

Raven Mount plc (RAV)

RNS Number : 8787C
Raven Mount plc
05 September 2008

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Raven Mount plc ('Raven Mount' or the 'Company')

On 9 July 2008, the Company announced the proposed disposal (the 'Disposal') of Raven Mount's Russian Property Fund Management Business ('Russian PFM Business') for £83.4 million. The key terms of which were:

- Consideration for the Disposal of approximately £83.4 million* comprising £15 million in cash plus 80 million new Raven Russia ordinary shares ('Consideration Shares'), all payable upon completion. This exceeded Raven Mount's average market capitalisation of £82.5 million over the period of three months preceding 9 July 2008 by £0.9 million.
- Proposed restructuring of the Raven Mount group ('Restructuring') to facilitate receipt by Raven Mount shareholders of 64 million Raven Russia shares directly, proportionate to their shareholdings in Raven Mount at completion (which will have been diluted by the conversion of the existing Raven Mount convertible shares)
- £15 million cash consideration and 16 million of the Raven Russia Consideration Shares will be retained in a new company containing the residual Raven Mount business ('New Raven Mount') which will apply for an AIM listing
- Disposal consideration of approximately £83.4 million exceeded Raven Mount's market capitalisation** of £70.3 million and, given the minimal assets being transferred to Raven Russia as part of the Disposal, effectively comprises almost

entirely of a payment for the goodwill of the Russian PFM Business

- Restructuring is intended to facilitate the receipt of the Disposal proceeds by Raven Mount and its shareholders in a tax efficient manner
- Raven Mount shareholders can continue to participate in Raven Russia's activities through the Raven Russia Consideration Shares they will receive
- Restructuring will involve the cancellation of Raven Mount's existing AIM quotation, the demerger of a substantial part of the Russian PFM Business, the subsequent sale to Raven Russia of the Russian PFM Business and the admission to AIM of New Raven Mount
- Anton Bilton, Executive Chairman and Glyn Hirsch, Executive Deputy Chairman of Raven Mount respectively will join the Raven Russia board and enter into service agreements with Raven Russia on completion. Glyn will become Chief Executive Officer of Raven Russia and Anton will become Executive Deputy Chairman, devoting up to three days a week of his time to the Raven Russia business. Anton will retain his existing role and position with Raven Mount. Glyn will remain on the board of Raven Mount as a Director
- Raven Mount will continue to receive management fees from the Russian PFM Business until completion but, subject to the Disposal completing, will not be entitled to any performance fee for 2008
- New Raven Mount's ongoing activities will include the development and operation of Independent Living facilities under the Audley brand, the remaining residential developments and its second homes joint venture in the Cotswolds, The Lakes
- Raven Mount is currently considering additional development funding for Audley to take advantage of current market conditions, which may occur through a new investor subscribing for new equity in that business, through the provision of debt or mezzanine finance or through a joint venture arrangement. Alternatively, this process could lead to the sale of Raven Mount's entire shareholding in the Audley business
- Existing Raven Mount incentive arrangements provide for the allocation of 20 per cent. of, inter alia, the cumulative net profits arising from the Russian PFM Business, after certain deductions, in any year to be paid out as performance bonuses. Such bonuses are likely to be calculated and paid following the announcement of New Raven Mount's preliminary results for the financial year ending 31 December 2008. The profits generated from the Disposal would form part of the bonus calculation for the financial year ending 31 December 2008. Raven Mount's executive directors are likely to be substantial beneficiaries of any such arrangements

* valuing the 64 million new Raven Russia ordinary shares at 85.5p each, being the closing mid-market price of Raven Russia shares as at close of business on 8 July 2008, the date before the proposed Disposal was announced

** valuing the existing Raven Mount ordinary shares at 62.75p each, being the closing mid-market price of Raven Mount shares as at close of business on 8 July 2008, the date before the proposed Disposal was announced

Based on the closing price of 70 pence per ordinary shares in Raven Russia on 3 September 2008, the consideration for the Disposal was approximately £71 million.

The Company has today posted to shareholders a circular containing the notices convening the Raven Mount Court Meeting and the Raven Mount General Meeting, both

of which will be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on 22 September 2008, at which resolutions will be proposed to approve the Disposal and certain matters relating to the Restructuring.

In accordance with AIM Rule 41, Raven Mount hereby notifies shareholders that, subject to shareholder approval at the Raven Mount Court Meeting and the Raven Mount General Meeting to be held on 22 September 2008, it is expected that the Company's listing on AIM will be cancelled on 15 October 2008.

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5 September 2008

Notes for Editors:

Raven Mount is an AIM quoted company whose principal areas of operation are property fund management, property development and the development and operation of Independent Living facilities.

Raven Mount was founded in November 2003 by Anton Bilton (Executive Chairman), Bim Sandhu (Chief Executive) and Glyn Hirsch (Executive Deputy Chairman) and took control of Swan Hill Group PLC, the housebuilder, in December 2003 in a hostile takeover supported by Swan Hill's four largest shareholders.

In December 2004, shareholders approved the reversal of Anton Bilton and Bim Sandhu's private residential development group, Raven Property Holdings plc, for a total consideration of up to £39.9 million payable in Raven Mount shares and began a strategic reinvention of the business.

In July 2005, Raven Mount subscribed £10 million towards the £153 million flotation of Raven Russia Limited ('Raven Russia') on AIM. Raven Russia was formed at Raven Mount's instigation as a vehicle for institutional shareholders to invest in the Russian property market with an initial focus on the Warehouse property market in the Moscow and St Petersburg regions. Raven Mount's wholly owned subsidiary, Raven Russia Property Management Limited, acts as the property adviser to Raven Russia. In April 2006, Raven Russia raised a further £310

million through the placing of 270 million shares at £1.15 per share.