RAVEN RUSSIA LIMITED

Interim Results
for the six months ended 30 June 2011

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Cover Photograph: Noginsk.

RAVEN RUSSIA LIMITED

("Raven Russia" or the "Company")

INTERIM RESULTS

For the six months ended 30 June 2011

HIGHLIGHTS

- 188,000 sqm of new lettings since 31 December 2010;
- 832,000 sqm (84%) of portfolio now let;
- 27,000 sqm of PLAs and LOIs signed at today's date;
- annualised consolidated NOI now $112 million;
- increases to $115 million on conversion of PLAs and LOIs;
- portfolio ERV of $129 million and portfolio ERV yield of 12%;
- increases to $135 million on completion of Klimovsk phase 2;
- profit before tax of $86 million for the period;
- basic EPS of 14 cents;
- cash balance at 30 June 2011 of $129 million and $115 million at today's date;
- adjusted fully diluted NAV per share of 117 cents;
- tender offer buy back of 1 in 46 shares at 58 pence proposed;
- equivalent of 1.25 pence dividend.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to announce the Group's results for the six months ended 30 June 2011.

At today's date our annualised, consolidated net operating income ("NOI") is $112 million, increasing to $115 million including pre-let agreements ("PLAs") and letters of intent ("LOIs") and before cost of vacant space. This represents 188,000 square metres ("sqm") of signed leases in the year to date and a further 27,000 sqm of PLAs and LOIs.

Reported NOI was $37.4 million for the period (30 June 2010: $27.1 million). Profit before tax was $86.4 million (30 June 2010: $8.1 million), earnings per share were 14 cents (30 June 2010: 1 cent), basic NAV per share was $1.26 (31 December 2010: $1.16) and adjusted, fully diluted NAV per share was $1.17 (31 December 2010: $1.05).

The external valuation carried out by Jones Lang Lasalle ("JLL") as at 30 June is reflected in the carrying value of our completed assets of $1,078 million, an increase of $103.8 million since 31 December 2010. The portfolio has an estimated rental value ("ERV") of $129 million excluding our project at Klimovsk, which we expect to add a further $6 million to ERV making a total of $135 million.

Our period end cash balance was $129 million (31 December 2010: $108 million) with net debt of $363 million (31 December 2010: $324 million).

We can continue our progressive policy of distributions to shareholders and propose a tender offer buy back with terms set out below.

I am pleased that our preference shares have now moved to The Official List alongside our ordinary shares and warrants. This can only help the profile of our maturing business.

As is evidenced by our results, the market in which we are operating is continuing to improve and we look forward to the future with confidence.

Results

In the six months to 30 June 2011 the company made a pre-tax profit of $86.4 million (30 June 2010: $8.1 million) including revaluation gains of $103.8 million (30 June 2010: $31 million).

This equates to earnings per share of 14 cents (30 June 2010: 1 cent) and EPRA loss per share of 3.5 cents (30 June 2010: loss of 4.6 cents).

NOI for the six months of $37.4 million (30 June 2010: $27.1 million) is after absorbing operating costs on vacant space of $8 million in the period (30 June 2010: $11.5 million), although the level of vacancy is reducing rapidly and at today's date stands at 16%.

Ongoing operating profit was $14.3 million (30 June 2010: $9.5 million) after share based payment charges of $5.9 million (30 June 2010: $4.5 million), foreign exchange losses of $2.4 million (30 June 2010: profit of $1.2 million) and depreciation of $1 million (30 June 2010: $0.2 million). Administrative expenses for the Group were $13.8 million (30 June 2010: $14.1 million) before share based payments, depreciation and foreign exchange. This reflects our stable overhead base, additional NOI making a direct cash contribution to profit.

This generated healthy operating cash inflows for the period of $28.9 million (30 June 2010: $14.8 million). New borrowings in the period more than covered debt servicing commitments and cash had a net increase of $19.5 million since the year end after dividend payments of $8.6 million.

Net finance costs, before mark to market valuation of financial instruments and amortisation of costs for the period were $30.2 million. (30 June 2010: $30.1 million) including the preference share charge of $14.6 million. At the period end the Group had bank debt of $482 million (31 December 2010: $423 million) and cash balances of $129 million (31 December 2010: $108 million).

Tender Offer

After the recent market turbulence we again find our share price at a significant discount to our adjusted, fully diluted NAV per share, 34% at today's price of 47.5 pence. At this level, we believe that a tender offer buy back remains the most efficient way of returning cash to shareholders. Accordingly, we intend to implement a tender offer buy back of 1 in 46 ordinary shares at 58 pence, a premium of 22% to the current price and the equivalent of a dividend of 1.25 pence per share. The tender offer will be subject to the approval of shareholders and warrantholders and a circular setting out full details and convening the respective meetings will be posted shortly. It is expected that the tender offer will complete in early October 2011.

Net Asset Value

Basic NAV per share was $1.26 at 30 June 2011 (31 December 2010: $1.16). Fully diluted NAV per share at today's sterling exchange rate is 71 pence.

The increase in NAV from $580 million at the year end to $644 million follows the formal bi-annual valuation of our completed portfolio by JLL. Based on this valuation, our investment properties are carried at $1,078 million at 30 June, an increase of $103.8 million over the 31 December 2010 valuations. This represents an ERV yield of 12% and a capital value of $1,067 per sqm for the warehouse portfolio (31 December 2010: 12.8% and $927 per sqm).

Financing

Total bank debt outstanding at 30 June 2011 was $482 million (31 December 2010: $423 million) at a weighted average cost to the Group of 7.0% (31 December 2010: 7.0%) and a weighted term to maturity of 3 years (31 December 2010: 3 years). The Group's gearing ratio was 38% (31 December 2010: 36%).

In January, we completed a $30 million, 7 year term loan with Marfin Bank secured on our Lobnya warehouse and in June we completed a $38 million, 9 year term facility for the completed phase 1 of our Klimovsk project.

Shortly after the end of the reporting period, the Group signed an amendment to the existing facility agreement with Aareal bank, refinancing and extending the current $109 million facility secured on the Istra complex. A further $34 million will be available at completion, which is expected in the last quarter and the overall loan term has been extended by 5 years until April 2016. All other commercial terms remain the same.

Documentation on the refinancing of the $57 million HSH Nordbank construction loan secured on the Noginsk project and maturing in October has now commenced with Unicredit. Further announcements regarding terms and timing will follow in due course once the facility agreement is agreed and signed.

Hedging

Following the completion of the Marfin facility on the Lobyna asset, the US LIBOR risk on the $30 million exposure was hedged in January with a cap on a three year term with a 3.50% strike rate.

The existing swap for the Istra project that was due to expire in December this year was renewed with a forward swap for $115 million at a rate of 1.86% until loan expiry in April 2016. The combined effect of these new hedges extends the overall cap profile on $151 million of debt from 2 years to 4.5 years at an average strike of 3.1% and extends the overall swaps profile on $255 million of debt from 1 year to 3 years at an average fixed rate of 2.7%.

Conclusion

So, in summary, significant new lettings, rental growth, increased operating cash inflows and improving valuations. We look forward to more of the same in the second half of the year.

Richard Jewson
Chairman

29 August 2011

CHIEF EXECUTIVE'S STATEMENT

Our market and Russia generally, show steady improvement.

Tenant demand continues to strengthen. Since 31 December 2010 we have leased a further 188,000 sqm adding an additional $28 million of annualised NOI and our annualised consolidated NOI is $112 million before cost on vacant space. This rises to $115 million on conversion of PLAs and LOIs.

At Noginsk, Moscow, we completed the largest letting in the market this year, leasing 76,000 sqm for 10 years to X5 Retail Group, who are the largest retailer in Russia. Works to improve the property, including conversion to cold storage, are in hand and X5 are expected to take occupation in the 3rd quarter.

We should achieve $129 million of NOI when fully let with a further increase of $6 million next year from the 53,000 sqm we are building at Klimovsk phase 2.

Valuations have improved a lot, mainly as a result of rents rising to reflect an increasing shortage of vacant space, particularly in Moscow. There is still very little new construction so this improving rental trend looks set to continue.

Yield compression has started as we see more investors becoming interested in the fundamentals we have known for some time. I still think it has a long way to go, but we will have to wait and see what happens.

Colliers report that rents in Sao Paolo, Brazil are $230 per sqm. Elsewhere JLL believe that yields in China will tighten from their current level of 8.5%. The rents and yields in the Moscow market look comparatively undemanding and we expect a rerating to take place as yield hungry investors realize the potential of the sector in Russia.

Our whole organisation has been driven to improve NOI (i.e. let our vacant space) whilst keeping a stable cost base and secure financing. We are closing in on all of our NOI targets and inevitably we, and our shareholders, are starting to dare to think about growth.

Selective, controlled new development seems the best route to underpin growth at the moment. It has proved difficult to agree terms on income producing assets at the right price although we continue to try. We already own high quality land and have attractive land acquisitions under negotiation. This will allow us to increase our investment portfolio at attractive yields on cost without getting over-exposed to development or over-extending our balance sheet.

A modest target of organically growing our investment portfolio by 5% to 10% each year will produce excellent growth in the medium to long term.

Across the portfolio we are looking at opportunities to develop additional space on land we already own as the marginal returns are attractive. We have identified the possibility to add a further 100,000 sqm across three sites in Moscow and one in Rostov. Construction on these sites will commence during 2012, if favourable market conditions persist.

As our portfolio matures more opportunities are available for active value enhancing management. In Moscow we have signed contracts to buy an additional 8ha of land adjacent to our Klimovsk project where we estimate we can build an additional 45,000 sqm. In St Petersburg we have sold 2ha of surplus land to Johnson Controls.

Our focussed piece of the world, logistics warehousing in Russia, looks great. Growing economy, improving consumer markets combined with a structural under supply of space are excellent ingredients. There is no sign, yet, of a development boom whilst construction finance remains tight and the global players ignore Russia.

If these local factors start to change it will probably mean that rents have gone up and yields down which will be good for us.

The "global macro" continues to look awful. Gold coins, tinned food and bottled water still appeal to me. There is too much debt in the West both in countries and with individuals and you can't create the wage inflation necessary to make this go away in the new globalised world with lots of capacity. The best solution to this is a long period of debt repayment so here comes low growth (if we're lucky) and deflation.

The reason for saying what I think is that it impacts on Raven Russia's strategy. The worry is that these problems hit the world's banks again and credit becomes more difficult for us in Russia. We are focussed on prolonged stable banking arrangements in asset-specific structures. We also love cash flow.

The original aim of Raven Russia was to create a focussed, high quality, high yielding property portfolio that, sensibly financed, could pay attractive dividends to our shareholders. The last six years have not gone perfectly to plan but although it has taken longer and our share structure has changed from our original one, the property piece is nearly there.

As we go into 2012, our improving NOI should make us profitable and cash generative each quarter. This will allow us to continue paying out through buy-backs or dividend depending on where our shares trade against NAV at any given time.

We have finally removed the annoyance of our preference shares trading on AIM. They moved to the Official List in July giving the specific opportunity to UK individual holders of sheltering their income in ISAs.

Overall, we are planning more of the same in the next six months and look forward to reporting continued progress at the end of the year.

Glyn Hirsch
Chief Executive Officer
29 August 2011

CORPORATE GOVERNANCE

Principal risks and uncertainties

Internal controls and an effective risk management regime are integral to the Group's continued operation. The Group considers its principal risks to be:

Strategic risks

Our ability to anticipate, manage and take advantage of changes in the economic environment.

Real estate and development risks

Potential loss of income and increased vacancy due to customer default, falling demand or over supply.

Financial risks

A material fall in the Group's property asset values or rental income could lead to a breach of financial covenants within its credit facilities, which in turn could lead to credit facilities being cancelled.

Deterioration in the Group's credit profile, a decline in debt market conditions or general rise in interest rates could impact the cost and availability of borrowings.

Foreign exchange rate changes could reduce the US Dollar value of assets and earnings.

There have been no significant changes to these risks in the period. The risk management processes adopted by the Group, together with a detailed analysis of these risks are described in the Annual Report of the Group for the year ended 31 December 2010.

Going concern

The financial position of the Group, its cash flows, liquidity and borrowings are described in the Chief Executive's Statement and the accompanying financial statements and related notes. During the period the Group had and continues to hold substantial cash and short term deposits. These were supplemented by the increasing and profitable rental streams and as a consequence the Directors believe the Group is well placed to manage its business risks.

After making enquiries and examining major areas that could give rise to significant financial exposure, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue its operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in the preparation of the accompanying interim financial statements.

Directors' Responsibility Statement

The Board confirms to the best of its knowledge:

The condensed financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the half year report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The names and functions of the directors of Raven Russia Limited are disclosed in the Annual Report of the Group for the year ended 31 December 2010.

This responsibility statement was approved by the board of directors on the 29 August 2011 and is signed on its behalf by:

Mark Sinclair	**Colin Smith**
Chief Financial Officer	*Chief Operating Officer*

INDEPENDENT REVIEW REPORT TO RAVEN RUSSIA LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Condensed Unaudited Group Income Statement, the Condensed Unaudited Group Statement of Other Comprehensive Income, the Condensed Unaudited Group Balance Sheet, the Condensed Unaudited Group Statement of Changes in Equity, the Condensed Unaudited Group Cash Flow Statement and the Notes to the Condensed Unaudited Financial Statements 1 to 15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London

Date 29 August 2011

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 Revenue US$'000	Capital US$'000	Total US$'000	Six months ended 30 June 2010 Revenue US$'000	Capital US$'000	Total US$'000
Gross revenue	2	72,443	–	72,443	62,743	–	62,743
Property operating expenditure and cost of sales		(35,046)	–	(35,046)	(35,624)	–	(35,624)
Net rental and related income	2	**37,397**	**–**	**37,397**	**27,119**	**–**	**27,119**
Administrative expenses		(14,814)	–	(14,814)	(14,356)	–	(14,356)
Share-based payments		(5,878)	–	(5,878)	(4,501)	–	(4,501)
Foreign currency (losses)/profits		(2,374)	–	(2,374)	1,233	(4,396)	(3,163)
Operating expenditure		**(23,066)**	**–**	**(23,066)**	**(17,624)**	**(4,396)**	**(22,020)**
Operating profit/(loss) before profits and losses on investment properties	2	**14,331**	**–**	**13,331**	**9,495**	**(4,396)**	**5,099**
Unrealised profit on revaluation of investment property	4	–	103,801	103,801	–	30,701	30,701
Unrealised loss on revaluation of investment property under construction	5	–	(267)	(267)	–	–	–
Operating profit	2	**14,331**	**103,534**	**117,865**	**9,495**	**26,305**	**35,800**
Finance income		2,310	–	2,310	2,304	2,215	4,519
Finance expense		(33,303)	(442)	(33,745)	(32,250)	–	(32,250)
(Loss)/profit before tax		**(16,662)**	**103,092**	**86,430**	**(20,451)**	**28,520**	**8,069**
Tax		158	(15,440)	(15,282)	449	(3,748)	(3,299)
(Loss)/profit for the period		**(16,504)**	**87,652**	**71,148**	**(20,002)**	**24,772**	**4,770**
Earnings per share:	3						
Basic (cents)				13.99			0.99
Diluted (cents)				12.25			0.86
Adjusted (EPRA) earnings per share:	3						
Basic (cents)				(3.48)			(4.62)
Diluted (cents)				(3.48)			(4.62)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The revenue and capital columns are supplied as supplementary information permitted by IFRS as adopted by the EU.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June 2011 US$'000	Six months ended 30 June 2010 US$'000
Profit for the period	71,148	4,770
Foreign currency translation	8,826	4,537
Tax relating to foreign currency translation	(17,437)	4,805
Other comprehensive income, net of tax	(8,611)	9,342
Total comprehensive income for the period, net of tax	**62,537**	**14,112**

All income is attributable to the equity holders of the parent company.There are no non-controlling interests.

CONDENSED UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Note	Share Capital US$'000	Share Premium US$'000	Warrants US$'000	Own Shares Held US$'000	Special Reserve US$'000	Capital Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Total US$'000
At 1 January 2010		**9,924**	**46,858**	**8,584**	**(13,841)**	**870,692**	**(151,562)**	**(112,676)**	**(112,096)**	**545,883**
Profit for the period		–	–	–	–	–	–	–	4,770	4,770
Other comprehensive income		–	–	–	–	–	–	9,342	–	9,342
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**9,342**	**4,770**	**14,112**
Ordinary dividends paid		–	–	–	–	–	–	–	(3,897)	(3,897)
Warrants exercised		47	1,244	(173)	–	–	–	–	–	1,118
Own shares allocated	11	–	–	–	1,600	–	–	–	(1,600)	-
Share-based payment expense	13b	–	–	–	–	–	–	–	4,501	4,501
Transfer in respect of capital profits		–	–	–	–	–	24,772	–	(24,772)	-
At 30 June 2010		**9,971**	**48,102**	**8,411**	**(12,241)**	**870,692**	**(126,790)**	**(103,334)**	**(133,094)**	**561,717**
At 1 January 2011		**10,196**	**55,119**	**6,033**	**(12,241)**	**852,802**	**(71,152)**	**(109,354)**	**(151,039)**	**580,364**
Profit for the period		–	–	–	–	–	–	–	71,148	71,148
Other comprehensive income		–	–	–	–	–	–	(8,611)	–	(8,611)
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(8,611)**	**71,148**	**62,537**
Ordinary dividends paid		–	–	–	–	–	–	–	(8,578)	(8,578)
Warrants exercised	9/10	10	293	(42)	–	–	–	–	–	261
Own shares disposed	11	–	–	–	1,739	–	–	–	2,442	4,181
Own shares acquired	11	–	–	–	(163)	–	–	–	–	(163)
Own shares allocated	11	–	–	–	3,032	–	–	–	(3,032)	-
Share-based payment expense	13b	–	–	–	–	–	–	–	5,878	5,878
Transfer in respect of capital profits		–	–	–	–	–	87,652	–	(87,652)	-
At 30 June 2011		**10,206**	**55,412**	**5,991**	**(7,633)**	**852,802**	**16,500**	**(117,965)**	**(170,833)**	**644,480**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2011

	Note	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
Non-current assets				
Investment property	4	1,078,131	942,950	905,816
Investment property under construction	5	125,379	106,741	103,363
Plant and equipment		5,674	6,682	8,006
Intangible assets	6	13,575	13,498	13,442
Other receivables		18,935	15,522	20,254
Derivative financial instruments		225	347	706
Deferred tax assets		54,997	61,219	58,923
		1,296,916	1,146,959	1,110,510
Current assets				
Inventory		55,043	56,341	55,831
Trade and other receivables		39,592	34,737	48,751
Derivative financial instruments		–	102	906
Cash and short term deposits		129,396	107,641	113,271
		224,031	198,821	218,759
Disposal group assets classified as held for sale		–	–	51,490
Total assets		**1,520,947**	**1,345,780**	**1,380,759**
Current liabilities				
Trade and other payables		81,582	47,938	56,896
Derivative financial instruments		1,004	1,682	–
Interest bearing loans and borrowings	7	108,436	89,845	50,721
		191,022	139,465	107,617
Non-current liabilities				
Interest bearing loans and borrowings	7	383,626	342,205	395,301
Preference shares	8	220,032	217,425	206,003
Other payables		21,338	25,168	24,514
Derivative financial instruments		3,756	4,439	7,052
Deferred tax liabilities		56,693	36,714	27,065
		685,445	625,951	659,935
Liabilities associated with disposal groups classified as held for sale		–	–	51,490
Total liabilities		**876,467**	**765,416**	**819,042**
Net assets		**644,480**	**580,364**	**561,717**
Equity				
Share capital	9	10,206	10,196	9,971
Share premium		55,412	55,119	48,102
Warrants	10	5,991	6,033	8,411
Own shares held	11	(7,633)	(12,241)	(12,241)
Special reserve		852,802	852,802	870,692
Capital reserve		16,500	(71,152)	(126,790)
Translation reserve		(117,965)	(109,354)	(103,334)
Retained earnings		(170,833)	(151,039)	(133,094)
Total equity		**644,480**	**580,364**	**561,717**
Net asset value per share (dollars):	12			
Basic		1.26	1.16	1.15
Diluted		1.10	1.01	0.96
Adjusted net asset value per share (dollars):	12			
Basic		1.34	1.20	1.14
Diluted		1.17	1.05	0.95

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 US$'000	Six months ended 30 June 2010 US$'000
Cash flows from operating activities			
Profit before tax		86,430	8,069
Adjustments for:			
Depreciation		1,027	966
Inventory write down		2,067	–
Finance income		(2,310)	(4,519)
Finance expense		33,745	32,250
Profit on revaluation of investment property		(103,801)	(30,701)
Loss on revaluation of investment property under construction		267	–
Foreign exchange losses arising from non-operating activities		2,374	3,163
Recognised share-based payments		5,878	4,501
		25,677	13,729
Increase in operating receivables		(3,687)	(2,957)
Decrease in other operating current assets		1,066	5,412
Increase in operating payables		7,396	536
		30,452	16,720
Tax paid		(1,520)	(1,905)
Net cash generated from operating activities		**28,932**	**14,815**
Cash flows from investing activities			
Payments for investment property under construction		(25,824)	(19,956)
(Payments)/refunds of VAT on construction		(3,414)	20,056
Proceeds from disposal of investment property		1,380	–
Proceeds from sale of plant and equipment		272	–
Purchase of plant and equipment		(129)	(2,313)
Loans advanced		(2,554)	(713)
Loans repaid		1,097	–
Interest received		639	973
Settlement of maturing forward currency financial instruments		(180)	233
Net cash used in investing activities		**(28,713)**	**(1,720)**
Cash flows from financing activities			
Proceeds from long term borrowings		68,000	33,211
Repayment of long term borrowings		(11,375)	(24,141)
Bank borrowing costs paid		(15,741)	(16,096)
Exercise of warrants		261	1,118
Own shares acquired		(163)	–
Dividends paid on preference shares		(13,167)	(12,385)
Ordinary dividends paid		(8,578)	(3,802)
Net cash generated by/(used in) financing activities		**19,237**	**(22,095)**
Net increase/(decrease) in cash and cash equivalents		19,456	(9,000)
Opening cash and cash equivalents	15	107,641	123,782
Effect of foreign exchange rate changes		2,299	(1,506)
Closing cash and cash equivalents	15	**129,396**	**113,276**

The accompanying notes are an integral part of this statement.

NOTES TO THE CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. Basis of accounting

Basis of preparation

The condensed unaudited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and the principles set out in International Accounting Standard (IAS 34) Interim Financial Reporting.

The condensed financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010.

Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as those followed in the preparation of the Group's financial statements for the year ended 31 December 2010, which were prepared in accordance with IFRS as adopted by the EU.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2011, which did not have any effect on the financial performance or financial position of the Group and in many cases did not have any relevance to the activities of the Group. These were:

IAS 24 Related Party Transactions (Amendment)
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
Improvements to International Financial Reporting Standards (issued May 2010)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Segmental information

The Group has three operating segments, which are managed and report independently to the Board of the Group. These comprise:

Property investment – acquire, develop and lease commercial property in Russia
Roslogistics – provision of warehousing, transport, customs brokerage and related services in Russia
Raven Mount – construct and sell residential property in the UK.

For the six months ended 30 June 2011	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Central Overhead US$'000	Total US$'000
Gross Revenue	56,432	12,125	3,886	–	72,443
Operating costs/Cost of sales	(22,035)	(7,131)	(5,880)	–	(35,046)
Net operating income	**34,397**	**4,994**	**(1,994)**	**–**	**37,397**
Administrative expenses					
Running general & administration expenses	(7,209)	(1,540)	(1,779)	(3,259)	(13,787)
Depreciation	(310)	(711)	(6)	–	(1,027)
Share-based payments	(1,371)	–	–	(4,507)	(5,878)
	25,507	**2,743**	**(3,779)**	**(7,766)**	**16,705**
Unrealised profit on revaluation of investment property	103,801	–	–	–	103,801
Unrealised loss on revaluation of investment property under construction	(267)	–	–	–	(267)
Segment profit/(loss)	**129,041**	**2,743**	**(3,779)**	**(7,766)**	**120,239**
Foreign currency losses					(2,374)
Finance income					2,310
Finance expense					(33,745)
Profit before tax					**86,430**

NOTES TO THE CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS – CONTINUED

For the six months ended 30 June 2011

As at 30 June 2011	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	1,078,131	–	–	1,078,131
Investment property under construction	125,379	–	–	125,379
Inventory	–	–	55,043	55,043
Cash and short term deposits	122,970	3,202	3,224	129,396
Segment assets	**1,326,480**	**3,202**	**58,267**	**1,387,949**
Other non-current assets				93,406
Other current assets				39,592
Total assets				**1,520,947**
Segment liabilities				
Interest bearing loans and borrowings	485,173	–	6,889	492,062
Capital expenditure				
Payments for investment property under construction	25,824	–	–	25,824

For the six months ended 30 June 2010	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Central Overhead US$'000	Total US$'000
Gross Revenue	45,097	10,479	7,167	–	62,743
Operating costs/Cost of sales	(20,715)	(9,528)	(5,381)	–	(35,624)
Net operating income	**24,382**	**951**	**1,786**	**–**	**27,119**
Administrative expenses					
Running general & administration expenses	(7,316)	(1,932)	(1,420)	(3,467)	(14,135)
Depreciation	(159)	(51)	(11)	–	(221)
Share-based payments	(987)	–	–	(3,514)	(4,501)
	15,920	**(1,032)**	**355**	**(6,981)**	**8,262**
Unrealised profit on revaluation of investment property	30,701	–	–	–	30,701
Segment profit/(loss)	**46,621**	**(1,032)**	**355**	**(6,981)**	**38,963**
Foreign currency losses					(3,163)
Finance income					4,519
Finance expense					(32,250)
Profit before tax					**8,069**

As at 30 June 2010	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	905,816	–	–	905,816
Investment property under construction	103,363	–	–	103,363
Inventory	–	–	55,831	55,831
Cash and short term deposits	88,723	1,338	23,210	113,271
Segment assets	**1,097,902**	**1,338**	**79,041**	**1,178,281**
Disposal group assets				51,490
Other non-current assets				101,331
Other current assets				49,657
Total assets				**1,380,759**
Segment liabilities				
Interest bearing loans and borrowings	430,723	–	15,299	446,022
Capital expenditure				
Payments for investment property under construction	19,956	–	–	19,956

As at 31 December 2010	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	942,950	–	–	942,950
Investment property under construction	106,741	–	–	106,741
Inventory	–	–	56,341	56,341
Cash and short term deposits	102,463	2,306	2,872	107,641
Segment assets	**1,152,154**	**2,306**	**59,213**	**1,213,673**
Other non-current assets				97,268
Other current assets				34,839
Total assets				**1,345,780**
Segment liabilities				
Interest bearing loans and borrowings	422,738	–	9,312	432,050
Capital expenditure				
Payments for investment property under construction	35,669	–	–	35,669

3. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	30 June 2011 US$'000	30 June 2010 US$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being the profit for the period	**71,148**	**4,770**
Adjustments to arrive at EPRA earnings		
Unrealised profit on revaluation of investment property	(103,801)	(30,701)
Unrealised loss on revaluation of investment property under construction	267	–
Loss/(profit) on maturing foreign currency derivative financial instruments	9	(233)
Loss on closure of interest rate derivative financial instruments	4	–
Change in fair value of open forward currency derivative financial instruments	432	(1,981)
Change in fair value of open interest rate derivative financial instruments	(1,223)	2,101
Movement in deferred tax thereon	15,440	3,748
Adjusted EPRA earnings	**(17,724)**	**(22,296)**

Number of shares	30 June 2011 No.'000	30 June 2010 No.'000
Weighted average number of ordinary shares for the purpose of basic EPS and basic EPRA EPS (excluding own shares held)	**508,700**	**483,113**
Effect of dilutive potential ordinary shares:		
Listed warrants	62,667	66,451
ERS	3,662	1,775
LTIP	5,700	486
Weighted average number of ordinary shares for the purposes of diluted EPS and diluted EPRA EPS (excluding own shares held)	**580,729**	**551,825**

	30 June 2011 Cents	30 June 2010 Cents
EPS basic	**13.99**	**0.99**
Effect of dilutive potential ordinary shares:		
Listed warrants	(1.53)	(0.12)
ERS	(0.08)	(0.01)
LTIP	(0.13)	–
Diluted EPS	**12.25**	**0.86**
EPRA EPS basic	**(3.48)**	**(4.62)**
Effect of dilutive potential ordinary shares:		
Listed warrants	–	–
ERS	–	–
LTIP	–	–
EPRA diluted EPS	**(3.48)**	**(4.62)**

4. Investment property

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
At 1 January	942,950	878,775	878,775
Transfer from investment property under construction (note 5)	–	25,533	–
Property improvements and movement in completion provisions	31,380	4,688	(3,660)
Disposals	–	(28,844)	–
Unrealised profit on revaluation	103,801	62,798	30,701
At 30 June/31 December	**1,078,131**	**942,950**	**905,816**

5. Investment property under construction

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
At 1 January	106,741	101,280	101,280
Costs incurred	13,162	18,998	4,389
Disposals	–	(3,821)	–
Effect of foreign exchange rate changes	5,743	(636)	(2,306)
Transfer to investment property (note 4)	–	(25,533)	–
Unrealised (loss)/profit on revaluation	(267)	16,453	–
At 30 June/31 December	**125,379**	**106,741**	**103,363**
Comprising:			
Assets under construction	29,126	15,300	23,682
Additional phases of completed property	42,025	41,360	31,259
Landbank	54,228	50,081	48,422
At 30 June/31 December	**125,379**	**106,741**	**103,363**

6. Intangible assets

Goodwill	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
At 1 January	13,498	13,442	13,442
Effect of foreign exchange rate changes	77	56	–
At 30 June/31 December	**13,575**	**13,498**	**13,442**

7. Interest bearing loans and borrowings

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
(a) **Bank loans**			
Loans due for settlement within 12 months	98,545	82,194	46,168
Loans due for settlement after 12 months	383,626	340,366	390,772
	482,171	**422,560**	**436,940**
(b) **Other interest bearing loans**			
Loans due for settlement within 12 months	9,891	7,651	4,553
Loans due for settlement after 12 months	–	1,839	4,529
	9,891	**9,490**	**9,082**
Totals			
Loans due for settlement within 12 months	108,436	89,845	50,721
Loans due for settlement after 12 months	383,626	342,205	395,301
	492,062	**432,050**	**446,022**
The Group's borrowings have the following maturity profile:			
On demand or within one year	108,436	89,845	50,721
In the second year	150,389	161,735	76,995
In the third to fifth years	141,080	122,865	271,800
After five years	92,157	57,605	46,506
	492,062	**432,050**	**446,022**

8. Preference shares

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
Authorised share capital:			
400,000,000 preference shares of 1p each	5,891	5,891	5,891

	30 June 2011 Number	31 December 2010 Number	30 June 2010 Number
Issued share capital:			
At 1 January	144,357,156	143,315,179	143,315,179
Preference shares purchased (note 11)	(2,000,000)	–	–
Scrip dividends	358,791	1,041,977	320,268
At 30 June/31 December	**142,715,947**	**144,357,156**	**143,635,447**

During the period the trustees of one of the Company's Employee Benefit Trusts sold ordinary shares and acquired preference shares from an independent shareholder of Raven Russia. The trustees subsequently sold the preference shares. Following this the Company moved the preference shares from AIM to the Official List of the London Stock Exchange.

9. Share capital

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
Authorised share capital:			
1,500,000,000 ordinary shares of 1p each	27,469	27,469	27,469

	30 June 2011 Number	31 December 2010 Number	30 June 2010 Number
Issued share capital:			
At 1 January	530,273,204	512,697,594	512,697,594
Issued in the period/year for cash on exercise of warrants	658,948	4,512,713	2,974,818
Issued under the warrant offer	–	21,740,807	–
Cancelled under the tender offer	–	(8,677,910)	–
At 30 June/31 December	**530,932,152**	**530,273,204**	**515,672,412**

Of the authorised ordinary share capital at 30 June 2011, 112.8 million (30 June 2010: 155.6 million) are reserved for options and warrants.

Details of own shares held are given in note 11.

10. Warrants

	30 June 2011 Number	31 December 2010 Number	30 June 2010 Number
At 1 January	101,651,070	142,419,799	142,419,799
Exercised in the period/year	(658,948)	(4,512,713)	(2,974,818)
Cancelled under the warrant offer	–	(36,256,016)	–
At 30 June/31 December	**100,992,122**	**101,651,070**	**139,444,981**

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
At 1 January	6,033	8,584	8,584
Exercised in the period/year	(42)	(285)	(173)
Cancelled under the warrant offer	–	(2,266)	–
At 30 June/31 December	**5,991**	**6,033**	**8,411**

In the period since 30 June 2011 2,430 warrants have been exercised.

11. Own shares held

	30 June 2011 Number	31 December 2010 Number	30 June 2010 Number
At 1 January	28,400,054	34,035,054	34,035,054
Acquired in the period/year	150,000	–	–
Disposal	(4,035,054)	–	–
Allocation to satisfy bonus awards (note 13b)	(4,585,000)	(5,635,000)	(5,635,000)
Allocation to satisfy ERS options exercised (note 13a)	(2,450,000)	–	–
At 30 June/31 December	**17,480,000**	**28,400,054**	**28,400,054**

Allocations are transfers by the Company's Employee Benefit Trusts to satisfy bonus awards made in the period and to satisfy ERS options exercised in the period following the vesting of the options. Details of outstanding ERS options, which are vested but unexercised, are given in note 13a.

The disposal in the period relates to the share transactions undertaken by one of the Company's Employee Benefit Trusts more fully explained in note 8.

12. Net asset value per share

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
Net asset value	**644,480**	**580,364**	**561,717**
Intangible assets – goodwill	(13,575)	(13,498)	(13,442)
Deferred tax on revaluation gains	35,996	20,556	12,209
Unrealised foreign exchange losses/(gains) on preference shares	15,025	9,372	(13,758)
Fair value of interest rate derivative financial instruments	4,375	5,774	6,562
Adjusted net asset value	**686,301**	**602,568**	**553,288**
Assuming exercise of all dilutive potential ordinary shares			
– Listed warrants (note 10)	40,536	39,789	52,156
– ERS (note 13)	–	–	–
– LTIP (note 13)	3,711	3,619	3,458
Adjusted fully diluted net asset value	**730,548**	**645,976**	**608,902**

	30 June 2011 Number	31 December 2010 Number	30 June 2010 Number
Number of ordinary shares (note 9)	530,932,152	530,273,204	515,672,412
Less own shares held (note 11)	(17,480,000)	(28,400,054)	(28,400,054)
	513,452,152	**501,873,150**	**487,272,358**
Assuming exercise of all dilutive potential ordinary shares			
– Listed warrants (note 10)	100,992,122	101,651,070	139,444,981
– ERS (note 13)	2,550,000	5,000,000	5,000,000
– LTIP (note 13)	9,245,946	9,245,946	9,245,946
Number of ordinary shares assuming exercise of all listed warrants	**626,240,220**	**617,770,166**	**640,963,285**

	30 June 2011 US$	31 December 2010 US$	30 June 2010 US$
Net asset value per share	1.26	1.16	1.15
Fully diluted net asset value per share	1.10	1.01	0.96
Adjusted net asset value per share	1.34	1.20	1.14
Adjusted fully diluted net asset value per share	1.17	1.05	0.95

13. Share-based payments

(a) Movements in adviser and employee share-based payments

	Six months ended 30 June 2011		Six months ended 30 June 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	14,245,946	16p	4,740,833	100p
Issued during the period				
– ERS	–	–	3,225,000	0p
– LTIP	–	–	8,225,946	25p
Exercised during the period				
– ERS	(2,450,000)	0p	–	–
Outstanding at the end of the period	**11,795,946**	**20p**	**16,191,779**	**26p**
Represented by:				
– ERS	2,550,000		5,000,000	
– LTIP	9,245,946		9,245,946	
– Advisor options	–		1,945,833	
	11,795,946		**16,191,779**	

ERS options vested during the period and are available for exercise. The LTIP options have yet to vest.

(b) Share-based payment charge

The Group recognised a total share-based payment expense as a result of the ERS and LTIP awards of US$1.1 million (2010: US$0.4 million) for the period. Also, and as set out in the 2010 Directors' Remuneration Report approved by the shareholders, the Company utilised 4.6 million of the ordinary shares held (note 11) to satisfy bonuses to the Executive Directors and senior management. This resulted in a charge of US$4.8 million (2010: US$4.1 million) for the period, giving a total expense of US$5.9 million (2010: US$4.5 million).

14. Ordinary dividends

During the period to 30 June 2011 the Company declared and paid a final dividend for the year ended 31 December 2010 of 1 pence per share (31 December 2009: 0.5 pence per share).

15. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2010 US$'000
Cash and short term deposits per balance sheet	129,396	107,641	113,271
Cash included within disposal group assets	–	–	5
	129,396	**107,641**	**113,276**

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