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. Prior to the Valuation Report being disclosed orally or otherwise to a third party, DTZ's written approval as to the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions and/or Departures referred to herein. For the avoidance of doubt such approval is required whether or not DTZ Zadelhoff Tie Leung are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

For and on behalf of DTZ Kiev B.V.
Nicholas M.A. Cotton B.Sc. MRICS
Managing Director



APPENDICES

APPENDIX I

AGREED REPORT FORMAT AND SCOPE OF WORK

The format and scope of work of the report is defined within the terms of the contract of engagement attached as appendix IV.

The format of this report is intended to reflect a condensed report required for inclusion in an Admission Document concerning the proposed admission to trading on the Alternative Investment Market of the London Stock Exchange.

For each site attended and reported we have analysed the local market and provide the following;

- Brief Location Analysis and Description of Each Subject Site;
- Overview of Proposed Scheme and Recommendations for Phasing (if relevant);
- Brief Consideration of Likely Changes Occurring in Kiev Real Estate Market with Expectation of Likely Investment Exit Opportunities;
- Statement of Likely Net Present Value of the Subject Site based on DCF Analysis;

APPENDIX II

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

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

RICS Appraisal and Valuation Standards

All valuations are carried out in accordance with 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 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 Report.

No allowances are made in our valuations for any expenses of realisation, 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 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 have reviewed documents of title and development permission as provided to us by The Company in so far as appropriate and necessary to assess the values reported herein. You should however appreciate that we are not legal advisors and, as such we recommend that reliance should not be placed on our interpretation thereof without verification by your legal advisors.

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).

Tenant's Covenant Strength

We do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that all tenants are capable of meeting their financial obligations under the lease and that there are no material arrears or undisclosed breaches of covenant.

Inspections

We undertake such inspections and conduct investigations as are, in our opinion, correct in our professional judgement, 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 effect our valuation.

Hazardous & 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. It should be noted that historically there has been widespread use of asbestos in buildings constructed in Ukraine.

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 have assumed 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.

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 the 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.

Plant & machinery

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 realised 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.

Aggregation

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

Our valuations of overseas properties will be reported in the United States Dollars (US\$), this being the market norm. No allowance has been made for the transfer of funds outside The Ukraine.

APPENDIX III

GLOBAL ASSUMPTIONS

For the properties ‘‘held for development’’ or ‘‘in the course of development’’, some general assumptions have been made in developing the residual valuations, in addition to the assumptions and conditions above. These are summarised below:

Acquisition Cost

No acquisition costs are included in the calculation;

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 & Road Improvement

In Ukraine, 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 Phasing

Most projects have been assumed to be constructed in one phase. Where it has been assumed that a development would be phased, we assume that phasing would be designed to maximise the returns from the site.

Construction Costs

Construction costs have been assessed in accordance with standard rates in the market and assume rates that a third party developer/purchaser would be expected to incur in the course of the development of each project.

Construction Contract

An advance payment is included in the cost calculations, which is charged to the first quarter of the construction contract. A hold-back against defects requiring remedy is also included and is charged to the quarter after completion of construction of the relevant phase.

Permit & Contribution Costs

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

Assumed Sale

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 stabilizes, and is sold. This is a valuation technique and does not necessarily represent the intention of the owner.

Delivery Condition and Pricing

Retail space is typically delivered in a shell and core condition. All commercial space is leased or sold on a price reflecting a square meter value basis.

Returns

Comparable rental rates for commercial office space have been adopted in our cash flow valuation.

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 weight of money seeking investment product in the region will have a downward pressure on returns.

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 assumed length of initial leases varies depending upon the property class. Office leases are typically 3-5 years, retail leases are typically 1-3 years for shop units and, up to 10-15 years for superstores. Warehouse leases are typically 6-9 years.

Vacancy Rate

Vacancy has been assumed for the duration of each project and depends 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 on a pro-rata basis at cost, and they are therefore cashflow and VAT neutral and they are not included in the cash flow analysis. An element of the non-recoverable service charges is however accommodated to reflect void areas. As is common practice in Ukraine, we assume that land lease rent / land tax payments remain net operating costs to the developer on all developments through until exit.

Debt Assumptions

In assessing the Market Value of property it has been assumed that market typical levels of debt are used. There are wide variations as to the financing terms available in the as yet immature Ukrainian property finance market and it is not therefore possible to apply absolutely accurate standard terms.

VAT Rate

The VAT rate has been taken at the current rate of 20%. The VAT rate is of importance because although in theory VAT in Ukraine is immediately recoverable from the government, the practice is slightly different. The VAT paid on construction and other development costs is considered a VAT credit account in favour of the landowner. VAT on future rents can be retained and offset against the VAT account until the credit is eliminated. This has a significant effect on cashflow.

It has been assumed that all of the costs in association with the development of the project will be subject to VAT and also that all of the tenants (where appropriate) will pay VAT. Where applicable, the current VAT credit account has been taken into account depending upon the tenure of the property that is freehold property sales are subject to VAT, whereas sales of shares in a company are not.

Therefore where a property is held in a Special Purpose Vehicle or similar structure, no VAT would be payable on a sale of shares.

Agent's & Brokers Fees

Standard market practice is to use brokers to lease commercial office and warehousing space. Retail space is however typically leased by developers directly to the operators / public and hence agents fees will not be incorporated in these elements of the valuation.

Taxes

Property tax is not presently payable in Ukraine. Despite a proposal being presented before Parliament in 2005 to introduce a tax, DTZ do not expect this tax to be introduced in the near term. Accordingly, we have made no provision in our calculations to accommodate this charge.

APPENDIX IV

VALUATION REPORTS BY CITY AND PROPERTY / PROJECT

ADDRESS	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES/SALES	MARKET VALUE IN EXISTING STATE	ESTIMATED NET ANNUAL RENT	VALUE UPON COMPLETION
Property 1 Tsymlianskiy Lane, Podil, Kyiv	<p>The site is held by a land lease agreement from 24.10.2005 for 5 years by the company "Almaz-Press-Ukraine" for construction of residential and office complex with underground parking. The total area of the site is 0.36 ha. "Almaz-Press-Ukraine" pays a ground lease of US \$8,743 annually.</p> <p>The site is located at the base of a hill in Podil district, and presently accommodates several old garages and a small parking area. The plot is sloping and an irregular rectangular in shape. Adjacent to the plot are private dwelling houses as well as a radio tower to the south. To the north there are residential and office buildings along Tsymlianskiy Lane. There are few modern residential developments in this area of the city.</p> <p>According to the current development scheme, the complex will comprise one underground parking level of 1,200 sq.m, two above ground office floors of 1,097 sq.m each and five floors of residential apartments totaling to 4,488 sq.m and 1,446sq.m for office premises. The proposed gross area of the development is 7,134 sq.m. We assume that this will be delivered in a single phase commencing in July 2007, completing in July 2008.</p>	The property is a proposed development and no pre sale / lease agreements have been made	\$1,837,000	N/A	\$14,108,000

ADDRESS	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES / SALES	MARKET VALUE IN EXISTING STATE	ESTIMATED NET ANNUAL RENT	VALUE UPON COMPLETION
Property 2 Kiyaniivsky Lane, No. 9-11 Kiyaniivsky Lane, No.13, 13a, 13 b Podil, Kyiv	<p>The subject property consists of two sites, forming an 'L' shape. Site #1, 0,2445 ha, is held by way of a land lease of 31.03. 2003 for 15 years by the company TOV "Torgovuy Tsentr". The land is allocated for construction, use and maintenance of non-residential building with administrative premises, café-bar and children café. Site #2 consists of three land plots, each of 0,1 ha in size. They are held by LLC "AISI Ukraine" by the way of a purchase agreement from 24.03. 2006. The total area of the three freehold plots is 0,3 ha. The land allocation of this site is for construction, exploitation and servicing of residential property.</p> <p>The site benefits from a central location close to the historical centre of the city and is easily accessed by public transport. Presently the site forms undeveloped green land, steeply sloping to the north-east. There are few modern residential developments in this area of the city. Currently, rather intensive development is in the process in this area.</p> <p>The proposed schemes are for the development of residential and office complexes with underground parking. According to the current development scheme, the projects will comprise eight and eleven storey buildings with underground parking of 3,000 sq.m, office area of 4,750 sq.m, and with residential apartments of 20,140 sq.m. The total gross area of the development is 27,890 sq.m. We assume that the development will commence in July 2007 with the completion by July 2009 in two phases.</p>	The property is a proposed development and no pre sale / lease agreements have been made	\$ 15,696,000	N/A	\$ 68,617,000

ADDRESS	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES / SALES	MARKET VALUE IN EXISTING STATE	ESTIMATED NET ANNUAL RENT	VALUE UPON COMPLETION
Property 3 Brovary district, Kyiv oblast	<p>The subject property is held by the way of lease agreement from 13.04.2006 for 5 years by LLC "Terminal Brovary" for construction and servicing of a warehouse complex/logistic park. The total area of the land is 9,5 ha. The annual ground rent payments amount to US \$10,967 for the construction period and US \$54,855 after construction.</p> <p>The site is located along the main road connecting Kyiv and Boryspil, approximately 30 km from the centre of Kyiv. This location is an important transportation node with the M-01 (E-95) highway leading north to Moscow and Chernihiv and provides an easy access to the M-3 (E-40) leading to Kharkiv and the east. Currently, the land plot is an existing industrial zone without any utility connections. According to the current Master plan of Brovary district, the site is suitable for the construction of the proposed Logistics Facility.</p> <p>We attended the site on 21st May 2007. At that time, contractors were in the process of erecting a construction fence to the perimeter of the site and, starting grading works to the top soil. Accordingly, we assume that development has effectively commenced with completion expected by February 2008 in a single phase. We have deducted from the expected cost of construction the sum of US\$300,000 which, we believe has been allocated to the ground preparation works. According to the proposed scheme, the site will accommodate 52,284sq.m of total gross area of logistics complex with 47% of site coverage. It will include gross 40,800 sq.m for warehouse and 3,900 sq.m for warehouse offices.</p>	The property is a proposed development and no pre sale / lease agreements have been made	\$5,385,000	\$ 5,724,000	\$ 47,711,000

ADDRESS	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES / SALES	MARKET VALUE IN EXISTING STATE	ESTIMATED COSTS OF COMPLETING DEVELOPMENT	VALUE UPON COMPLETION
Property 4					
Property forming Development site at M-05 Odessa Oblast	<p>The subject site is made up of four contiguous land plots extending to 23.39 ha. The plots are held by way of purchase agreements dating from 27th of April 2007 between Nerubaysky Selsovet and AISI Bela Ltd, for the development and the operation of warehouses.</p> <p>The site is currently undeveloped open farm land believed to be lacking any utility connections. We have been provided with copies for each of the ownership certificates as well as a technical due diligence report.</p> <p>Whilst the land is we believe zoned for the development of logistics warehousing and, is outside the agricultural fund, at this stage no permits or approvals for the design and construction of the proposed Logistics Complex have been obtained and we have made our own assumptions regarding a typical potential project when calculating the net present value of the land.</p> <p>The site is an irregular quadrilateral in shape. It is flat and fronts the M-05 (internationally designated E 95) which is the main highway connecting Odessa with Kyiv. The site is a few kilometres north from the intersection with the highway which connects Odessa with Nikolaev.</p> <p>We assume that a typical single phase development could commence in April 2008 with completion by January 2009.</p> <p>According to the assumed scheme, the site could accommodate approximately 112 000 sq m (GLA) of logistics with 50% site coverage including around 11 200 sq m of ancillary offices.</p> <p>We believe that a well designed site would work well in this location given its prominent location to the M-05 Odessa – Kyiv trunk road and proximity to Odessa City.</p>	The property is a proposed development and no pre sale / lease agreements have been made	\$5,482,500	\$68 400 000	\$ 111 670 000

APPENDIX V

SUMMARY OF VALUES

ADDRESS	MARKET VALUE AT EXISTING STATE	VALUE UPON COMPLETION
Kiyanivskiy Lane	\$15,696,080	\$68,617,406
Tsymliansky Lane	\$1,831,125	\$14,107,930
Brovary	\$5,885,000	\$47,711,066
Odessa	\$6,482,500	\$111,670,000
TOTAL	\$29,894,705	\$242,106,402
SAY	\$29,895,000	\$242,000,000

PART VI
FINANCIAL INFORMATION

1. REPORT OF DELOITTE & TOUCHE LLP ON THE HISTORICAL FINANCIAL INFORMATION

The Board of Directors
on behalf of Aisi Realty Public Limited
3, Chrysanthou Mylona Street
3030 Limassol
Cyprus

Libertas Capital Corporate Finance Limited
16 Berkeley Street
London W1J 8DZ
United Kingdom

Dear Sirs

Aisi Realty Public Limited (the “Company”)

We report on the financial information set out in Part VI.2 of the AIM admission document dated 25 July 2007 of the Company (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

As described in Part VI.2 the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with IFRS.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with IFRS as also described in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) as applied by paragraph a of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Deloitte & Touche LLP

Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu (“DTT”), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other’s acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

2. HISTORICAL FINANCIAL INFORMATION OF AISI REALTY PUBLIC LTD

The consolidated financial information for the Company and its subsidiaries is set out below. The directors of the Company are responsible for the preparation of the historical consolidated financial information and its presentation in accordance with International Financial Reporting Standards (“IFRS”) and the accounting policies in Note 1. The historical consolidated financial information for the period ended 31 December 2005 and year ended 31 December 2006 has been audited and is also the subject of the Accountant’s Report set out in Part VI.1 of this Admission Document.

CONSOLIDATED INCOME STATEMENTS

Year/period ended 31 December 2006 and 2005

	<i>Notes</i>	<i>Year ended 31/12/06 US\$</i>	<i>Period ended 31/12/05 US\$</i>
Income			
Miscellaneous income		50,040	—
Expenses and Fair Value Movements			
General and administrative expenses	2	(3,532,597)	(700,885)
Increase in fair value of investment property	4	14,110,087	—
		10,577,490	(700,885)
Other income and expenses			
Financial charges	11	(33,642)	(1,120)
Foreign exchange (losses)/gains	11	(12,404)	668
Other miscellaneous expense	11	(5,481)	(5,175)
Total other income/loss		(51,527)	(5,627)
Profit/(loss) before tax		10,576,003	(706,512)
Income tax expense	9	(4,511,103)	—
Profit/(loss)		<u>6,064,900</u>	<u>(706,512)</u>
Attributable to:			
Equity holders of the parent		3,252,009	(706,512)
Minority interest		2,812,891	—
Net profit/(loss)		<u>6,064,900</u>	<u>(706,512)</u>

COMPANY CONSOLIDATED BALANCE SHEETS

Year/period ended 31 December 2006 and 2005

	<i>Notes</i>	<i>Year ended 31/12/06 US\$</i>	<i>Period ended 31/12/05 US\$</i>
Non-current assets			
Investment property	4	25,176,949	—
Property, plant and equipment	5	64,418	—
Advances for investments	13	—	1,244,000
		<u>25,241,367</u>	<u>1,244,000</u>
Current assets			
Advances to related parties	14	120,000	—
Prepayments and other current assets	6	222,388	38,200
Cash and cash equivalents		<u>373,473</u>	<u>62,228</u>
		715,861	100,428
Total assets		25,957,228	1,344,428
Current liabilities			
Trade and other payables	7	2,245,300	143,220
Due to related parties	14	608,824	—
Income tax payable	9	77,462	—
Current portion of finance lease	8	<u>8,878</u>	<u>—</u>
		2,940,464	143,220
Non-current liabilities			
Long-term portion of finance lease	8	48,966	—
Deferred tax liability	9	<u>4,433,641</u>	<u>—</u>
		4,482,607	—
Total liabilities		<u>7,423,071</u>	<u>143,220</u>
Net assets		<u>18,534,157</u>	<u>1,201,208</u>
Equity			
Share capital	10	13,121,395	1,907,720
Retained earnings/accumulated losses		<u>2,545,497</u>	<u>(706,512)</u>
Minority interests		2,867,265	—
Equity shareholders' funds		<u>18,534,157</u>	<u>1,201,208</u>

COMPANY CONSOLIDATED CASH FLOW STATEMENTS

Year/period ended 31 December 2006 and 2005

	<i>Year ended 31/12/06 US\$</i>	<i>Period ended 31/12/05 US\$</i>
Operating activities		
Profit/(loss) before tax	10,576,003	(706,512)
Adjustments to reconcile profit/(loss) for the year(period) to net cash used by operating activities:		
Depreciation	14,316	—
Increase/(decrease) in advances for investments	1,244,000	(1,244,000)
Increase in prepaids and other current assets	(184,188)	(38,200)
Increase in trade and other payables	2,102,080	143,220
Increase in advances to related parties	(120,000)	—
Increase in due to related parties	608,824	—
Purchase and development of property	(11,066,862)	—
Gain on revaluation of investment property	(14,110,087)	—
Purchase of property, plant and equipment	(20,889)	—
Increase in minority shareholders' liability	54,374	—
Net cash used by operating activities	(10,902,429)	(1,845,492)
Financing activities		
Proceeds from shareholders' contributions	11,213,674	1,907,720
Net cash provided by financing activities	11,213,674	1,907,720
Net increase in cash and cash equivalents	311,245	62,228
Cash and cash equivalents at the beginning of the year/period	62,228	—
Cash and cash equivalents at the end of the year/period	373,473	62,228

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year/period ended 31 December 2006 and 2005

	<i>Share capital US\$</i>	<i>Retained Earnings US\$</i>	<i>Minority Interest US\$</i>	<i>Total US\$</i>
Balance as at 1 January 2005	—	—	—	—
Shares issued	2,100,000	—	—	2,100,000
Notes payable from shareholder	(192,280)	—	—	(192,280)
Loss for the period	—	(706,512)	—	(706,512)
Balance as at 31 December 2005	<u>1,907,720</u>	<u>(706,512)</u>	<u>—</u>	<u>1,201,208</u>
Balance as at 1 January 2006	1,907,720	(706,512)	—	1,201,208
Payment for shares issued in 2005	192,280	—	—	192,280
Shares issued	12,924,981	—	—	12,924,981
Capital raising costs	(403,606)	—	—	(403,606)
Notes payable from shareholders	(1,499,980)	—	—	(1,499,980)
Minority interest from purchase of subsidiaries	—	—	54,374	54,374
Profit for the year	—	3,252,009	2,812,891	6,064,900
Balance as at 31 December 2006	<u>13,121,395</u>	<u>2,545,497</u>	<u>2,867,265</u>	<u>18,534,157</u>

NOTES TO THE ACCOUNTS

Year/period ended 31 December 2006 and 2005

1. Accounting policies

Background

The Company was incorporated in Cyprus on 23 June 2005 as a private company with limited liability and on 19 March 2006, it was converted into a Public Limited Liability Company, by filing a statement in lieu of prospectus. Its registered office is at Chrysanthou Mylona 3, P.C. 3030, Limassol, Cyprus.

On 14 March 2006, the Company changed its name from Smither Investments Ltd to Aisi Realty Ltd and on 12 April 2006 changed its name from Aisi Realty Ltd to Aisi Realty Public Ltd.

Basis of preparation

The consolidated financial information of Aisi Realty Public Ltd and its subsidiaries (the Group) has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial information complies with both these reporting frameworks because at the time of its preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. This financial information is presented in United States Dollars (the “US\$” or “US Dollars”).

The financial information has been prepared on the historical cost basis, except for the revaluation of properties. In the process of applying the Group’s accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements.

All entities of the Group, except for Aisi Realty Public Ltd and Aisi Capital Ltd maintain their accounting records in Ukrainian Hryvnia and in accordance with the accounting and reporting regulations of Ukraine. Aisi Realty Public Ltd and Aisi Capital Ltd maintain their accounting records in US Dollars and in accordance with IFRS.

The Group’s management has decided to present and measure this consolidated financial information in US Dollars for the following reasons:

- Owing to the nature of the Group’s business, most of management’s economic and operational decisions are based on US Dollars;
- The management believes that US Dollar reporting will better reflect the economic substance of the underlying events and circumstances relevant to the Group.

Ukrainian statutory accounting principals and procedures differ from those generally accepted under IFRS. Accordingly, the consolidated financial information, which has been prepared from the Ukrainian statutory accounting records for the entities of the Group domiciled in Ukraine, reflects adjustments necessary for such consolidation financial information to be presented in accordance with IFRS.

As management records the consolidated financial information of the entities domiciled in Ukraine in Hryvnia, in translating financial information of the entities domiciled in Ukraine into US Dollars for incorporation in the consolidated financial information, the Group follows a translation policy in accordance with International Accounting Standard No. 21, “The Effects of Changes in Foreign Exchange Rates”, and the following procedures are performed:

- Monetary assets and liabilities are translated at closing rate;
- Non-monetary assets and liabilities are translated into US Dollars using exchange rates in effect at the day of the transaction;
- Income and expense items are translated using exchange rates at the dates of the transactions;

All resulting exchange differences are recorded as a separate component of equity.

Basis of consolidation

The relevant exchange rates of the Central Bank of Ukraine used in translating the financial information of the entities domiciled in Ukraine into US Dollars were:

US Dollar 1 = UAH 5.05 as at 31 December, 2006 US Dollar 1 = UAH 5.05 as at 31 December, 2005.

The Group's financial information consolidates the financial information of the Company and all its subsidiaries' undertakings for the years ended 31 December 2006 and 2005.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial information of subsidiaries is included in the consolidated financial information from the date that control effectively commences until the date that control effectively ceases. In the Group's financial information, investments in subsidiaries are accounted for under the acquisition method.

Where necessary, adjustments are made to the consolidated financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in consolidation.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current intercompany borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in objectives, policies and procedures during the years ended 31 December 2006 and 2005.

General and administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

Other property expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the income statement as incurred.

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property principally includes freehold and leasehold land. Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Investments properties are professionally valued each year, on a market value basis, and any surpluses or deficits arising are taken to the income statement.

Property, plant and equipment

Property, plant and equipment include furniture and fixtures and are stated at cost less accumulated amortization. The vehicle held under finance lease is depreciated over its expected useful life on the same basis as owned assets.

Depreciation

The expected useful life of assets included in property, plant and equipment is 5 years.

Segmental analysis

The Group has only one reportable segment on the basis that all of its revenue is expected to be generated from investment properties located in Ukraine; accordingly no segment analysis is presented.

Foreign currency

Transactions denominated in foreign currencies are recorded in US Dollars using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into US Dollars using the exchange rate at the balance sheet date. Non monetary assets and liabilities which originated in currencies other than US Dollars have been translated into US Dollars using exchange rates in effect at the date of the transaction. Exchange differences resulting from these translations are included as a separate component of equity. Realised foreign currency gains and losses arising from the settlement of assets and liabilities are reflected in the income statement as a net foreign exchange gain or loss.

Use of estimates and assumptions

The preparation of consolidated financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible into a known amount of cash. Cash and cash equivalents comprise accounts with banks excluding any short term investments for which access to funds is restricted.

Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Related party transactions

For the purpose of this financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS No. 24 “Related Party disclosures”. In considering each possible related party relationship attention is directed to the substance of the relationship, not merely the legal form.

Fair value of financial instruments

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IAS No. 32 “Financial Instruments: Disclosure and Presentation” and IAS No. 39 “Financial Instruments: Recognition and Measurement”. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in a forced or liquidation sale. As no readily available market exists

for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument. The carrying value of cash and cash equivalents, accounts receivable, other current assets, trade and other payables, long-term notes payable approximate their fair values.

For all financial assets and liabilities the carrying value is estimated to approximate the fair value as of 31 December 2006.

Foreign currency risk

The Group incurs foreign currency risk on intercompany borrowings that are denominated in a currency other than Hryvnias. The currencies giving rise to this risk are primarily US Dollars. Management does not hedge the Group's exposure to foreign currency risk.

Minority interests

Any difference between the consideration paid to acquire a minority interest or any difference between the consideration received upon disposal of a minority interest and the carrying amount of that portion of the Group's interest in the subsidiary, is recognised as equity increases (or decreases) in the parent shareholder's interest, so long as the parent controls the subsidiary. The presentation of minority interest within equity supports the recognition of increases and decreases in ownership interests in subsidiaries without a change in control as equity transactions in the pro forma consolidated financial statements. Accordingly, any premiums or discounts on subsequent purchases of equity instruments from (or sales of equity instruments to) minority interests is recognized directly in the parent shareholder's equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction.

Earning and Net Assets per share

The Group presents basic and diluted earnings per share (EPS) and net assets per share (NAV) for its ordinary shares.

Basic EPS and NAV amounts are calculated by dividing net profit for the year, and net assets value as of year end, attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS and NAV amounts are calculated by dividing net profit for the year, and net assets value as of year end, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

Deferred taxation

The subsidiaries of the Group are incorporated in Ukraine and the parent of the Group is incorporated in Cyprus. The Group's management and control is exercised in Cyprus. There is no withholding tax or special defence contribution on the dividend income to be received from the Ukrainian subsidiaries as provided for by the current tax treaty.

In the event that future developments are disposed of it is the Group's intention to dispose of shares in subsidiaries rather than assets. The corporate income tax exposure on disposal of development companies in Ukraine is mitigated by the fact that the sale would represent a disposal of the securities by a non-resident shareholder and therefore would be exempt from tax. In accordance with IFRS the Group has recognised the deferred tax liability that would arise in the event that the Group disposed of assets rather than shares in subsidiaries. (Note 9).

Deferred tax is the tax expected to be payable on differences between the carrying amounts of assets in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when liability is settled. Deferred tax arising from revaluation of the noncurrent assets transferred to the income statement for the year.

2. Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

	2006 US\$	2005 US\$
Accounting	(311,389)	(153,392)
Legal	(314,413)	(220,218)
Wages	(90,313)	(11,225)
Depreciation	(14,316)	–
VAT, taxes and duties	(17,307)	–
Lease expenses	(99,152)	–
Office expenses	(125,677)	(12,690)
Management fee	(198,007)	–
Transaction costs	(138,735)	–
Bed debt expense	(134,007)	–
Travel costs	(497,344)	(274,831)
Marketing	(30,973)	(28,529)
Litigation	(1,510,000)	–
Other	(50,964)	–
	<u>(3,532,597)</u>	<u>(700,885)</u>

Employee information

The average number of employees of the Group, including directors, comprising:

	2006 Number	2005 Number
Head office and administration	<u>10</u>	<u>3</u>

In 2006, directors received fees of \$55,186 (2005: \$11,225).

3. Earnings and Net Asset per share

In January 2006 the European Real Estate Association (EPRA) issued guidance for the calculation of assets per share and earnings per share. These calculations have been adopted by the Group and are set out below.

Weighted average number of ordinary shares

	2006 Number	2005 Number
Issued ordinary shares capital at 1 January	3,675,000	–
Ordinary shares issued	22,618,717	3,675,000
Issued ordinary shares capital at 31 December	26,293,717	3,675,000
Weighted average number of ordinary shares	13,925,805	1,474,578
Diluted weighted average number of ordinary shares	13,925,805	1,474,578

The per-share computations below retroactively reflect the changes in number of shares occurred as a result of conversions in March 2006 and April 2007 for all periods presented.

Basic, diluted and adjusted earnings per share

	2006 Profit after tax US\$	2006 Earnings per share US\$	2005 Loss after tax US\$	2005 Loss per share US\$
Basic	3,252,009	0.23	(706,512)	(0.48)
Diluted	3,252,009	0.23	(706,512)	(0.48)
Deferred tax on revaluation of investment properties	4,433,641	0.32	–	–
Litigation accrual	1,510,000	0.11	–	–
Minority interest, net	700,000	0.05	–	–
Adjusted	9,895,650	0.71	(706,512)	(0.48)

Net assets per share

	2006 Net asset US\$	2006 Number of shares	2006 Net assets per share US\$	2005 Net asset US\$	2005 Number of shares	2005 Net assets per share US\$
Basic	15,666,892	26,293,717	0.60	1,201,208	3,675,000	0.33
Diluted	15,666,892	26,293,717	0.60	1,201,208	3,675,000	0.33
Deferred tax on revaluation of investment properties	4,433,641	26,293,717	0.17	–	–	–
Litigation accrual	1,510,000	26,293,717	0.05	–	–	–
Minority interest, net	700,000	26,293,717	0.03	–	–	–
Adjusted	22,310,533	26,293,717	0.85	1,201,208	3,675,000	0.33

The deferred tax adjustment above has been made on the basis that the Group would dispose of shares in subsidiary companies, rather than assets, and would not expect to crystallise a tax charge on disposal.

4. Investment property

	2006 US\$	2005 US\$
At 1 January	—	—
Acquisitions	10,481,809	—
Revaluation gain on investment property	14,110,087	—
Investment property related costs	585,053	—
At 31 December	<u>25,176,949</u>	<u>—</u>

“Investment property” is the land held by the Company for future development. Investment property is originally recorded at fair value at the date of acquisition. Subsequent expenditure in relation to investment property that has already been recognized is added to the carrying amount of the investment property when it is probable that the future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the enterprise. All other expenditures are recognized as expenses in the period in which they are incurred.

On acquisitions dates and as at 31 December, 2006, the property was valued by DTZ Kiev B.V. (“DTZ”), an external valuer. All valuations were carried out by appropriately qualified valuers.

The valuer’s opinion of the Market Value of each property has been primarily derived using comparable recent market transactions on an arm’s length basis and an estimate of the future potential net income generated by use of the properties because their specialised nature means that there is no market based evidence available.

Project related prepayments include advances for contractors and consultants on works preceding development of properties.

5. Property, plant and equipment

	2006 US\$	2005 US\$
At 1 January	—	—
Furniture and fixtures	12,275	—
Vehicle under finance lease	66,265	—
Less: Accumulated depreciation	(14,122)	—
At 31 December	<u>64,418</u>	<u>—</u>

6. Prepayments and other current assets

	2006 US\$	2005 US\$
VAT and other taxes receivable	135,102	—
Other prepayments	87,286	38,200
	<u>222,388</u>	<u>38,200</u>

VAT is levied at a 20 per cent. rate on Ukrainian domestic sales and imports of goods, works and services. A VAT credit is the amount that a taxpayer is entitled to offset against its VAT liability in the reporting period. Rights to VAT credit arise on the earlier of the date of payment to the supplier or from the date when good are received.

7. Trade and other payables

	2006 US\$	2005 US\$
Litigation	1,510,000	—
Audit and accounting fees	105,000	—
Capital raising fees	338,748	—
Accruals	151,002	138,180
Other	140,550	5,040
Total	<u>2,245,300</u>	<u>143,220</u>

Capital raising fees are due to a director and a shareholder of the Group.

8. Leases

Assets held under finance lease term of 5 years are initially recognized as an asset at fair value at the inception of the lease or, if lower, at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease commitments are payable as follows:

	2006 Minimum lease payments US\$	2006 Interest US\$	2006 Principal US\$	2005 Minimum lease payments US\$	2005 Interest US\$	2005 Principal US\$
Less than one year	8,878	2,932	5,946	—	—	—
Between one and five years	48,966	7,372	41,594	—	—	—
	<u>57,844</u>	<u>10,304</u>	<u>47,540</u>	<u>—</u>	<u>—</u>	<u>—</u>

Included in the financial statements as:

Current borrowings	8,878
Non-current borrowings	<u>48,966</u>
Present value of minimum lease payments	<u>57,844</u>

Operating lease commitments including the Group's leasehold properties are payable as follows:

	2006 US\$	2005 US\$
Less than one year	144,116	198,116
Between one and five years	592,878	466,878
More than five years	57,260	50,102
Total	<u>794,254</u>	<u>715,096</u>

9. Taxes

	2006 US\$	2005 US\$
Tax calculated at the applicable tax rate	77,462	—
Deferred tax related to revaluation gain on investment property	4,433,641	—
Tax charge for the year	<u>4,511,103</u>	<u>—</u>

The difference between the standard rate of tax and the effective rate of tax arises from the items set out below:

	2006 US\$	2005 US\$
Profit/(loss) before tax	10,576,003	(706,512)
Tax at 25%	2,644,000	(176,628)
Other movements in deferred tax	983,581	—
Losses not recognised	883,522	176,628
Tax charge for the year	<u>4,511,103</u>	<u>—</u>

The Deferred Tax liability includes the following:

	1 January 2006 US\$	Recognised in income US\$	2006 Book value US\$
Deferred tax liability related to investment property revaluations	—	4,433,641	4,433,641
Net deferred tax provision	<u>—</u>	<u>4,433,641</u>	<u>4,433,641</u>

The deferred tax liability set out above would crystallise in the event that assets are disposed of. In the event that that shares in property holding companies are disposed of no tax charge is expected to arise.

10. Share capital

	<i>2006 No. of shares</i>	<i>2006 Share Capital US\$</i>	<i>2006 Share Premium US\$</i>	<i>2005 No. of shares</i>	<i>2005 Share Capital US\$</i>	<i>2005 Share Premium US\$</i>
Authorised						
Ordinary shares of CY£1 each	500,000,000	—	—	21,000	42,000	—
Issued and fully paid						
On 1 January	21,000	42,000	2,058,000	—	—	—
Issue of shares during 2005	—	—	—	21,000	42,000	2,058,000
Conversion of shares at 1:100 in 2006	2,079,000	—	—	—	—	—
Issue of shares during 2006	12,924,981	290,508	12,634,473	—	—	—
Capital raising fees	—	—	(403,606)	—	—	—
At 31 December	<u>15,024,981</u>	<u>332,508</u>	<u>14,288,867</u>	<u>21,000</u>	<u>42,000</u>	<u>2,058,000</u>

Outstanding at 31 December 2005 were 192,280 ordinary shares (\$0.02 par) which were fully paid in January 2006 at \$1 per share. Outstanding at 31 December 2006 were 1,499,980 ordinary shares (\$0.02 par) which were fully paid in January 2007 at \$1 per share.

On 19 March 2006, the number of authorised shares of the Company was increased from 21,000 to 500,000,000.

Subsequent to year end 500,000,000 ordinary shares of the Company were converted to 7 new shares for every 4 existing ones, and their nominal value was changed from CYP0.01 cent to €0.01 cent per share.

11. Other income and expenses

	<i>2006 US\$</i>	<i>2005 US\$</i>
Financial charges	(33,642)	(1,120)
Foreign exchange (losses)/gains	(12,404)	668
Other miscellaneous expenses	(5,481)	(5,175)
At 31 December	<u>(51,527)</u>	<u>(5,627)</u>

Financial charges include interest and fees paid to banks. Foreign exchange gains/losses include transactions gains and losses on currency conversions.

12. Non-cash movements in the cash flow statement

	<i>2006 US\$</i>	<i>2005 US\$</i>
Advances due to a shareholder converted into shares	—	1,907,720
Asset purchased under finance leases	57,845	—

There was no interest or income taxes paid in 2006 and 2005.

13. Acquisitions

During 2006, the Group acquired four companies, the primary assets held by these companies were development land. The cost of 2006 acquisitions paid was \$10,481,809 and was paid in cash (see Note 4 Investment property). The acquired companies' net asset values were immaterial. Advances for investments totalling \$0 (2005 - \$1,244,000) comprises deposits in respect of acquisitions completed in 2006.

14. Related parties

The Company has an investment management agreement with Aisi Realty Capital LLC, a management company. In return for the investment management services, Aisi Realty Capital LLC receives a management fee of 2.5 per cent. of the committed capital. For the years ended 31 December, 2006 and 2005, Aisi Realty Capital LLC received \$186,100 and \$0 in the management fees, respectively.

Transactions costs of totalling \$807,404 and \$570,000 were incurred by Aisi Realty Capital LLC in its capacity as the investment manager in the year ended 31 December 2006 and period ended 31 December 2005, and are included in the general and administration expenses as defined by the investment management agreement.

Two members of the investment manager are nominal shareholders in the subsidiaries with the interest holding of 1 per cent.

Included in advances to related parties of \$120,000 are advances to the former shareholders of the portfolio companies.

A member of the Investment manager received payments totalling \$135,156 per annum under the terms of a consulting agreement between the individual and the Company.

Amounts due to related parties include the following:

	2006 US\$	2005 US\$
Due to Aisi Realty Capital LLC	427,927	—
Due to former shareholders of the acquired companies	116,745	—
Due for services outsourced to administrator	50,141	—
Others	14,011	—
	<u>608,824</u>	<u>—</u>

15. Subsequent events

Subsequent to the balance sheet date, the Group formed Aisi Bela which acquired land for approximately \$6 million.

On 2 March 2007, the Company issued additional 45,000,000 ordinary shares of \$0.02 par value at \$1 each. Fund raising costs totalled \$2million.

In May 2007, the Group sold its 60.6 per cent. interest in Aisi Taurus for approximately \$3 million.

In June 2007, the Company has acquired several new projects with a total cost of \$10 million. The acquisitions were financed with a \$10 million bridge loan.

16. Contingencies and commitments

The Company is a party to a litigation matter related to complaints filed by the Company's former employee. Since the outcome of this litigation and the range of any possible loss cannot be estimated, no accrual has been in the Company's financial statements. Management does not believe the results of legal proceedings will have a material effect on the Group's financial position or results of operations.

The estimated maximum exposure of \$1,510,000 for the litigation related to complaints filed by a third party involved in the fund raising for the Company has been accrued in the accompanying financial statements.

Upon Initial Public Offering (IPO), the Group intends to issue warrants to its pre-IPO investors for ordinary shares, at US\$1 per share, to a level which equals the difference between the Group's interest in the pre-IPO investments and the value of those investments six months following IPO.

Under certain conditions, as defined in the respective purchase and sale agreement, the Company has a put option that would allow the Company to sell its interest back to seller at the price higher than the original purchase price. The fair value of this option is not considered to be material.

The Company has an obligation to purchase the remaining minority interests in the event that certain conditions, as defined in the relevant sale and purchase agreement, arise. The directors have considered the likelihood of these conditions arising and consider them to be remote.

17. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 10 July 2007.

3. PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets of the Group set out below is provided to illustrate the effect of the revaluation of the existing property developments by DTZ, further fund raisings since the year end and the acquisition and sale of investments.

The unaudited pro forma statement of net assets has been prepared in accordance the Company's accounting policies and the notes set out below on the basis of the net assets of the Group as at 31 December 2006 as set out in Part VI.2 of this document. The statement has been prepared for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not therefore represent the Group's actual financial position and may not give a true picture of the net assets which would have been reported if the listing had taken place on 31 December 2006.

Proforma Net Assets

	<i>Audited</i> 31/12/06	<i>Adjustments (unaudited)</i>						<i>Proforma</i> <i>Net Assets</i>
		<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	<i>(Note 6)</i>	
Non-current assets								
Investment property	25,176,949		6,482,500	648,590	(2,413,333)			29,894,706
Property, plant and equipment	64,418							64,418
	25,241,367	0	6,482,500	648,590	(2,413,333)	0		29,959,124
Current assets								
Advances for new acquisitions	0					10,000,000		10,000,000
Advances to related parties	120,000							120,000
Prepays and other current assets	222,388							222,388
Cash and cash equivalents	373,473	51,704,942	(6,100,000)		3,000,000	(10,031,140)	30,249,324	69,196,599
	715,861	51,704,942	(6,100,000)	0	3,000,000	(31,140)	30,249,324	79,538,987
Total assets	25,957,228	51,704,942	382,500	648,590	586,667	(31,140)	30,249,324	109,498,111
Current liabilities								
Accounts payable	2,245,300							2,245,300
Due to related parties	608,824							608,824
Income tax payable	77,462							77,462
Current portion of capital lease	8,878							8,878
	2,940,464	0	0	0	0	0	0	2,940,464
Non-current liabilities								
Long term portion of capital lease	48,966							48,966
Deferred tax liability	4,433,641		95,625	162,148				4,691,414
	4,482,607	0	95,625	162,148	0	0	0	4,740,380
Total liabilities	7,423,071	0	95,625	162,148	0	0	0	7,680,844
Net assets	18,534,157	51,704,942	286,875	486,442	586,667	(31,140)	30,249,324	101,817,267
Minority interest	(2,867,265)			(194,577)	623,405			(2,438,437)
Group's Net assets	15,666,892	51,704,942	286,875	291,865	1,210,072	(31,140)	30,249,324	99,378,830

Proforma Net Assets Notes

(1) Represents net placing proceeds received by the Company from subsequent fundraising rounds.

(2) Represents adjustment to the fair value of the Odessa project acquisition

Fair value as of May 2007	6,482,500
Cash paid	(6,100,000)
Deferred tax liability attributed to increase in value	(95,625)
	<u>286,875</u>

(3) Represents the additional value created for Terminal Brovary.

Fair value as of December 2006	(5,236,410)
Fair value as of May 2007	5,885,000
Deferred tax liability attributed to increase in value	(162,148)
Minority interest attributed to increase in value	(194,577)
	<u>291,865</u>

(4) Sale of Aisi Taurus in May 2007 was extracted from the fair value of the portfolio.

Fair value as of December 2006	(2,413,333)
Cash received	3,000,000
Decrease in minority interest liability	623,405
	<u>1,210,072</u>

(5) Represents bridge loan (including placement fees) for Podil projects secured by the land mortgage.

(6) Net proceeds of the Placing

Note: No account has been taken of trading or any other results since 31 December 2006.

Adjusted Net Assets

	<i>Proforma Net Assets</i>	<i>Adjustments (unaudited)</i> <i>(Note 1) (Note 2) (Note 3)</i>			<i>Adjusted Net Assets</i>
Non-current assets					
Investment property	29,894,706				29,894,706
Property, plant and equipment	64,418				64,418
	<u>29,959,124</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,959,124</u>
Current assets					
Advances for new acquisitions	10,000,000				10,000,000
Advances to related parties	120,000				120,000
Prepays and other current assets	222,388				222,388
Cash and cash equivalents	69,196,599				69,196,599
	<u>79,538,987</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79,538,987</u>
Total assets	<u>109,498,111</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>109,498,111</u>
Current liabilities					
Accounts payable	2,245,300	—	—	(1,510,000)	735,300
Due to related parties	608,824				608,824
Income tax payable	77,462				77,462
Current portion of capital lease	8,878				8,878
	<u>2,940,464</u>	<u>—</u>	<u>—</u>	<u>(1,510,000)</u>	<u>1,430,464</u>
Non-current liabilities					
Long term portion of capital lease	48,966				48,966
Deferred tax liability	4,691,414		(4,691,414)		—
	<u>4,740,380</u>	<u>—</u>	<u>(4,691,414)</u>	<u>—</u>	<u>48,966</u>
Total liabilities	<u>7,680,844</u>	<u>—</u>	<u>(4,691,414)</u>	<u>(1,510,000)</u>	<u>1,479,430</u>
Net assets	<u>101,817,267</u>	<u>—</u>	<u>4,691,414</u>	<u>(1,510,000)</u>	<u>108,018,681</u>
Minority interest	(2,438,437)	700,000			(1,738,437)
Group's Net assets	<u>99,378,830</u>	<u>700,000</u>	<u>4,691,414</u>	<u>(1,510,000)</u>	<u>106,280,244</u>

Notes:

Management have made the adjustments shown as their best estimate of the likelihood of events noted. It should be noted a number of the adjustments differ from treatment in the financial information which is prepared under IFRS and this schedule is prepared on a different basis.

- (1) Terminal Brovary minority interest value of \$2.3 million (40 per cent. of May 2007 value of \$5.8 million), net of cash required to exercise of \$1.6 million.
- (2) Deferred tax adjustment has been made based on the assumption that the corporate ownership of the SPVs rather than the underlying project will be sold.
- (3) A pending litigation has been accrued in the IFRS financial information for the amount of US\$1,510,000. Management believes the likelihood of this claim's success is remote and has made the related adjustment here.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 7 of this document, accept responsibility for all the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its subsidiaries

- 2.1 The Company was incorporated with limited liability and registered in Cyprus under the name Smither Investments Limited under the Act on 23 June 2005 and with registered number HE162276. The Company changed its name to Aisi Realty Limited on 14 March 2006. The Company changed its name to Aisi Realty Public Limited and was re-registered as a public company on 12 April 2006.
- 2.2 The Company operates under the Act and regulations made thereunder.
- 2.3 The Company's main activity is that of an investment company. As a closed-end investment company, the Company is not regulated in Cyprus and is not otherwise subject to regulatory review in its place of incorporation. When the Ordinary Shares are admitted to trading on AIM the Company will be subject to the AIM Rules for Companies.
- 2.4 The registered office of the Company is located at Chrysanthou Mylona 3, P.C. 3030 Limassol, Cyprus (telephone number +357 25857700).
- 2.5 The liability of the Shareholders is limited.
- 2.6 Save for its entry into the material contracts summarised in Paragraph 6 of this Part VII and as otherwise set out in this document, since its incorporation, the Company has not carried on significant business and, other than the financial information set out in this document, no accounts of the Company have been made up.
- 2.7 The Company is the ultimate holding company of the following companies:

<i>Name</i>	<i>Date of Incorporation</i>	<i>Place of Incorporation</i>	<i>Registered Office</i>	<i>Issued Share Capital</i>	<i>Percentage of Issued Share Capital held by the Company</i>
AISI Capital Limited	6 October 2005	Cyprus	Chrysanthou Mylona 3, P.C. 3030 Limassol, Cyprus	CYP 21,000	100 per cent.
Almaz-Pres-Ukraine LLC	5 August 1999	Ukraine	16 Instytutska Str, apt. 4, Kiev 01021, Ukraine	UAH 7,400	51 per cent.
AISI Brovary LLC	5 October 2006	Ukraine	15 Simii Khokhlovykh Kiev 04119 Ukraine	UAH 37,500	100 per cent.*
AISI Ukraine LLC	27 September 2005	Ukraine	43/11 Moscovska Str, Kiev, Ukraine	UAH 33,200	100 per cent.*

<i>Name</i>	<i>Date of Incorporation</i>	<i>Place of Incorporation</i>	<i>Registered Office</i>	<i>Issued Share Capital</i>	<i>Percentage of Issued Share Capital held by the Company</i>
Terminal Brovary LLC	1 June 2005	Ukraine	14 Nezalegnosti Blvd. Brovary, Kiev Oblast 07400, Ukraine	UAH 58,000	60 per cent.†
Trade Center LLC	14 April 2000	Ukraine	43/11 Moscovska Str, Kiev, Ukraine	UAH 230,000	100 per cent.‡
AISI Bela LLC	18 April 2007	Ukraine	43/11 Moscovska Str, Kiev, Ukraine	UAH 42,000.04	100 per cent.*
AISI Outdoor LLC	4 May 2007	Ukraine	23/11 Moscovska Str, Kiev, Ukraine	UAH 42,000.04	100 per cent.*

* 1 per cent. of the charter capital of AISI Ukraine LLC, AISI Brovary LLC and AISI Outdoor LLC is registered in the name of Howard Kelman who holds the interest as nominee for and on behalf of the Company as beneficial owner. 1 per cent. of the charter capital of AISI Bela LLC is registered in the name of Lyubov Ruduk who holds the interest as nominee for and on behalf of the Company as beneficial owner.

† Held by AISI Brovary LLC.

‡ Held by AISI Ukraine LLC.

3. Share Capital

- 3.1 The authorised share capital and issued share capital of the Company (i) as at the date of this document and (ii) as it will be as at Admission is set out below:

<i>Authorised</i>		<i>Issued and fully paid</i>	
<i>No. of Ordinary Shares</i>	<i>Nominal Value (€)</i>	<i>No. of Ordinary Shares</i>	<i>Nominal Value (€)</i>
(i) 875,000,000	8,750,000	115,981,228	1,159,812.28
(ii) 875,000,000	8,750,000	166,191,829	1,661,918.29

- 3.2 The authorised share capital of the Company on its incorporation was CYP 10,000.00 divided into 10,000 ordinary shares of CYP 1.00 each of which 1,000 shares were issued and fully paid. Since the date of incorporation the following changes have occurred to the Company's authorised and issued share capital:

3.2.1 Pursuant to a resolution passed at an extraordinary general meeting of the Company held on 4 October 2005, the authorised share capital of the Company was increased from CYP 10,000 to CYP 21,000 by the creation of 11,000 ordinary shares of CYP 1.00 each;

3.2.2 Pursuant to a resolution passed at an extraordinary general meeting of the Company held on 19 March 2006 (i) the authorised share capital of the Company was increased from CYP 21,000 to CYP 5,000,000.00 by the creation of 4,979,000 ordinary shares of CYP 1.00 each; (ii) the authorised and issued share capital of the Company was then sub-divided into ordinary shares of CYP 0.01 each; (iii) the issued and unissued ordinary shares were re-classified as follows (a) 50,000,000 issued and unissued ordinary shares were re-classified as voting ordinary shares and (b) 450,000,000 issued and unissued ordinary shares were re-classified as non-voting convertible preference shares;

3.2.3 On 5 April 2006, a further 7,900,000 non-voting convertible preference shares of CYP 0.01 were issued;

3.2.4 On 31 December 2006, the 8,800,000 non-voting convertible preference shares of CYP 0.01 automatically converted into voting ordinary shares of CYP 0.01 and a further 5,024,981 voting ordinary shares of CYP 0.01 were issued;

3.2.5 On 3 February 2007, a further 45,000,000 ordinary shares of CYP 0.01 were issued; and

- 3.2.6 Pursuant to a resolution passed at an extraordinary general meeting of the Company held on 30 April 2007 each of the ordinary shares of CYP 0.01 each were cancelled and 7 new Ordinary Shares of €0.01 each were issued for every 4 ordinary shares of CYP 0.01 then held by the Shareholders, with the effect that the authorised share capital of the Company was varied to €8,750,000 divided into 875,000,000 Ordinary Shares.
- 3.2.7 On 10 July 2007 a further 10,937,500 Ordinary Shares were issued.
- 3.3 On 24 July 2007, the Placing Shares were allotted, conditionally upon Admission, by resolution of the Board.
- 3.4 The Ordinary Shares have been created by the Company under the provisions of the Act and have been assigned with ISIN CY0100441019 and CUSIP 010044101. The Depositary Interests have been credited by the Depositary pursuant to a deed poll dated 29 May 2007 and have been assigned the same ISIN number as the Ordinary Shares.
- 3.5 On 24 July 2007, the Founding Shareholder Warrants, the options granted to the Directors described at paragraph 6.10 of this Part VII and the warrants granted to Tudor described at paragraph 6.8 of this Part VII were issued conditionally on Admission.
- 3.6 Save as referred to in paragraphs 3.2 to 3.3 above and pursuant to the Placing, since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.7 Save for the Founding Shareholder Warrants, the options granted to the Directors described at paragraph 6.10 of this Part VII and the warrants granted to Tudor described at paragraph 6.8 of this Part VII, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.8 Prior to Admission, the Founding Shareholders owned 100 per cent. of the Company. As at Admission, the holdings of the Founding Shareholders will be 69.8 per cent. of the issued share capital of the Company.

4. Constitutional documents and other relevant laws and regulations

4.1 *Memorandum of Association*

The Memorandum of Association of the Company provides that there are no limitations on the business that the Company may carry on.

4.2 *Articles of Association*

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

4.2.1 *Voting rights*

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each Share of which he is the holder.

4.2.2 *Variation of rights*

Without prejudice to any special rights previously conferred on the holders of any existing Shares, Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

Subject to the provisions of section 57 of the Law, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

If at any time the Company' share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class. To every separate general meeting the provisions of the Articles relating to general meeting shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

4.2.3 *Transfer of shares*

The Directors may, in their absolute discretion, refuse to register any transfers of Shares which are not fully paid provided that such discretion may not be exercised in such a way as to prevent dealings in the Shares of a class from taking place on an open and proper basis. The Directors may also decline to register the transfer of any Shares in respect of which the Company has a lien. Shares are not transferable to natural persons under the age of 18. The Directors shall not exercise such discretion if to do so would cause a contravention of any applicable CREST rule or regulation, (including, for the avoidance of doubt, the UK Uncertificated Securities Regulations 2001).

If at any time the holding or beneficial ownership of any Shares in the Company by any person (whether on its own or taken with other Shares), in the opinion of the Directors (i) would cause the assets of the Company to be considered "plan assets" within the meaning of the plan assets regulation (29 C.F.R 2510.3 101) adopted by the United States Department of Labor under the Employee Retirement Income Security Act of 1974 ("ERISA") or section 4975 of the Internal Revenue Code of 1986, as amended or such similar United States acts and regulations as determined by the Directors from time to time, (ii) may give rise to a breach of any applicable law or requirement in any jurisdiction; or (iii) would or might result in the Company being required to register or qualify under the United States Investment Company Act 1940; or (iv) would or might result in any investment manager engaged by the Company being required to register or qualify under the United States Investment Advisers Act 1940; or (v) contravene the criteria for eligibility for investing in the Company determined by the Directors from time to time, then any Shares which the Directors decide are Shares which are so held or beneficially owned ("Prohibited Shares") shall be dealt with in accordance with as set out below, provided that the Directors can, in their absolute discretion, waive such requirement at any time. The Directors may at any time give notice in writing to the holder of a Share requiring him to make a declaration as to whether or not the Share is a Prohibited Share.

The Directors shall give written notice to the holder of any Share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such Share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the Share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company or Shareholders) and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion). If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the Share at the best price reasonably obtainable to any other person so that the Share will cease to be a Prohibited Share. The net proceeds of sale (with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

4.2.4 *Dividends*

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall be paid otherwise than out of profits.

Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this regulation as paid on the Share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up Shares, warrants, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

No dividend shall bear interest against the Company.

4.2.5 *Return of capital*

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

4.2.6 *Pre-emption rights*

There are no rights of pre-emption in favour of existing Shareholders over the Company's authorised but un-issued share capital under the Articles or the Act.

4.2.7 *General meetings*

The Company shall hold a general meeting each year as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 126 of the Act. If at any time there are not within the Republic of Cyprus sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one clear days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen clear days' notice in writing at least or by shorter notice in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat, or in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the Shares giving that right.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, four members present in person or by proxy representing at least twenty per cent. of the issued capital of the Company shall be a quorum. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman; or by at least three members present in person or by proxy; or by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or by a member or members holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

4.2.8 *Directors*

The business of the Company shall be managed by the Directors, and may exercise all such powers of the Company as are not, by the Law or by the Articles, required to be exercised by the Company in general meeting. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney of the Company for such purposes and with such power, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with section 191 of the Law.

A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:

- (i) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) to any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has

assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

- (iii) any contract by a Director to subscribe for or underwrite Shares or debentures of the Company; or
- (iv) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as holder of Shares or other securities,

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company in general meeting.

Any Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

4.2.9 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

4.3 *The Disclosure and Transparency Rules*

The Articles require that, from Admission and for so long as the Company has any of its share capital admitted to trading on AIM, or any successor market or any other market operated by the London Stock Exchange, every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as a “UK-issuer”. Under the Disclosure and Transparency Rules, a Shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which he or she holds (directly or indirectly) reaches, exceeds or falls below three per cent., four per cent., five per cent., six per cent., seven per cent., eight per cent., nine per cent., ten per cent. and each one per cent. threshold thereafter up to 100 per cent. The notification must be made within four trading days of the Shareholder becoming aware of the acquisition or disposal, or learning of any other reason, leading to the increase or decrease in his or her shareholding.

5. **Directors’ other interests**

- 5.1 The interests of the Directors, all of which are beneficial, in the issued share capital of the Company as at the date of publication of this document and as they are expected to be as at Admission, are as follows:

<i>Name</i>	<i>As at the date of this document</i>		<i>As at Admission</i>	
	<i>Ordinary Shares</i>	<i>per cent.</i>	<i>Ordinary Shares</i>	<i>per cent.</i>
Paul Ensor	174,948	0.15	174,948	0.11
David Flitterman	nil	nil	nil	nil
Antonios Achilleoudis*	531,179	0.46	531,179	0.32
Beso Sikharulidze	2,186,849	1.89	2,186,849	1.32
Helen Maximov	175,026	0.15	175,026	0.11

* Mr. Achilleoudis is interested in the Ordinary Shares registered in the name of Axia Ventures Limited

- 5.2 Save as disclosed in this document, none of the Directors has any interests, beneficial or otherwise, in the share capital of the Company nor does (so far as is known to, or could with

reasonable diligence be ascertained by, the Directors) any person connected with the Directors have any interests in such share capital, in each case whether or not held through another party.

5.3 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

- | | | |
|-------|---|--|
| (i) | Beso Sikharulidze
<i>Current Directorships/Partnerships</i>
Fidelity Investors Limited Partnership 4 (Partnership)
Colt (Partnership)
Crocodiles Not Water Lilies (Partnership) | <i>Past Directorships/Partnerships</i>
None |
| (ii) | Helen Maximov
<i>Current Directorships/Partnerships</i>
None | <i>Past Directorships/Partnerships</i>
Wielkopolskie Fabryki
Molochny Combinat |
| (iii) | Paul Ensor
<i>Current Directorships/Partnerships</i>
None | <i>Past Directorships/Partnerships</i>
None |
| (iv) | David Flitterman
<i>Current Directorships/Partnerships</i>
Avidan Investments and Advisers, SL
Classical Renaissance, SL
Vitas Capital s.a.r.l.
Binibeca Hills, SL | <i>Past Directorships/Partnerships</i>
ReEnergy Group Plc |
| (v) | Antonios Achilleoudis
<i>Current Directorships/Partnerships</i>
Axia Ventures Limited
Axia Asset Management Limited
Dolphin Capital Investors Limited
Olympic Holidays Limited | <i>Past Directorships/Partnerships</i>
Gruntal & Co. LLC |

5.4 Save as set out below, as at the date of this document, none of the Directors of the Company:

5.4.1 has any unspent convictions in relation to indictable offences; or

5.4.2 has been bankrupt or entered into an individual voluntary arrangement; or

5.4.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

5.4.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

5.4.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

5.4.6 has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

5.5 Save as set out in this document, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.

5.6 Paul Ensor and Axia Ventures Ltd (a company in which Antonios Achilleoudis is beneficially interested), have both received placement commissions from the Company in relation to the

Company's prior pre-Admission fund raisings further details of which are set out in paragraph 9.6 below.

- 5.7 No loan or guarantee has been granted or provided by the Company to any Director.
- 5.8 The services of each of the Directors as non-executive directors are provided under the terms of letters of appointment between each of them and the Company dated 24 July 2007 subject to termination upon at least 1 months notice, at an initial fee of £30,000 per annum.
- 5.9 Save as set out in paragraph 5.8 above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.
- 5.10 Details of the length of time in which the Directors who are currently in office and the period of their term of office are set out below:

<i>Name</i>	<i>Commencement of period of office</i>	<i>Date of expiration of term of office</i>
Beso Sikharulidze	14 March 2006	Until removed
Helen Maximov	19 March 2006	Until removed
Paul Ensor	6 July 2007	Until removed
David Flitterman	6 July 2007	Until removed
Antonios Achilleoudis	6 July 2007	Until removed

- 5.11 Save as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who is interested in 3 per cent. or more of the issued share capital of the Company as at the date of this document and as at Admission:

<i>Name</i>	<i>As at the date of this document</i>		<i>As at Admission</i>	
	<i>Ordinary shares</i>	<i>Per cent.</i>	<i>Ordinary shares</i>	<i>Per cent.</i>
Landsdowne Global Financial Fund Limited	36,750,000	31.69	36,750,000	22.11
John D. and Catherine T. MacArthur Foundation	20,124,983	17.35	20,124,983	12.11
Trafelet & Company UK LLP	nil	nil	15,151,515	9.12
Hansa Investeerimisfondid AS	nil	nil	15,151,515	9.12
The Tudor BVI Global Portfolio Limited	10,937,500	9.43	10,937,500	6.58
Fidelity International Discovery Fund	nil	nil	10,023,000	6.03
Woodbourne Daybreak Global Master Fund Limited	7,874,983	6.79	7,874,983	4.74
Landsdowne Global Financials Fund LP	6,999,983	6.04	6,999,983	4.21
James Manley	5,249,983	4.53	5,249,983	3.16

None of the Shareholders above have different voting rights.

6. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

- 6.1 A Placing Agreement dated 25 July 2007 between the Company, the Directors, the Investment Manager and Libertas Capital whereby Libertas Capital Securities Limited was appointed as the agent of the Company for the purpose of managing the Placing and has agreed to use reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company and its Directors have given certain warranties and indemnities to Libertas Capital, *inter alia*, the accuracy of the information in this document. The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 8.00 a.m. on

1 August 2007, or such later date as the Company and Libertas Capital may agree being no later than 17 August 2007 and the Company and the Directors complying with certain obligations under the Placing Agreement. Under the Placing Agreement, the Company has agreed to pay to Libertas Capital a corporate finance fee of £125,000 and a commission of 4 per cent. on the aggregate value of the Placing Shares at the Placing Price, together with all costs and expenses and VAT thereon, where appropriate. Libertas Capital is entitled in certain limited circumstances to terminate the Placing Agreement prior to Admission. The agreement is governed by English law.

- 6.2 A Founding Shareholder Warrant Instrument (the “Instrument”) dated 24 July 2007 whereby the Company constituted the Founding Shareholder Warrants. Under the terms of the Instrument a series of warrants have been issued to the Founding Shareholders which entitle the Founding Shareholders (with the exception Tudor) to subscribe at par value per Ordinary Share for such number of Ordinary Shares which when multiplied by US\$0.57 equals the difference between the market value of the Company’s legal interests in the Current Investment Portfolio at the date of Admission and at the date being six months after the date of Admission. The valuations of the Company’s legal interests in the Current Investment Portfolio (the “Valuations”) will be carried out by the Property Valuer and the Valuations will be approved by the Board, in particular the Valuation at Admission will (i) assume that the Group holds a 90 per cent. interest in the Tsymlyanskiy project (which will arise on exercise of the call option granted in relation to this project and described in paragraph 6.12 below) and (ii) assume that the Group holds a 100 per cent. interest in the Brovary warehouse project (which will arise on completion of the deferred acquisition of the outstanding 40 per cent. of the project pursuant to the acquisition agreement described at paragraph 6.11 below). In addition, the subsequent valuation carried out six months after Admission will include the value of the sale proceeds of the Tarasovskaya project disposed of in May 2007. In carrying out such Valuations the Property Valuer will be able to adopt such valuation methodology as it thinks fit and, at the Company’s expense, retain the services of any appropriate third parties. In the absence of manifest error the Valuations shall be final and binding on the relevant Founding Shareholders and the Company. The Founding Shareholder Warrants must be exercised within 30 days of the date of the Valuation or else they will lapse. However, if the relevant exercise period for the Founding Shareholder Warrants falls within a ‘close period’ (as such term is defined in the AIM Rules for Companies) any holder of the Founding Shareholder Warrants who would be prohibited from exercising such rights during such ‘close period’ shall be entitled to defer exercise of those warrants and shall have 30 days from the date of the expiry of such ‘close period’ in which to exercise. The Founding Shareholder Warrants are not capable of assignment or transfer and are subject to English Law.
- 6.3 A Nominated Adviser and Broker agreement dated 25 July 2007 between the Company and Libertas Capital pursuant to the terms of which the Company has appointed Libertas Capital to act as nominated adviser and broker to the Company for the purposes of AIM. The Company has agreed to pay Libertas Capital an annual fee of £50,000 for its services as nominated adviser and broker. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable regulations. The agreement shall commence on the date of Admission and shall continue for an initial period of 12 months and thereafter is subject to termination by either party on three months’ notice in writing, such notice not to expire before the end of such initial 12 month period. The agreement is governed by English law.
- 6.4 An Investment Management Agreement dated 5 April 2006 between the Company and the Investment Manager (which will be amended and restated with effect from Admission) whereby the Investment Manager was appointed to manage the investments of the Company in accordance with the investment policy from time to time approved by the Directors. Under the terms of the agreement the Investment Manager has discretionary authority to manage the assets of the Company and, subject to the approval of the Directors, the authority to purchase and dispose of investments for the account of the Company.

The Investment Manager will receive an annual management fee equivalent to 2.5 per cent. per annum of “equity funds” being the combination of (i) aggregate funds raised, including gross proceeds of the Placing, plus (ii) the gross proceeds of any further subsequent equity fund raisings, plus (iii) realised net profits from investments, less (iv) distributions to Shareholders. The management fee is payable in advance either, in the Investment Manager’s discretion, in a single annual payment or in four equal quarterly payments. Where the value of “equity funds” reduces

part way through a year on quarter (as the case may be) the next succeeding payments of the management fee shall be reduced by a balancing adjustment to take account of any over payment.

In addition, in relation to any investment made by the Company, the Investment Manager is entitled to a performance fee based on the net realised cash profits made by the Company subject to the Company receiving the “Relevant Investment Amount” which is defined as an amount equal to:

- (i) the total cost of the investment; plus
- (ii) a hurdle amount equal to an annualised percentage return of 15 per cent. compounded for each year or fraction of a year during which such investment is held (the “Hurdle”); plus
- (iii) a sum equal to the amount of any realised losses and/or write-downs in respect of any other investment which has not already been taken into account in determining the Investment Manager’s entitlement to a performance fee.

In the event that the Company has received distributions from an investment equal to the Relevant Investment Amount any subsequent net realised cash profits arising shall be distributed in the following order of priority:

- (i) first, 60 per cent. to the Investment Manager and 40 per cent. to the Company until the Investment Manager shall have received an amount equal to 20 per cent. of such profits; and
- (ii) second, 80 per cent. to the Company and 20 per cent. to the Investment Manager,

such that the Investment Manager shall receive a total performance fee equivalent to 20 per cent. of the net realised cash profits. Entitlement to a performance fee accrues upon the Company committing to an investment. In the event that the Investment Manager’s appointment under the agreement is terminated:

- (i) for ‘good cause’ (being termination where the Investment Manager (i) has entered into insolvency proceedings, (ii) is found liable for material breach of duty, negligence, wilful default, fraud, bad faith or a material violation of applicable laws in connection with the performance of its duties under the agreement, or (iii) a material breach of the agreement which is either irremediable or not remedied within 60 days of receipt of a notice from the Company), then the Manager shall be entitled to receive any performance fees accrued but unpaid as at the effective date of such termination but the Investment Manager’s entitlement to the receipt of unaccrued future performance fees arising after the date of effective termination of the agreement shall lapse and determine; and
- (ii) as a result of the expiry of the initial term of the agreement without agreement of an extension, then the Investment Manager shall be entitled to receive performance fees in relation to all investments committed to by the Company prior to the effective date of such termination even if such investments are realised after such date of termination.

In relation to each investment, if on the disposal of the Company’s interest in that investment the net realised cash proceeds from that investment are less than the Relevant Investment Amount the Investment Manager shall pay to the Company an amount equivalent to the difference between the net realised cash proceeds and the Relevant Investment Amount. The maximum global amount payable by the Investment Manager in relation to all investments where the clawback mechanism applies will not exceed the aggregate performance fees previously received (minus any taxes paid or due thereon, to the extent not recoverable) by the Investment Manager in relation to other investments.

The Investment Management Agreement contains an indemnity from the Company in favour of the Investment Manager against claims by third parties except to the extent the claim is due to the negligence, wilful default, fraud, bad faith material violation of the laws of any relevant jurisdiction by the Investment Manager, or any of its associates or delegates.

The Investment Management Agreement is for a fixed term of seven years commencing on 5 April 2006. It may be extended beyond such term with the agreement of the Investment Manager and the Company.

The Company may summarily terminate the agreement immediately at any time without penalty by notice in writing in circumstances (*inter alia*) where the Investment Manager has entered into insolvency proceedings, is found liable for material breach of duty, negligence, wilful default, fraud, bad faith, or a material violation of applicable laws in connection with the performance of its duties under the agreement or a material breach of the agreement which is either irremediable or not remedied within 60 days of receipt by the Investment Manager of a notice from the Company. This agreement is governed by the law of The Commonwealth of Massachusetts.

- 6.5 The Administration Agreement dated 25 July 2007 between the Company and the Administrator pursuant to the terms of which the Administrator is appointed to act as administrator to the Company.

The Administrator will be entitled to receive a fee of €2,510, for the provision of a company secretary and registered office payable in advance every six months together with agreed time based administration and accounting fees, billed and payable on a periodic basis.

The Administrator shall be entitled to receive reimbursement of reasonable out-of-pocket expenses on an ongoing basis. The agreement may be terminated on not less than 30 days' written notice by either party, provided that termination may be made immediately in certain specified circumstances.

- 6.6 The depositary and custody services agreement dated 23 July 2007 between the Company and the Depositary. CREST does not provide for the direct holding and settlement of foreign securities such as shares in the Company. To enable shares in the Company to be indirectly held and traded through CREST, under the terms of this agreement and a separate deed of trust, the Depositary agrees to hold securities in the Company and issue depositary interests in the ratio of one for one for each such security. These depositary interests, representing securities in the Company, can be held and traded through CREST. The depositary services provided by the Depositary also include maintaining in the United Kingdom a register of holders of the depositary interest, issuing the depositary interests in uncertificated form and other related registry services. The custody services provided by the Depositary also include executing instructions received from CREST members. Subject to earlier termination in accordance with the agreement, the initial term of the agreement is fixed for 2 years and may thereafter be terminated by either party on six months' notice. Fees payable by the Company include a start up fee of £10,000 an annual fee of £10,000 payable monthly in arrears and a fee of £1.00 per deposit, transfer or cancellation of depositary interests.
- 6.7 Subscription Agreements each dated between 6 March 2006 and 15 June 2007 entered into between the Company and each of the Founding Shareholders pursuant to the terms of which the Founder Shareholders have each given certain warranties and representations in connection with the three fund raising rounds prior to Admission together with entering into lock-in undertakings. Pursuant to the terms of these lock-in undertakings:
- (i) Founder Shareholders holding ten per cent. or more of the Ordinary Shares at Admission have undertaken for the purposes of Rule 7 of the AIM Rules for Companies not to dispose of any Ordinary Shares held by them at Admission or subsequently acquired for a period of 12 months following Admission except in limited circumstances (being a sale pursuant to a court order, death or acceptance of a takeover offer which is open to all Shareholders); and
 - (ii) Founder Shareholders holding less than ten per cent. of the Ordinary Shares at Admission have undertaken not to dispose of any Ordinary Shares held by them at Admission except with the permission of the Company and Libertas Capital or in certain other limited circumstances.
- 6.8 A Warrant Agreement dated 25 July 2007 entered into between the Company and Tudor pursuant to the terms of which the Company has granted to Tudor Capital, conditionally upon Admission, warrants to subscribe for 10,937,500 Ordinary Shares. These warrants must be exercised within 30 days of the date being the first anniversary of Admission or else they will lapse. The exercise price of the warrants is US\$0.64 per Ordinary Share. The agreement is governed by English law.
- 6.9 Lock-in and orderly market deeds dated 25 July 2007 entered into between the Company, Libertas Capital and each of the Directors pursuant to the terms of which the Directors have covenanted

pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any of the Ordinary Shares held by them at Admission or subsequently acquired for a period of 12 months from Admission except in the limited circumstances (being a sale pursuant to a court order, death or acceptance of a takeover offer which is open to all Shareholders). In addition, for the 12 months period commencing on the first anniversary of Admission each Director has covenanted that he will not without the prior written consent of Libertas Capital (or, if Libertas Capital is replaced as the Company's broker the company which from time to time is acting as the Company's broker) dispose of any interest in Ordinary Shares, other than through Libertas Capital or such replacement firm (as appropriate), subject to being offered terms as to price and rates of commission at least as favourable as those being offered by any other broker at that time. The agreement is governed by English law.

- 6.10 Individual option deeds dated 25 July 2007 between the Company and each of the Directors pursuant to which the Company has issued options to each such Director which entitles each such Director to subscribe for 263,158 Ordinary Shares. 175,439 of these options will be exercisable immediately after Admission at a price of US\$0.57. The remaining 87,719 options will be capable of exercise following the first anniversary of Admission at an exercise price being 25 per cent. above the Placing Price. In the event that a Director ceases to be a Director any unvested options granted to such Director shall immediately lapse subject to the discretion of the Board to allow exercise of such options. The deeds are governed by English law.
- 6.11 A sale and purchase agreement relating to the purchase of corporate rights relating to Terminal Brovary LLC dated 14 September 2006 entered into by the Company and Mr. Chyzh Konstyantyn Anatoliyovych, Mr. Gorenko Volodymyr Oleksiyovych, Mr Gorenko Oleksiy Volodymyrovych and Ms. Akulova Lyudmyla Serhiivna. Pursuant to the agreement the Company agreed to purchase the entire charter capital of Terminal Brovary LLC. The Company has paid a sum of \$2,388,000 for 60 per cent. of the charter capital and provides for a variable adjusted price for the remaining 40 per cent. of the charter capital the price variation depending whether Terminal Brovary LLC obtains a building permit and enters into an agreement for the lease of the logistics centre. The price for the remaining 40 per cent may therefore vary from \$1.6 million and \$ 2.8 million.
- 6.12 An agreement for the sale and purchase of a 51 per cent. participatory interest in the charter capital of Almaz-Pres-Ukraine LLC dated 7 November 2006 entered into between the Company and ERI Trading & Investments Co. The ongoing terms of this agreement contain (i) a conditional obligation on the Company to acquire 39 per cent. of the remaining participatory shares in Almaz-Pres-Ukraine LLC for a purchase price of \$1,070,000 which obligation is conditional upon the obtaining by the seller of a positive conclusion by the State Complex Expertise of Investment Programmes and Construction Projects (the "Conclusion") in relation to the Tsymlyanskiy project, and (ii) a put option in favour of the Company to put the 51 per cent. participatory shares in Almaz-Pres-Ukraine LLC back on the seller for a price of USD 1.2 million exercisable conditionally upon failure of the seller to obtain the Conclusion within a six months' period from the date of the agreement.
- 6.13 A preliminary agreement dated 14 June 2007 entered into between the Company and IFO Swiss Gmbh (the "Preliminary Agreement") whereby the parties undertake subject to certain conditions precedent to enter into a sale and purchase agreement in the future in respect of 100 per cent. of the shares of a to be formed Ukrainian limited liability company to be incorporated by IFO Swiss Gmbh ("NewCo") for a purchase price of \$10 million. It is one of the conditions precedent of the preliminary agreement that such NewCo shall become the owner of five buildings located in Kiev before 1 October 2007. Under the Civil Code of Ukraine a preliminary agreement is essentially an obligation to enter into a principal agreement in the future on the terms and conditions specified in the preliminary agreement. The agreement is governed by Ukrainian law.
- 6.14 A loan agreement dated 14 June 2007 entered into between the Company as lender and IFO Swiss Gmbh as borrower whereby the Company has agreed to extend a loan to IFO Swiss Gmbh of up to \$10 million at an interest rate of LIBOR payable upon repayment of the loan. The repayment date under the loan is 183 days from the date of the agreement, provided that if IFO Swiss Gmbh does not enter into the principal sale and purchase agreement envisaged pursuant to the preliminary agreement (summarised at paragraph 6.13 above) by 1 October 2007 the loan becomes immediately due and payable. The agreement is governed by Ukrainian law.

- 6.15 A mortgage agreement dated 16 June 2007 entered into between Agricultural Limited Liability Company “United Growers” (“United Growers”) as mortgagor and the Company as mortgagee, whereby United Growers granted a first ranking mortgage over a land plot of 42.2642 hectares located in Kiev oblast as security for repayment of the loan by IFO Swiss GmbH under the loan agreement (summarised at paragraph 6.14 above). According to the mortgage agreement the value of the mortgaged land plot is UAH 104,838,884. In case of default under the loan agreement the mortgage may be enforced by the following out-of-court procedures: (i) acquisition of title to the mortgaged property, or at the discretion of the Company (ii) sale of the mortgaged property at an auction or to a specific third party.
- 6.16 A participatory share sale and purchase agreement dated 28 April 2007 entered into between the Company as purchaser and Mrs Iryna Valeriyivna Damaskina and Mr Andriy Yuriivich Vasiliev as sellers for the sale and purchase of 100 per cent. of the shares in each of Ukr-Contract LLC and KryUs LLC for a total purchase price of US\$2,082,352. Completion of the transaction is conditional, *inter alia*, upon the Company obtaining the consent of the Antimonopoly Committee of Ukraine to the transaction.
- 6.17 A contract for services dated 23 August 2006 entered into between the Company and Howard Kelham pursuant to the terms of which Mr Kelham has been engaged by the Company, with effect from 1 October 2006, to provide certain project management consultancy services for the Company in connection with its real estate constructions projects in the Ukraine. In relation to the provision of these services Mr Kelham is paid a gross monthly fee of US\$11,263 and is entitled to be reimbursed for documented travel, accommodation and other business related expenses. The agreement to remain in force for a period of 3 years from 1 October 2006 and is terminable on three months’ notice in writing by either party and immediately in certain circumstances. Mr Kelham has agreed to be bound by standard restrictive covenants following the termination of the agreement. The agreement is governed by the laws of the Cyprus. It should also be noted that Mr Kelham has entered into a separate labour contract with AISI Ukraine LLC pursuant to the terms of which Mr Kelham will act in the position of a director of AISI Ukraine LLC under the terms of this agreement Mr Kelham is entitled to a salary of US\$55,000 per annum amounts payable under which contract are off-set against amounts payable under the parallel Cypriot contract.

7. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group, taking into account the net proceeds of the Placing, will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

8. Litigation

In May 2006, the Investment Manager entered into a letter agreement with a placement agent relating to the identification of potential investors to participate in the private placement of Ordinary Shares of the Company in connection with the third pre-IPO fund raising round undertaken by the Company. A dispute has arisen between the Investment Manager and such placing agent relating to the amount of compensation due from the Company to such placing agent under the terms of the letter agreement. The placing agent claims that a further consideration payment of US\$1.51 million is due to it. The Company and Investment Manager strongly dispute that any further amount is owed. If the parties are unable to resolve the dispute amicably, the matter would be resolved via arbitration proceedings in accordance with the letter agreement.

Save as set out above, there are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company’s or the Group’s financial position or profitability.

9. General

- 9.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company’s business.

- 9.2 The costs and expenses of, and incidental to, Admission will be borne by the Company and will be approximately US\$2.9 million.
- 9.3 The Investment Manager was incorporated as a limited liability company in Delaware on 20 July 2005. The Investment Manager operates under the Delaware Limited Liability Company Act. The registered office of the Investment Manager is at 2711 Centreville Road, Suite 400, Wilmington, New Castle County, Delaware 19808. The Investment Manager is not regulated in Delaware or elsewhere.
- 9.4 The Administrator was incorporated as a private company limited by shares in Cyprus on 23 January 2001 with registered number HE117755. The registered office of the Administrator is at Chysanthou Mylona 3, P.C. 3030, Limassol, Cyprus.
- 9.5 Save as set out below, and except for fees payable to the professional advisers whose names are set out on page 7 above or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 (or its currency equivalent) or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 9.6 In relation to the Company's prior pre-Admission fund raising rounds the following persons have acted as placing agents and received placement commissions from the Company in excess of £10,000 or currency equivalent:

<i>Name</i>	<i>Commission Received (US\$)</i>
Paul Ensor	274,995.71
Atlantic-Pacific Capital, Inc.	459,999.60
Axia Ventures Ltd.	1,471,603.00
Libertas Capital	274,999.00

- 9.7 There has been no significant change in the financial and trading position of the Company since 31 December 2006.
- 9.8 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 9.9 Libertas Capital and the Investment Manager have each given and not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- 9.10 DTZ Kiev B.V. have given and not withdrawn their written consent to the inclusion in this document of their report in Part V of this document and the references to such report and to their name in the form and context in which they appear. DTZ was incorporated as a private limited liability company with the trade register of the Chamber of Commerce and Industries in Amsterdam on 28 December 1995 with registered number 33159769. DTZ operates under the Dutch Private Company law. The registered office of DTZ is at Dijsselhofplantsoen 12, 10778L Amsterdam. DTZ is not regulated in Ukraine or elsewhere.
- 9.11 Deloitte & Touche LLP of Athene Place, 66 Shoe Lane, London EC4V 3BQ have given and not withdrawn their written consent to the inclusion in this document of their Accountants' Report in Part VI of this document and the references to such report and to their names in the form and context in which they appear. Except for this information in this document, no other information has been audited or reviewed by auditors.
- 9.12 The Company's statutory auditors are Deloitte & Touche of Kaucha Business Centre, 319 28th October St., Limassol, Cyprus. Deloitte & Touche are members of Institute of Certified Public Accountants in Cyprus.

- 9.13 The Group's Ukrainian auditors are Baker Tilly Ukraine LLP. Baker Tilly Ukraine LLP were appointed as Ukrainian auditors to the Group on 22 May 2007. Baker Tilly Ukraine LLP is registered in the official register of auditing companies of Ukraine.
- 9.14 The Company has not, nor has it had since its incorporation, any employees and, save as detailed in this document, does not own any premises.
- 9.15 The Directors undertake to propose a resolution for the winding-up of the Company if no investments have been made within two years of Admission. In addition, as required by the AIM Rules for Companies and until the Company is substantially invested, the Company's investment strategy will be approved by Shareholders on an annual basis.
- 9.16 All related parties and applicable employees (as these terms are defined in the AIM Rules for Companies) have agreed pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any interests in any of the Ordinary Shares for a period of 12 months from Admission.

10. Depositary Interests

In summary, the Deed Poll contains, amongst others, provisions to the following effect, which are binding upon holders of Depositary Interests: Holders of Depositary Interests warrant, amongst other matters, that Ordinary Shares transferred or issued to the Depositary or the custodian (on behalf of the Depositary) are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, law or regulation. Holders of Depositary Interests agree to indemnify Computershare Investor Services PLC in respect of any costs or liabilities which it may suffer by reason of any breach of any such warranty.

It should be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Ordinary Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Ordinary Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Ordinary Shares as a proxy of the Depositary or its nominated custodian.

The Depositary will be entitled to cancel Depositary Interests and withdraw the underlying Ordinary Shares in certain circumstances including where a holder of Depositary Interests has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depositary Interests.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any holder of Depositary Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the Depositary's liability to a holder of Depositary Interests will be limited to the lesser of; (a) the value of the Ordinary Shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and (b) that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder of Depositary Interests bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £5 million.

The Depositary is entitled to charge fees and expenses for the provision of its services under the Deed Poll without passing any profit from such fees to holders of Depositary Interests. Each holder of Depositary Interests is liable to indemnify the Depositary and any custodian (and their agents, officers and employees) against all costs and liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the wilful default, negligence

or fraud of the Depositary, or the custodian or any agent, if such custodian or agent is a member of the Depositary's group, or, if not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent.

The Depositary may terminate the Deed Poll by giving not less than 90 days' prior notice. During such notice period holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after the Deed Poll has terminated, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant holders of Depositary Interests or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of Depositary Interests in respect of their Depositary Interests.

The Depositary may require from any holder, or former or prospective holder of Depositary Interests, information as to the capacity in which such Depositary Interests are, were, or are to be owned or held and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying Ordinary Shares and holders are bound to provide such information requested. Furthermore, to the extent that, amongst other requirements, the Company's constitutional documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Ordinary Shares, the holders of Depositary Interests are to comply with such provisions and with the Company's instructions with respect thereto.

11. Taxation

11.1 General

11.1.1 The following information is based upon the tax legislation and tax authorities' practice currently in force in the UK and Cyprus. The comments are of a general nature only and are not a full description of all relevant tax considerations.

11.1.2 The comments only apply to persons who are resident and (in the case of an individual) ordinarily resident in (and only in) the UK (except where express reference is made to the treatment of non-UK residents) and only apply to persons who hold their Ordinary Shares as investments and are the absolute beneficial owners of them. The information in both the UK and Cyprus sections below is applicable to such investors and both sections should be read in conjunction with one another.

11.1.3 The statements do not constitute advice to any Shareholder. Any person who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of Ordinary Shares.

11.2 Tax Residence

11.2.1 The Company is incorporated in Cyprus and currently conducts its affairs in such a way that it is regarded as resident for tax purposes in Cyprus. The summary is prepared on the assumption that the Company will remain resident for tax purposes in Cyprus.

11.3 United Kingdom

11.3.1 Transfer of Assets Abroad

11.3.1.1 Sections 714 to 747 of the Income Tax Act 2007 provide that the income accruing to the Company may be attributed to individuals ordinarily resident in the UK and such income may (in certain circumstances) be subject to UK income tax in the hands of such individuals. These provisions should not apply, however, if any such individual can satisfy the UK tax authority, HM Revenue and Customs ("HMRC"), that either:

- (a) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose,

or one of the purposes, for which the subscription for shares, or any associated transaction were effected; or

(b) all the relevant transactions were genuine commercial transactions, and

it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of those transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

11.3.2 *Controlled Foreign Companies Legislation*

11.3.2.1 The legislation applicable to controlled foreign companies may apply to any corporate holder of Ordinary Shares who is resident in the UK (for UK tax purposes) if UK resident holders of Ordinary Shares (when their holdings are aggregated together) have “control” (as defined in section 755D of the Taxes Act) of the Company.

11.3.2.2 Pursuant to section 747 to 756 of the Taxes Act, part of any undistributed income accruing to the Company may be attributed to such a corporate holder of Ordinary Shares, and may in certain circumstances be chargeable to UK corporation tax in the hands of that holder. However, this will only apply if the apportionment to that holder (when aggregated with persons connected or associated with it) is at least 25 per cent. of the Company’s relevant profits.

11.3.3 *Dividends*

11.3.3.1 Under current Cyprus taxation legislation, tax will not be withheld from dividends paid by the Company to non-Cypriot tax resident holders of Ordinary Shares.

11.3.3.2 Holders of Ordinary Shares who are resident in the UK for tax purposes will generally be liable to UK income tax or corporation tax, as the case may be, on the gross amount of any dividends received from the Company. Dividends received by such holders who are within the charge to UK corporation tax will generally be taxed at the prevailing UK corporation tax rate (currently 30 per cent. in most cases although this rate has been revised to 28 per cent. in the light of announcements made in the UK Budget on 21 April 2007. Subject to Royal Assent, the amended rate will come into force on 1 April 2008). An individual holder will generally be chargeable to UK income tax on dividends received from the Company at the current rate of 10 per cent. or, to the extent that the amount of the gross dividend when treated as the top slice of his or her income exceeds the threshold for higher rate tax, at the current rate of 32.5 per cent. Under current legislation neither corporate nor non corporate holders of Ordinary Shares will be entitled to a UK tax credit in respect of any dividend received.

11.3.3.3 An individual holder of Ordinary Shares who is resident but not domiciled in the UK for tax purposes, or who is resident but not ordinarily resident in the UK for tax purposes, will be liable to UK income tax only to the extent that dividends paid by the Company are remitted or deemed to be remitted to the UK.

11.3.3.4 In the light of announcements made in the Budget on 21 March 2007, individual holders of Ordinary shares may, in the future and subject to certain conditions, be entitled to receive a UK tax credit in respect of any dividend received from the Company. An individual will qualify for the tax credit if they hold less than a 10 per cent. shareholding in the Company and received dividends of less than £5,000 per annum. Subject to Royal Assent, these changes would have effect from 6 April 2008.

11.3.3.5 The value of the tax credit proposed is one ninth of the amount of the dividend received (or 10 per cent. of the aggregate of the amount of the dividend and tax credit (the “gross dividend”)). The individual will be liable to income tax on the gross dividend which will be regarded as the top slice of his income for tax purposes and will be subject to UK income tax at the dividend rate of tax as described below.

- 11.3.3.6 Individuals who are not higher rate taxpayers will be liable to tax on the gross dividend at 10 per cent. This means that the tax credit will satisfy such individual's liability to pay income tax in respect of the gross dividend and there will be no further tax to pay.
- 11.3.3.7 In the case of individuals who are liable to income tax at the higher rate, tax will be payable on dividends at the "dividend upper rate" (currently 32.5 per cent). The 10 per cent. tax credit will be set against his liability to tax in respect of the gross dividend. Therefore, he will have to pay additional tax equal to 22.5 per cent. of the gross dividend (or 25 per cent. of the net dividend received).
- 11.3.3.8 UK resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds, charities and certain individuals such as those holding Shares through a personal equity plan or an individual savings account, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company
- 11.3.3.9 However, in certain circumstances, UK resident corporate shareholders may obtain double tax relief for any underlying Cyprus corporate income tax incurred by the Company.

11.3.4 *Capital Gains Tax*

- 11.3.4.1 A disposal or deemed disposal of capital assets by a UK resident or ordinarily resident shareholder will give rise to either a chargeable gain or an allowable loss. Gains and losses are calculated by deducting from the sale proceeds or, in some instances from the market value at the time of disposal, the original cost and incidental costs of acquisition and incidental costs of disposal.
- 11.3.4.2 A disposal or deemed disposal of a capital asset by a UK resident or ordinarily resident individual who is not domiciled in the UK, will be liable to UK capital gains tax ("CGT") in the same way as for a UK domiciled individual unless the asset is situated outside of the UK at the time of disposal. Where the asset is non-UK situated, gains will only be taxed to the extent that the gains are (or are deemed to be) remitted to the UK. As the Company is incorporated outside of the UK, and as its principal register is maintained outside of the UK it is expected that the Ordinary Shares will be deemed to be non-UK situated for these purposes.
- 11.3.4.3 If an individual ceases to be resident or ordinarily resident in the UK for a period of less than five years and disposes of the Ordinary Shares, in certain circumstances any gain on that disposal may be liable to UK CGT upon that holder becoming once again resident or ordinarily resident in the UK.
- 11.3.4.4 Taper relief applies to individual investors and trustees. The relief potentially reduces a chargeable gain assessable to capital gains tax and depends on the period the investment is held, and whether the investment is a "business" or "non-business" asset.
- 11.3.4.5 As well as taper relief, an individual shareholder has an annual exemption to CGT. The annual exemption reduces chargeable gains after taking into account taper relief.
- 11.3.4.6 In the case of a shareholder within the charge to corporation tax, indexation allowance will apply to the amount paid for the shares.
- 11.3.4.7 In certain circumstances, in addition to a tax liability on the disposal of the Ordinary Shares in the Company, a UK resident or ordinarily resident individual may be liable to UK CGT on part of the capital gains arising in the Company itself. Such capital gains may accrue to individual holders of the Ordinary Shares whose interest (when aggregated with persons connected with them) in the capital gains of

the Company would exceed one-tenth. These provisions apply if the Company would be treated as “close” (as defined within sections 414 and 415 of the Taxes Act) if it were deemed for these purposes to be resident in the UK. The part of the Company’s capital gains attributed to the individual shareholder corresponds to the holder’s proportionate interest in the Company.

11.3.5 *Stamp Duty and Stamp Duty Reserve Tax*

11.3.5.1 No liability to stamp duty or stamp duty reserve tax (“SDRT”) will arise on the allotment of New Ordinary Shares by the Company pursuant to the Placing.

11.3.5.2 Any subsequent conveyance or transfer on sale of Ordinary Shares outside CREST will not normally be subject to stamp duty or SDRT provided the instrument of transfer is not executed in the UK and there is no matter or thing in relation to such transfer done, or to be done, in the UK.

11.3.5.3 Similarly an unconditional agreement to transfer such shares outside CREST will not normally give rise to SDRT, provided that both (i) the Ordinary Shares are not maintained on a share register in the UK, and (ii) the Ordinary Shares are not paired with any UK shares.

11.3.5.4 Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or moneys’ worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT (at a rate of 0.5 per cent. of the consideration paid) rather than ad valorem stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by CREST Co. This is because the Ordinary Shares will be represented by the Depositary Interests issued by a UK company (the Depositary) in order to be held in the CREST system.

11.3.5.5 The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services, are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

11.4 *Cyprus*

11.4.1 *Tax Status of the Company*

11.4.1.1 The Company is registered as a tax paying company pursuant to the Cypriot tax legislation.

11.4.2 *Taxes on Income*

11.4.2.1 There are currently no withholding taxes or exchange control regulations in Cyprus applicable to the Company or its UK resident shareholders.

11.4.2.2 Under current Cypriot tax legislation, there are no taxes computed on dividends of non-Cyprus tax resident shareholders in the Company.

11.4.3 *Taxes on Capital Gains*

11.4.3.1 Capital gains realised with respect to any shares, debts obligations or other securities in the Company by persons who are not resident in Cyprus are exempt from taxation in Cyprus. However, where shares in a company not listed on a

recognised stock exchange which owns immovable property situated in Cyprus are disposed of, Cypriot capital gains tax will be payable (see 11.4.3.2.).

- 11.4.3.2 Cypriot capital gains tax is imposed at a rate of 20 per cent. on a gain on the disposal of immovable property situated in Cyprus, including gains from the disposal of shares in companies that own such property excluding any shares listed on a recognised stock exchange. It is not therefore anticipated that a disposal of Ordinary Shares in the Company will be subject to Cypriot capital gains tax.

11.4.4 *Transfer Taxes*

- 11.4.4.1 An instrument of transfer which transfers legal title to shares is specifically exempt from stamp duty. Transfers of Ordinary Shares after the Company is admitted to AIM which are effected only by an instrument of transfer therefore should not be subject to Cypriot stamp duty.
- 11.4.4.2 To the extent holders of Ordinary Shares enter into an agreement for the sale/transfer of shares in a Cypriot company, the Director of Stamp Duty in Cyprus has taken the view that agreements for the transfer of shares in Cypriot companies are subject to stamp duty on the first CYP100,000 of consideration payable at the rate of 0.15 per cent. and 0.2 per cent. thereafter, on the grounds that the subject matter of the agreement relates to property situated in Cyprus.
- 11.4.4.3 On one view, the agreement (if any) for the sale/transfer of the shares is a secondary document to the instrument of transfer and therefore should also be exempt from stamp duties. The issue is, however, yet to be resolved by the courts.

12. Availability of document

Copies of this document will be available free of charge to the public at the office of Libertas Capital, 16 Berkeley Street, London W1J 8DZ during normal business hours on any weekday (Saturdays and public holidays excepted) until the date falling one month after the date of Admission.

Dated 25 July 2007.

PART VIII

APPLICABLE LEGISLATION

Summary of Cyprus Company Law

The Company is incorporated in Cyprus and is subject to Cyprus law. Certain provisions of the Cyprus Companies Law, cap.113 (as amended) (the “Companies Law”) are summarized below. The following is not intended to provide a comprehensive review of applicable law or of all provisions of the Companies Law. Nothing herein should be regarded as legal advice or opinion. This summary is based upon the provisions of the Companies Law and the interpretation thereof as at the date hereof.

1. *Share Capital*

Under the provisions of the memorandum and articles of association (“M & A”) of the Company and under the Companies Law, unissued shares in the capital of the Company is under the control of the directors. Subject to the provisions of the articles of association (the “Articles”) of the Company, the shares can be issued with such preferred, deferred or special rights or restrictions, whether in respect of rights to dividends, voting, return of capital or otherwise. Any share in the capital of the Company must be issued at a price at least equal to the nominal value.

If shares are issued at an amount above the par value, the difference between par value and the consideration paid must be posted to the share premium account.

The Companies Law regulates the use to which the share premium can be applied.

Under the Articles, there are provisions for the forfeiture of shares following failure to pay upon proper notice from the directors.

Subject to the provisions of its M & A, the Company may amend its M & A in order to increase or reduce its authorized capital or to alter its share capital structure to divide or sub-divide the shares or change the denomination of the shares.

2. *Financial Assistance*

Under section 53 of the Companies Law, prohibits a company from giving, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for shares in the Company or where the company is a subsidiary, in its holding company. The prohibition of financial assistance is absolute.

3. *Purchase of Own Share*

A Cyprus company can, in accordance with the Companies Law and the company’s M & A, purchase its own shares. The purchase by a company of its own shares is subject to:

- (a) a special resolution authorizing the directors to buy back the shares within a period of 12 months of the authorization. The resolution must set out the terms and manner of implementing the purchase of own shares, in particular: (i) the maximum number of shares that may be acquired, (ii) the duration of the period of authorization (not being more than two (2) year); and (iii) the maximum and minimum consideration (where the company is a public company whose shares are dealt on a stock exchange, the consideration cannot exceed 5 per cent. of the average stock exchange price for the latest five (5) trading days prior to carrying out the purchase of own shares.
- (b) the total nominal value of the shares being purchased shall not exceed 10 per cent. of the subscribed capital or 25 per cent. of nominal value of transactions, in respect of a quoted company, negotiated during the last 30 day (whichever is the lowest).
- (c) the consideration for the purchase of the shares shall be paid out of realized and undistributed profits.
- (d) the shares which will be the subject of the purchase shall be fully paid shares.

- (e) the amount of the consideration shall not exceed the profits at the end of the last financial year plus any profits carried forward plus reserves.
- (f) the decision of the general meeting shall be published at least ten (10) days prior to the commencement of the purchase.
- (g) the transaction is notified to the Registrar of Companies within 14 (fourteen) days.

A subsidiary company is prohibited from owning shares in its parent company.

4. *Dividends and Distribution*

Dividends can be declared and paid by the directors as interim dividends provided the Company has profits or the directors reasonable expect the Company to have profits equal to the dividend.

The Shareholders following a recommendation declare and pay a dividend as a final dividend. Dividends can only be paid out of profits available for distribution.

5. *Protection of Minorities*

The well established general principal of the Companies Law is that the “majority rule”. The law and the courts considered that any wrongs done to the Company whether by insiders or outsiders were a matter for the Company, rather than any individual Shareholder to initiate an action to remedy the wrong. The Cyprus courts are not, in general, in favour of interfering with the internal management of the Company. On that basis, the principle of majority rule applies, however there are exceptions where a minority shareholder will have locus standi to pursue an action, in the name of the Company, to remedy a wrong done to the Company.

In addition, a minority shareholder has an alternate remedy under section 202 of the Companies Law, in circumstances where the affairs of the Companies are being carried on in an oppressive manner.

A shareholder(s) holding not less than 10 per cent. of the issued capital of the Company may apply to the Council of Ministers to request the appointment of an inspector to investigate the affairs of the Company. An investigator so appointed has wide powers in the conduct of the investigation and all officers of the Company are under a duty to produce all books and documents in their custody or power and to give the inspector all assistance they are reasonably able to give in connection with the investigation.

Under section 211 any member may petition the court to have the Company wound up on the ground that it is just and equitable to wind up the Company. This ground is usually plead by the Shareholder in the alternative to the remedy under section 202 mentioned above.

6. *Management*

Subject to the provisions of the M&A, the Company is managed by the Board who have the authority to act on behalf of and bind the company.

The Directors owe fiduciary duties to act in the best interests of and for the benefit of the company and no to put themselves in a position of a conflict of interest. Directors must also exercise reasonable care and skill in the exercise of their powers and duties.

7. *Accounting and Audit Requirements*

The directors are under a statutory duty to maintain the books and records of the Company and further are required to keep proper books of account. The books of account must give a true and fair view of the state of the Company’s affairs.

The Directors also have a statutory obligation to lay before the general meeting of the Shareholders financial accounts, the director report and the auditor report. The audited accounts of a Cyprus company are filed with the Cyprus Companies Registry and the Cyprus Income Tax Authority

8. *Exchange Control*

There are no exchange control restrictions in Cyprus.

9. *Stamp Duty*

Stamp Duty is paid in Cyprus in respect of documents entered into in respect of assets located in Cyprus or in respect of matters or things to be done or performed in Cyprus. The Stamp Duty Law lists the various documents (and transactions) covered.

10. *Loans and Transactions with Directors*

The Companies Law prohibits the making of loans to Directors. A Director may enter into a transaction with the Company of which he is a director provided that full disclosure of such transaction is given to the Board and such transaction is approved by them.

11. *Inspection of Corporate Records*

A Shareholder has a number of information rights under the Companies Law, in particular:

- Inspection of minute books and to take a copy: s.140;
- Right to receive accounts of the company: s.152;
- Inspection of register of members and to take a copy thereof: s.108

In addition, all public records of the company kept at the office of the Registrar of Companies are easily available for inspection, and relate to such information as the Directors, the Shareholders, the authorized and issued share capital, registered address, charges and encumbrances and M & A.

12. *Winding Up*

Under the Companies Law, a company can be wound up voluntarily or compulsorily.

A voluntary winding up can either be a members voluntary winding up which requires that the company is solvent and able to pay all of its creditors or a creditors winding up where the company is insolvent and the directors cannot sign the statutory declaration of solvency.

Any member, contributory or creditor may petition the court of an order that the company be wound up compulsorily under the supervision of the court. The most common grounds for such applications are:

- Inability to pay debts as they fall due; and
- Just and equitable grounds.

Cyprus does not have any modern insolvency laws and rules and those in force are similar to those existing in the UK under the Companies Act, 1948.

Overview of Ukraine Land and Real Estate Property Law

The Constitution of Ukraine and the Civil Code of Ukraine envisage the right to private ownership. The Land Code of Ukraine¹ which entered into force on 1 January 2002 (the “Land Code”) and other legislative acts adopted in development of the Land Code signified important steps in terms of ensuring that private property right becomes a foundation of the Ukrainian legal system. The Law of Ukraine “On Ownership” (the “Ownership Law”), dated 7 February 1991, was the first post-Soviet legislative act which aimed at modifying Ukraine's legal system of property ownership towards more liberal principles.

The Ownership Law recognized private ownership in addition to the traditional state and collective ownership of property, and included Ukrainian residents, foreign individuals and foreign legal entities among those entitled to own property in Ukraine. According to the Ownership Law, owners of property, including foreign investors and joint ventures, are allowed to use such property for commercial purposes, and to keep the results of commercial use of such property (including revenues and manufactured products). The Constitution of Ukraine provides that foreign citizens and stateless persons enjoy the same rights and freedoms and bear the same duties as Ukrainian citizens. Under the Ownership Law, foreign states, citizens and legal entities are entitled to own property in Ukraine, unless otherwise provided by the applicable Ukrainian legislation.

A. LAND

The applicable Ukrainian legislation envisages private, municipal, and state ownership to land. In general, according to Ukrainian law, the land plot may be held in ownership, in temporary use (lease), or in permanent use. The Land Code applies to all types of land in Ukraine, and all participants of land relations (including Ukrainian and foreign individuals and legal entities, state and municipal authorities); it governs the legal relations in the area of the ownership, use of, and transactions with land in Ukraine.

Ukrainian legislation provides for different legal regimes of the land plots depending on their intended use (category). According to Article 19 of the Land Code all lands within the territory of Ukraine are divided into the following categories based on their main intended use: agricultural land; land of residential and public construction; land of natural reserve fund and other nature conservation land; recreational land; sanative land; historical and cultural land; land of forest fund; land of water fund; industrial land, land of transport, communications, energy industry, defence and other use.

Restrictions with regard to agricultural land

Ukrainian legislation sets forth a number of restrictions with regard to agricultural land:

First, agricultural land cannot be transferred into ownership of foreign individuals, stateless persons, foreign legal entities and foreign states.

Second, the total area of agricultural land owned by individuals and legal entities cannot exceed 100 hectares (effective until 1 January 2015).

Third, there is a moratorium on the sale of land plots of certain types. In particular, until 1 January 2008:

- (1) agricultural land in state or communal ownership cannot be sold except from its redemption for public needs;
- (2) agricultural commodity production land owned by individuals and legal entities, private household land and land “shares” cannot be sold or alienated by other means except from their inheritance, exchange and redemption for public needs.

Moreover, any transactions (including issuance of powers of attorney) which may establish an obligation (or provide an authority) to alienate the abovementioned land in the future are considered void from the moment of their execution (notarization), provided that such documents are executed during the moratorium.

1. Land Code of Ukraine dated 25 October 2001, No. 2768-III, effective from the 1st of January 2002.

In addition to the above please note that on 12 January 2007 the Ukrainian Parliament has adopted the Law “On introduction of changes in some legislative acts of Ukraine (regarding introduction of transparent mechanisms for sale of land plots, acquisition of lease rights to land plots)” (the “Draft Law”).

The Draft Law specifically stipulates that change of land intended use of agricultural land and its inclusion into inhabited area (settlement) shall be prohibited until the date when the Law of Ukraine “On Land Market” comes into force, i.e. the Draft Law prohibits change of use of agricultural land of any category. The only exception provided for is in relation to land plots for which a general plan of town development has already been approved.

This Draft Law was vetoed by the President of Ukraine, i.e. did not come into force. However, if the veto of the President of Ukraine is lifted the President will be obliged to sign the Draft Law and after its official publication it will come into force.

Acquisition of land

Ukrainian legislation (article 82 of the Land Code) provides for the following different legal regimes for land ownership for legal entities depending on their shareholding:

- (i) ***Ukrainian legal entities***, those which were established by Ukrainian citizens or Ukrainian legal entities, may acquire title to land plots of any category (use)² by virtue of sale and purchase, donation, exchange agreement or other agreements and grounds according to Ukrainian law.
- (ii) ***Foreign legal entities*** may acquire title only to non-agricultural land plots of the following categories:
 - within inhabited areas – in case of the acquisition of real estate objects and for the construction of facilities related to the conduct of business activities in Ukraine;
 - outside inhabited areas – in case of the acquisition of real estate objects.
- (iii) ***Joint venture enterprises*** established with the participation of foreign and Ukrainian legal entities and/or individuals, may acquire title to non-agricultural land plots in cases stipulated above for Ukrainian and foreign legal entities according to the procedure specified by the Land Code for foreign legal entities.

Article 82 of the Land Code does not list companies with 100 per cent. foreign shareholding as entities, which can acquire land plots into ownership³.

According to Article 127 of the Land Code, the sale of state and community-owned land plots to individuals and legal entities shall be effected on a competitive basis (auction, contest), except for cases of buying out the underlying land plots, where the real estate objects owned by potential purchasers of such land plots are located.

The procedure for acquisition of land plots from private owners is relatively simple (no competitive sales are required). The parties should enter into the sale and purchase agreement (or other agreements on title transfer), which should be concluded in writing and is subject to notarization and state registration. Upon execution of the sale and purchase agreement the title should be formalized in the name of the new owner. This should be done by obtaining of the State Deed of Title to the Land Plot and its registration with the local land resources authorities.

Ukrainian legislation establishes special (more complicated) procedures for the acquisition of land plots by foreign legal entities and joint venture enterprises from state-owned and communal-owned lands.

2. With general exceptions stipulated by Ukrainian legislation due to types of companies and their activities.

3. Some interpretations exist based on the provision of the Commercial Code of Ukraine, that 100 per cent. owned subsidiaries of foreign companies incorporated in Ukraine shall be considered as foreign enterprises, and can fall under the definition of the foreign legal entities of Article 82 of the Land Code. It is however, believed that such interpretation is doubtful and its application may result in challenges to the title to the land plots in the future.

In particular, state-owned land plots may only be sold to foreign legal entities as well as to joint venture enterprises by the Cabinet of Ministers of Ukraine upon the approval of the Parliament of Ukraine.

The land plots owned by territorial communities (communal land plots) may only be sold to foreign legal entities by local councils upon the approval of the Cabinet of Ministers of Ukraine (Article 129 of the Land Code).

It should be noted that land plots owned by state and territorial communities may be sold to foreign legal entities subject to registration of a permanent representative office engaged in business activities on the territory of the Ukraine.

Considering the above described limitations of acquisition of land plots by foreign legal entities and joint-venture in practise a two-layer structure for the acquisition of land plots is usually used. This means that a foreign company first establishes in Ukraine a subsidiary ("Subsidiary 1") and such subsidiary in its turn establishes another subsidiary ("Subsidiary 2"). Subsidiary 2 acquires title to the land plots.

Land lease

According to Ukrainian legislation land plots may be leased out to Ukrainian individuals and legal entities, foreign individuals and legal entities, international associations and organizations, and foreign states. Foreign legal entities, joint venture enterprises and enterprises with 100 per cent. foreign shareholding might lease land on the conditions of land lease which are equal to those of Ukrainian entities and individuals⁴.

A land plot can be leased for a short term (up to five years) or for a long term (up to fifty years). The lessee which complied with his/her obligations under the lease agreement holds the pre-emptive right for renewal of the lease agreement for a new term.

The lessee holds the pre-emptive right to acquire title to leased land plot in case of its sale provided that he/she pays the price, for which the land plot is sold, or in case it is sold on auction – his/her bid equals the final bid of the auction.

B. REAL ESTATE

1. General information

Under the Civil Code of Ukraine⁵ (the "Civil Code"), real estate property comprises land plots, as well as objects located on the land plots the removal of which is impossible without their devaluation or change of their designated purpose.

The right to hold title to real estate is granted by applicable Ukrainian law to both Ukrainian and foreign individuals and legal entities. The Civil Code envisages the general rules relating to possession, use and disposal of real estate and guarantees the freedom to sell, lease, and carry out other real estate transactions.

Under the general rule foreign legal entities and individuals enjoy the same rights as citizens of Ukraine to immovable property.

2. Acquisition of real estate

Ukrainian legislation provides for a variety of means for the acquisition of real estate (purchase, exchange, gift, inheritance etc.). In addition to the traditional mechanisms of acquiring title to real estate the Civil Code and the Land Code provide that any person may obtain ownership rights to real estate if such person openly possesses a real estate object for ten consecutive years, or openly possesses a land plot for fifteen consecutive years (acquisitive prescription rule). The Civil Code and the Land

4. Article 93 of the Land Code.

5. Civil Code of Ukraine dated 16 January 2003, No. 435-IV, effective from the 1st of January 2004.

Code recognise the rights of third parties (emphiteusis, superficies) and establish the concepts of “servitudes” (easements) and “good-neighbourliness”.

Ukrainian legislation does not contain any specific restrictions on the acquisition of real estate (except the land plots) established for foreign legal entities and foreign-owned Ukrainian legal entities.

It should be noted that in the case of the direct acquisition of the commercial property in Ukraine and its further renting this will be possible if such a company has a registered representative office in Ukraine, taxation of which is not as efficient as taxation of a Ukrainian legal entity.

In most cases the acquisition of real estate is done through specially created Ukrainian legal entities (SPVs), which would be owned by a foreign parent company (ies). These SPVs would purchase, own and rent the real estates and therefore become an income generation centre.

There are two possible ways to sell the real estate object – either through direct sale of the real estate or by means of the sale of shares of the Ukrainian SPV which is the owner of the real estate.

3. Registration of rights to real estate

The following rights to real estate are subject to registration under Ukrainian law:

- title to real estate (apart from rights to land) – State Register of Title to Real Estate;
- rights to land – State Land Cadastre;
- mortgages of real estate – State Register of Mortgages of Real Estate;
- prohibitions on alienation of real estate – State Register of Prohibitions on Alienation of Real Estate;
- agreements (transactions) with real estate – State Register of Transactions.

The Law of Ukraine “On State Registration of Property Rights to Land Plots and Their Limitations” envisages the creation of a Unified State Register of Rights to Immovable Property and their Limitations, covering registration of all property rights to real estate (including land), their limitations as transactions with real estate. However, this register has not been established yet.

4. Encumbrances of real estate

At the moment in Ukraine there is no register allowing a purchaser to track all existing encumbrances of real estate. Moreover, there is no obligation to register all existing encumbrances of real estate.

Information on the existing encumbrances can be obtained from the state Register of Mortgages of Real Estate and the state Register of Prohibitions on Alienation of Real Estate.

It is also possible to obtain information on availability of tax pledges from the State Register of Encumbrances of Movable Property.

5. Guarantees for Real Estate Investors

Ukrainian legislation sets forth the following guarantees for real estate investors:

- foreign legal entities and individuals enjoy the same rights to real estate (except from land) as the citizens of Ukraine;
- the Ukrainian Constitution guarantees title to property. Compulsory alienation of property is possible only in exceptional cases and subject to prior full compensation of the value of such property. Compulsory expropriation of property with subsequent compensation of its value is possible only in state of war or emergency. Confiscation can take place only based on court decision in the event and as per procedures established by applicable legislation;
- Ukrainian legislation provides for a limited number of grounds under which the owner may claim the real estate object from the bona fide purchaser under paid-for transactions; and
- the availability of court or other body recourse in cases when any dispute arises.

6. Construction

Construction in Ukraine is regulated by a number of laws, by-laws and is also subject to construction norms. Additionally, some regions and/or cities of Ukraine have local construction rules, which may differ from national construction legislation. Therefore, in each case it is advisable to check the availability of local construction rules.



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