RAVEN RUSSIA LIMITED

Interim Results
for the six months ended 30 June 2012

CONTENTS

Cover Photograph: Pushkino.

HIGHLIGHTS

- Annualised NOI now $166.7 million;
- Portfolio 94% let;
- Underlying earnings in six months to 30 June 2012 of $14 million;
- Operating cash inflow of $49.6 million;
- Adjusted fully diluted NAV per share up 5 cents to 124 cents;
- Fully let portfolio yield of 11.7%;
- Acquisition of 258,000 sqm of fully let space in year to date;
- Acquisition of 38 ha of permitted land in Moscow;
- Cash balance currently $150 million;
- Tender offer buy back of 1 in 46 shares at 70 pence proposed, equivalent to a 1.5 pence dividend.

CHAIRMAN'S STATEMENT

I am pleased to announce the Group's results for the six months ended 30 June 2012.

At today's date, our annualised, consolidated net operating income ("NOI") is $166.7 million, increasing to $168.6 million including pre-let agreements ("PLAs") and letters of intent ("LOIs ") and before the cost of vacant space. This includes 100,000 square metres ("sqm") of new leases signed in the first six months. The significant increase over our previously reported numbers also reflects the substantial acquisitions we have made this year.

Reported NOI for the period to 30 June was $53.4 million (30 June 2011: $37.4 million). Profit before tax was $29.6 million (30 June 2011: $86.4 million), underlying earnings before tax were $14.3 million (30 June 2011: loss of $5.9 million). Underlying, diluted earnings per share were 2.35 cents (30 June 2011: loss per share of 0.54 cents), basic NAV per share was 120 cents (31 December 2011: 118 cents) and adjusted, fully diluted NAV per share was 124 cents (31 December 2011: 119 cents).

The external valuation carried out by Jones Lang Lasalle ("JLL") as at 30 June is reflected in the gross value of our completed assets of $1,417 million, an increase of $42.9 million on previous values (see note 4 to the Interim Statement). This includes the asset acquired at Pushkino on 27 June 2012. The fully let portfolio NOI is estimated at $167 million at 30 June 2012 (31 December 2011: $137 million), increasing to $177 million at today's date, including the acquisition of the property at Sholokhovo and the re-gear of leases at Krekshino in July.

Our period end cash balance was $187 million (31 December 2011: $182 million) with net debt of $497 million (31 December 2011: $380 million). At today's date, following completion of acquisitions, our cash balance is $150 million and net debt is $563 million.

Following the issue of new preference shares in the period, to part finance the acquisition of the Pushkino asset, we now have 194 million preference shares in issue (31 December 2011: 145 million), carried on our balance sheet at $313 million (31 December 2011: $218 million).

Operating cashflows increased again, $49.6 million for the first six months (30 June 2011: $28.9 million) as new lettings commenced and the costs of vacant space reduced.

We will continue our policy of progressive distributions to shareholders and instead of a dividend, intend to seek shareholder approval for a tender offer buy back, with terms set out below.

The market in which we operate continues to improve and we look forward to the future with confidence.

Results

In the six months to 30 June 2012 the Company made a pre-tax profit of $29.6 million (30 June 2011: $86.4 million) including revaluation gains of $40.4 million (30 June 2011: $103.5 million). Underlying earnings before tax for the period were $14.3 million (30 June 2011: loss of $5.9 million).

This equates to basic earnings per share of 3.5 cents (30 June 2011: 14 cents) and diluted underlying earnings per share of 2.35 cents (30 June 2011: loss of 0.5 cents).

NOI for the period of $53.4 million (30 June 2011: $37.4 million) is after absorbing operating costs on vacant space of $4.5 million (30 June 2011: $8 million) and stock write downs on our UK residential holdings of $10.5 million (30 June 2011: $2 million). The level of vacancy on our investment portfolio has continued to reduce and today stands at 6% (31 December 2011: 17%).

Net finance costs, before Mark to Market valuation of financial instruments and amortisation of costs for the period were $34.2 million (30 June 2011: $30.2 million) including the preference share charge of $14.5 million (30 June 2011: $14.6 million).

Net Asset Value

Adjusted, fully diluted NAV per share was 124 cents at 30 June 2012 (31 December 2011: 119 cents). Adjusted, fully diluted NAV per share at today's sterling exchange rate is 78 pence (31 December 2011: 75 pence).

The increase in NAV, from $669 million at the year end to $685 million at 30 June 2012, follows the formal bi-annual valuation of our completed portfolio by JLL. Based on this valuation, our investment properties are carried at a gross value of $1,417 million which represents a fully let portfolio yield of 11.7% (31 December 2011: 11.9%).

Financing

Total bank debt outstanding at 30 June 2012 was $693 million (31 December 2011: $570 million) at a weighted average cost to the Group of 7.2% (31 December 2011: 7.1%) and a weighted average term to maturity of 4.4 years (31 December 2011: 4.5 years). This includes the $129 million, 5 year investment facility secured on Pushkino and a further draw of $20 million in the period on the facility secured on our Shushari project. The Group's gearing ratio was 42% (31 December 2011: 38%).

Despite the continuing deterioration in the global banking environment, we have advanced negotiations on refinancing or rolling over near term maturities of facilities secured on our Krekshino and Constanta assets and expect these to be finalised prior to their maturity dates on favourable terms.

We have also received initial credit approval on a facility of $47.5 million secured on our Klimovsk phase 2 project and hope to finalise this in the final quarter of the year. Opportunities for construction finance are also available and we are considering these for our sites at Noginsk, Klimovsk phase 3 and Padikovo.

Hedging

The majority of the Group's senior debt portfolio is hedged against US Libor rate rises, with a mix of swap and cap instruments. $199 million (30 June 2011: $151 million) has been capped for an average of 3.8 years (30 June 2011: 4.5 years) with an average strike rate of 2.5% (30 June 2011: 3.1%). $458 million (30 June 2011: $255 million) has been swapped for an average of 3.3 years (30 June 2011: 3 years) at an average fixed rate of 2.0% (30 June 2011: 2.7%).

Since 30 June 2012, we have also hedged against the effect on our preference share coupon of Sterling strengthening against the Dollar, capping the US Dollar/Sterling exchange rate at 1.60 for 3 years to December 2015.

Tender Offer

Since the share price remains at a significant discount to our adjusted, fully diluted NAV per share we will return cash to shareholders by way of a tender offer. Accordingly we intend to implement a tender offer buy-back of 1 in 46 ordinary shares at 70 pence, a premium of 10% to the existing price, and representing the equivalent of a dividend of 1.5 pence per share. The tender offer will be subject to shareholder approval and a circular setting out full details will be posted shortly. It is expected that the tender offer will complete in October.

Our business is maturing (we joined the FTSE 250 recently) we are profitable, cashflow positive and making sensible distributions to shareholders.

Richard Jewson
Chairman

27 August 2012

CHIEF EXECUTIVE'S STATEMENT

The market in which we operate continues to improve. The Russian economy is growing and our tenants are doing well. There is a structural undersupply of logistics warehousing and combined with fragmented competition and limited development finance, this means that the supply/demand dynamics are in the landlord's favour.

We have seen continued lettings across the portfolio and rising rents.

As I set out at the year end, the core income producing portfolio is performing well, we have virtually no vacant space in Moscow or Rostov and St Petersburg and Novosibirsk are steadily filling up.

Since the beginning of the year, we have leased a further 100,000 sqm of space. Valuations have improved slightly, mainly as a result of higher rents. We still await some yield compression.

Solid cash-flow progression is underpinning our increasing distributions to shareholders. Since flotation we have distributed $250 million to stakeholders: $156 million to ordinary shareholders by way of dividends and tender offers; $89 million of dividends to preference shareholders; and $5 million to warrant holders following a warrant offer.

At the year end I said that the key to our next phase of growth is investment and the use of our cash. During the year to date we have made great progress with this next phase.

In the first instance we have purchased Pushkino and Sholokhovo. These are Grade A warehouses in Moscow, are fully let to strong tenants and income producing. They yield 11.5% and 11.75% respectively. After deducting bank interest and preference dividends, issued to finance Pushkino, they contribute $11 million to profits on an annualised basis. This is earnings and cashflow enhancing and is exactly what we want to do. Deals like these are difficult to source but we will continue to seek similar earnings enhancing opportunities.

Following these acquisitions the Group's annualised NOI is $166.7 million, this will rise to $177 million when vacant space is let.

Due to the timing of completion we will show this newly acquired income for the first time in the second half of the current year with a full contribution in 2013.

Secondly we have purchased zoned land in the Moscow region.

Demand for Moscow warehouses is strong and supply constrained. This land, combined with additional phases at Klimovsk and Noginsk, gives us the potential to build a further 444,000 sqm in the Moscow region, a potential 54% increase to our Moscow portfolio.

This land underpins our organic growth plan for the next few years. Having worked so hard to create a strong income producing portfolio capable of meaningful distributions to shareholders we do not intend to have a large development exposure.

We are primarily a property investment company, not a developer.

We intend to build out our land in modest phases working closely with potential tenants and banks. As we have said before, adding 50,000 to 100,000 sqm per year of income producing property to the portfolio ensures strong growth for shareholders.

Although in Russia we have made good progress with bank refinancing the poor UK mortgage market continues to slow the UK residential market. To reflect our gloomy outlook on the UK market, we have written down our UK stock by $10.5 million. We remain hopeful of converting the carrying value into cash over the medium term.

In terms of shareholder distributions we are committed to tender offer buy-backs whilst this can be achieved at discounts to NAV. In the medium to long-term this will add value to shareholders. From correspondence received, some private shareholders seem to feel disadvantaged by this mechanism but this is not correct. A shareholder tendering shares will receive cash equivalent to the quantum of a dividend and, assuming the tender offer is fully taken up, will retain the same percentage shareholding. Even though the number of shares held reduces, the percentage holding of the shareholder remains the same and NAV per share will rise as shares are cancelled at a discount to NAV. I hope that clears up any confusion with this policy.

So moving forward we aim to actively manage the existing portfolio, keeping in close contact with our tenants, to conservatively develop out our land holdings and to continue to improve financing terms.

We were very pleased to fund part of the Pushkino acquisition cost by way of a further issue of preference shares. It was gratifying to add new, blue chip, institutional shareholders to our register alongside the continued support from existing ones.

Whilst we continue to discuss attractive financing terms with banks we are also exploring funding the business with new long-term instruments attractive to institutional investors.

The plan is more of the same, a conservative business strategy in a very exciting market.

Glyn Hirsch
Chief Executive Officer
27 August 2012

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 2011.

Going concern

The financial position of the Group, its cash flows, liquidity and borrowings are described in the Chairman's and Chief Executive's Statements 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 2011.

This responsibility statement was approved by the Board of Directors on the 27 August 2012 and is signed on its behalf by:

Mark Sinclair
Chief Financial Officer

Colin Smith
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 2012 which comprises the Condensed Unaudited Group Income Statement, the Condensed Unaudited Group Statement of 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 related notes 1 to 16. 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 2012 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

27 August 2012

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 Underlying earnings US$'000	Capital and other US$'000	Total US$'000	Six months ended 30 June 2011 Underlying earnings US$'000	Capital and other US$'000	Total US$'000
Gross revenue	2	97,607	–	97,607	72,443	–	72,443
Property operating expenditure and cost of sales		(33,642)	(10,549)	(44,191)	(32,966)	(2,080)	(35,046)
Net rental and related income	2	**63,965**	**(10,549)**	**53,416**	**39,477**	**(2,080)**	**37,397**
Administrative expenses		(17,452)	(708)	(18,160)	(13,384)	(1,430)	(14,814)
Share-based payments	13b	–	(8,934)	(8,934)	–	(5,878)	(5,878)
Foreign currency profits/(losses)		1,509	–	1,509	(2,374)	–	(2,374)
Operating expenditure		**(15,943)**	**(9,642)**	**(25,585)**	**(15,758)**	**(7,308)**	**(23,066)**
Operating profit/(loss) before profits and losses on investment properties	2	**48,022**	**(20,191)**	**27,831**	**23,719**	**(9,388)**	**14,331**
Unrealised profit on revaluation of investment property	4	–	40,862	40,862	–	103,801	103,801
Unrealised loss on revaluation of investment property under construction	5	–	(451)	(451)	–	(267)	(267)
Operating profit	2	**48,022**	**20,220**	**68,242**	**23,719**	**94,146**	**117,865**
Finance income		1,322	1,549	2,871	1,087	1,223	2,310
Finance expense		(35,035)	(6,478)	(41,513)	(30,690)	(3,055)	(33,745)
Profit/(loss) before tax		**14,309**	**15,291**	**29,600**	**(5,884)**	**92,314**	**86,430**
Tax		(202)	(9,317)	(9,519)	3,148	(18,430)	(15,282)
Profit/(loss) for the period		**14,107**	**5,974**	**20,081**	**(2,736)**	**73,884**	**71,148**
Earnings per share:	3						
Basic (cents)				3.51			13.99
Diluted (cents)				3.34			12.25
Underlying earnings per share:	3						
Basic (cents)				2.47			(0.54)
Diluted (cents)				2.35			(0.54)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The "underlying earnings" and "capital and other" columns are both supplied as supplementary information permitted by IFRS as adopted by the EU. Further details of the allocation of items between the supplementary columns are given in note 3.

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 COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June 2012 US$'000	Six months ended 30 June 2011 US$'000
Profit for the period	**20,081**	**71,148**
Foreign currency translation	(10,190)	8,826
Tax relating to foreign currency translation	4,576	(17,437)
Other comprehensive income, net of tax	**(5,614)**	**(8,611)**
Total comprehensive income for the period, net of tax	**14,467**	**62,537**

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 CHANGES IN EQUITY

For the six months ended 30 June 2012

	Notes	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 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 payments	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**
At 1 January 2012		**11,208**	**83,454**	**1,985**	**(16,222)**	**852,802**	**52,239**	**(120,647)**	**(196,059)**	**668,760**
Profit for the period		–	–	–	–	–	–	–	20,081	20,081
Other comprehensive income		–	–	–	–	–	–	(5,614)	–	(5,614)
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(5,614)**	**20,081**	**14,467**
Warrants exercised	9/10	104	2,922	(417)	–	–	–	–	–	2,609
Own shares disposed	11	–	–	–	3,533	–	–	–	4,530	8,063
Own shares acquired	11	–	–	–	(13,982)	–	–	–	–	(13,982)
Own shares allocated	11	–	–	–	2,403	–	–	–	(2,403)	–
Ordinary shares cancelled under the tender offer	9	(34)	(2,312)	–	–	–	–	–	–	(2,346)
Share-based payments	13b	–	–	–	–	–	–	–	7,296	7,296
Transfer in respect of capital profits		–	–	–	–	–	33,011	–	(33,011)	–
At 30 June 2012		**11,278**	**84,064**	**1,568**	**(24,268)**	**852,802**	**85,250**	**(126,261)**	**(199,566)**	**684,867**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2012

	Notes	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
Non-current assets				
Investment property	4	1,405,087	1,145,090	1,078,131
Investment property under construction	5	101,798	101,458	125,379
Plant and equipment		6,722	6,711	5,674
Goodwill	6	13,503	13,475	13,575
Other receivables		13,334	13,084	18,935
Derivative financial instruments		1,154	1,216	225
Deferred tax assets		60,781	57,994	54,997
		1,602,379	1,339,028	1,296,916
Current assets				
Inventory		40,197	51,155	55,043
Trade and other receivables		68,932	43,661	39,592
Cash and short term deposits		187,481	181,826	129,396
		296,610	276,642	224,031
Total assets		**1,898,989**	**1,615,670**	**1,520,947**
Current liabilities				
Trade and other payables		105,559	70,577	81,582
Derivative financial instruments		1,386	–	1,004
Interest bearing loans and borrowings	7	165,156	95,607	108,436
		272,101	**166,184**	**191,022**
Non-current liabilities				
Interest bearing loans and borrowings	7	519,024	465,638	383,626
Preference shares	8	313,088	218,206	220,032
Other payables		21,204	18,352	21,338
Derivative financial instruments		8,087	8,968	3,756
Deferred tax liabilities		80,618	69,562	56,693
		942,021	780,726	685,445
Total liabilities		**1,214,122**	**946,910**	**876,467**
Net assets		**684,867**	**668,760**	**644,480**
Equity				
Share capital	9	11,278	11,208	10,206
Share premium		84,064	83,454	55,412
Warrants	10	1,568	1,985	5,991
Own shares held	11	(24,268)	(16,222)	(7,633)
Special reserve		852,802	852,802	852,802
Capital reserve		85,250	52,239	16,500
Translation reserve		(126,261)	(120,647)	(117,965)
Retained earnings		(199,566)	(196,059)	(170,833)
Total equity		**684,867**	**668,760**	**644,480**
Net asset value per share (dollars):	12			
Basic		1.20	1.18	1.26
Diluted		1.14	1.11	1.10
Adjusted net asset value per share (dollars):	12			
Basic		1.30	1.26	1.34
Diluted		1.24	1.19	1.17

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US$'000	Six months ended 30 June 2011 US$'000
Cash flows from operating activities			
Profit before tax		29,600	86,430
Adjustments for:			
Depreciation		708	1,027
Inventory write down		10,549	2,067
Finance income		(2,871)	(2,310)
Finance expense		41,513	33,745
Profit on revaluation of investment property	4	(40,862)	(103,801)
Loss on revaluation of investment property under construction	5	451	267
Foreign exchange (profits)/losses		(1,509)	2,374
Recognised share-based payments		8,934	5,878
		46,513	25,677
Increase in operating receivables		(5,628)	(3,687)
Decrease in other operating current assets		1,566	1,066
Increase in operating payables		8,152	7,396
		50,603	30,452
Tax paid		(1,042)	(1,520)
Net cash generated from operating activities		**49,561**	**28,932**
Cash flows from investing activities			
Payments for investment property and investment property under construction	2	(230,888)	(25,824)
Refunds/(payments) of VAT on construction		5,779	(3,414)
Proceeds from disposal of investment property		–	1,380
Proceeds from sale of plant and equipment		–	272
Purchase of plant and equipment		(770)	(129)
Cash acquired with property purchase		10,496	–
Loans advanced		–	(2,554)
Loans repaid		513	1,097
Interest received		1,006	639
Settlement of maturing forward currency financial instruments		–	(180)
Net cash used in investing activities		**(213,864)**	**(28,713)**
Cash flows from financing activities			
Proceeds from long term borrowings		147,814	68,000
Repayment of long term borrowings		(26,504)	(11,375)
Bank borrowing costs paid		(22,681)	(15,741)
Exercise of warrants		2,609	261
Own shares acquired		(16,328)	(163)
Own shares disposed		8,063	–
Issue of preference shares		91,491	–
Dividends paid on preference shares		(13,014)	(13,167)
Ordinary dividends paid		–	(8,578)
Net cash generated by financing activities		**171,450**	**19,237**
Net increase in cash and cash equivalents		**7,147**	**19,456**
Opening cash and cash equivalents		181,826	107,641
Effect of foreign exchange rate changes		(1,492)	2,299
Closing cash and cash equivalents		**187,481**	**129,396**

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 2012

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 have been prepared in accordance with International Accounting Standard 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 2011.

The 2011 supplementary information in the Condensed Unaudited Group Income Statement has been restated in line with the change in presentation adopted and explained in the audited financial statements of the Group for the year ended 31 December 2011.

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 2011, 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 2012, 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 12 Deferred Tax: Recovery of Underlying Assets (Amendment)
IFRS 7 Disclosures – Transfers of Financial Assets (Amendment)
IFRS 1 – Severe Hyper-inflation and Removal of Fixed Dates for First Time Adopters (Amendment)

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 Directors. 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 – sale of residential property in the UK.

(a) Segmental information for the six months ended and as at 30 June 2012

For the six months ended 30 June 2012	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Segment Total US$'000	Central Overhead US$'000	Total US$'000
Gross revenue	80,545	11,507	5,555	97,607	–	97,607
Operating costs/Cost of sales	(23,543)	(4,895)	(15,753)	(44,191)	–	(44,191)
Net operating income	**57,002**	**6,612**	**(10,198)**	**53,416**	**–**	**53,416**
Administrative expenses						
Running general & administration expenses	(9,203)	(1,620)	(1,387)	(12,210)	(4,468)	(16,678)
Abortive project costs	(774)	–	–	(774)	–	(774)
Depreciation	(469)	(236)	(3)	(708)	–	(708)
Share-based payments	(3,654)	–	–	(3,654)	(5,280)	(8,934)
Foreign currency profits	1,797	(288)	–	1,509	–	1,509
Operating profit/(loss) before profits and losses on investment property	**44,699**	**4,468**	**(11,588)**	**37,579**	**(9,748)**	**27,831**
Unrealised profit on revaluation of investment property	40,862	–	–	40,862	–	40,862
Unrealised loss on revaluation of investment property under construction	(451)	–	–	(451)	–	(451)
Segment profit/(loss)	**85,110**	**4,468**	**(11,588)**	**77,990**	**(9,748)**	**68,242**
Finance income						2,871
Finance expense						(41,513)
Profit before tax						**29,600**

As at 30 June 2012	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	1,405,087	–	–	1,405,087
Investment property under construction	101,798	–	–	101,798
Inventory	–	–	40,197	40,197
Cash and short term deposits	183,256	892	3,333	187,481
Segment assets	**1,690,141**	**892**	**43,530**	**1,734,563**
Other non-current assets				95,494
Other current assets				68,932
Total assets				**1,898,989**
Segment liabilities				
Interest bearing loans and borrowings	684,180	–	–	684,180
Capital expenditure				
Payments for investment property and investment property under construction	230,888	–	–	230,888

2. Segmental information – continued

(b) Segmental information for the six months ended and as at 30 June 2011

For the six months ended 30 June 2011	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Segment Total US$'000	Central Overhead US$'000	Total US$'000
Gross revenue	56,432	12,125	3,886	72,443	–	72,443
Operating costs/Cost of sales	(22,035)	(7,131)	(5,880)	(35,046)	–	(35,046)
Net operating income	**34,397**	**4,994**	**(1,994)**	**37,397**	**–**	**37,397**
Administrative expenses						
Running general & administration expenses	(7,209)	(1,540)	(1,779)	(10,528)	(3,259)	(13,787)
Abortive project costs	–	–	–	–	–	–
Depreciation	(310)	(711)	(6)	(1,027)	–	(1,027)
Share-based payments	(1,371)	–	–	(1,371)	(4,507)	(5,878)
Foreign currency profits	(2,852)	468	10	(2,374)	–	(2,374)
Operating profit/(loss) before profits and losses on investment property	**22,655**	**3,211**	**(3,769)**	**22,097**	**(7,766)**	**14,331**
Unrealised profit on revaluation of investment property	103,801	–	–	103,801	–	103,801
Unrealised loss on revaluation of investment property under construction	(267)	–	–	(267)	–	(267)
Segment profit/(loss)	**126,189**	**3,211**	**(3,769)**	**125,631**	**(7,766)**	**117,865**
Finance income						2,310
Finance expense						(33,745)
Profit before tax						**86,430**

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

(c) Segmental information as at 31 December 2011

As at 31 December 2011	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	1,145,090	–	–	1,145,090
Investment property under construction	101,458	–	–	101,458
Inventory	–	–	51,155	51,155
Cash and short term deposits	173,874	1,306	6,646	181,826
Segment assets	**1,420,422**	**1,306**	**57,801**	**1,479,529**
Other non-current assets				92,480
Other current assets				43,661
Total assets				**1,615,670**
Segment liabilities				
Interest bearing loans and borrowings	559,259	–	1,986	561,245
Capital expenditure				
Payments for investment property under construction	76,928	–	–	76,928

3. Earnings measures

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

	30 June 2012 US$'000	30 June 2011 US$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being the profit for the period prepared under IFRS	**20,081**	**71,148**
Adjustments to arrive at EPRA earnings		
Unrealised profit on revaluation of investment property	(40,862)	(103,801)
Unrealised loss on revaluation of investment property under construction	451	267
Loss on maturing foreign currency derivative financial instruments	–	9
Loss on closure of interest rate derivative financial instruments	–	4
Change in fair value of open forward currency derivative financial instruments	(500)	432
Change in fair value of open interest rate derivative financial instruments	3,022	(1,223)
Movement in deferred tax thereon	9,317	18,430
Adjusted EPRA earnings	**(8,491)**	**(14,734)**
Inventory write off	10,549	2,080
Loss on disposal of plant and equipment	–	402
Share-based payments	8,934	5,878
Premium on redemption of preference shares and amortisation of issue costs	547	551
Depreciation	708	1,028
Amortisation of loan origination costs	1,860	2,059
Underlying earnings	**14,107**	**(2,736)**

3. Earnings measures – continued

Number of shares	30 June 2012 No. '000	30 June 2011 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS (excluding own shares held)	**572,113**	**508,700**
Effect of dilutive potential ordinary shares:		
Listed warrants	20,930	62,667
ERS	2,189	3,662
LTIP	5,233	5,700
Weighted average number of ordinary shares for the purposes of diluted EPS (excluding own shares held)	**600,465**	**580,729**

	30 June 2012 Cents	30 June 2011 Cents
EPS basic	**3.51**	**13.99**
Effect of dilutive potential ordinary shares:		
Listed warrants	(0.12)	(1.53)
ERS	(0.01)	(0.08)
LTIP	(0.04)	(0.13)
Diluted EPS	**3.34**	**12.25**
EPRA EPS basic	**(1.48)**	**(2.90)**
Effect of dilutive potential ordinary shares:		
Listed warrants	–	–
ERS	–	–
LTIP	–	–
EPRA diluted EPS	**(1.48)**	**(2.90)**
Underlying EPS basic	**2.47**	**(0.54)**
Effect of dilutive potential ordinary shares:		
Listed warrants	(0.09)	–
ERS	(0.01)	–
LTIP	(0.02)	–
Underlying diluted EPS	**2.35**	**(0.54)**

4. Investment property

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
Market value at 1 January	1,154,490	942,950	942,950
Additions	217,305	–	–
Transfer from investment property under construction (note 5)	–	50,412	–
Property improvements and movement in completion provisions	1,830	27,016	31,380
Disposals	–	(8,350)	–
Unrealised profit on revaluation	42,908	142,462	103,801
Market value at 30 June/31 December	**1,416,533**	**1,154,490**	**1,078,131**
Tenant incentives and contracted rent uplifts carrying value at 30 June/31 December	(11,446)	(9,400)	–
Carrying value at 30 June/31 December	**1,405,087**	**1,145,090**	**1,078,131**
Revaluation movement in the period/year			
Gross revaluation	42,908	142,462	103,801
Effect of tenant incentives and contracted rent uplift balances	(2,046)	(9,400)	–
Revaluation reported in the Income Statement	**40,862**	**133,062**	**103,801**

5. Investment property under construction

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
At 1 January	101,458	106,741	106,741
Costs incurred	1,941	43,008	13,162
Disposals	–	(3,300)	–
Effect of foreign exchange rate changes	(1,150)	(5,190)	5,743
Transfer to investment property (note 4)	–	(50,412)	–
Unrealised (loss)/profit on revaluation	(451)	10,611	(267)
At 30 June/31 December	**101,798**	**101,458**	**125,379**
Comprising:			
Assets under construction	–	–	29,126
Additional phases of completed property	54,400	54,000	42,025
Landbank	47,398	47,458	54,228
At 30 June/31 December	**101,798**	**101,458**	**125,379**

6. Goodwill

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
At 1 January	13,475	13,498	13,498
Effect of foreign exchange rate changes	28	(23)	77
At 30 June/31 December	**13,503**	**13,475**	**13,575**

7. Interest bearing loans and borrowings

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
(a) **Bank loans**			
Loans due for settlement within 12 months	165,154	95,607	98,545
Loans due for settlement after 12 months	518,971	465,638	383,626
	684,125	**561,245**	**482,171**
(b) **Other interest bearing loans**			
Loans due for settlement within 12 months	2	–	9,891
Loans due for settlement after 12 months	53	–	–
	55	**–**	**9,891**
Totals			
Loans due for settlement within 12 months	165,156	95,607	108,436
Loans due for settlement after 12 months	519,024	465,638	383,626
	684,180	**561,245**	**492,062**
The Group's borrowings have the following maturity profile:			
On demand or within one year	165,156	95,607	108,436
In the second year	29,761	100,226	150,389
In the third to fifth years	386,696	252,609	141,080
After five years	102,567	112,803	92,157
	684,180	**561,245**	**492,062**

The amounts above include unamortised loan origination costs of US$12.0 million (30 June 2011: US$9.6 million) and interest accruals of US$3.6 million (30 June 2011: US$2.8 million). The equivalent amounts for 31 December 2011 were US$11.7 million and US$2.3 million.

During the period to 30 June 2012 the Group entered into a new facility of US$129 million to acquire, and is secured upon, Pushkino Logistics Park (see note 15). The facility was fully drawn in the period, is for a 5 year term and has an effective cost to the Group of 5.85% over US LIBOR. The Group has also drawn a further US$20 million under the facility for the Shushari project.

8. Preference shares

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
Authorised share capital:			
400,000,000 preference shares of 1p each	5,981	5,981	5,981

	30 June 2012 Number	31 December 2011 Number	30 June 2011 Number
Issued share capital:			
At 1 January	145,036,942	144,357,156	144,357,156
Issued in the period/year	48,414,250	–	–
Purchased	(3,731,343)	(2,000,000)	(2,000,000)
Disposal	–	2,000,000	–
Scrip dividends	205,809	679,786	358,791
At 30 June/31 December	**189,925,658**	**145,036,942**	**142,715,947**
Shares in issue	193,657,001	145,036,942	144,715,947
Held by the Company's Employee Benefit Trusts	(3,731,343)	–	(2,000,000)
At 30 June/31 December	**189,925,658**	**145,036,942**	**142,715,947**

On 26 June 2012 the Company issued and admitted to the Official List of the London Stock Exchange 48,414,250 new preference shares under the terms of a placing and open offer. The new preference shares were issued at a price of 134 pence per share and rank *pari passu* with the other preference shares in issue. The trustees of one of the Company's Employee Benefit Trusts sold £5 million (US$8 million) of ordinary shares (see note 11) so that the Employee Benefit Trust could acquire £5 million of new preference shares as part of the placing. The trustees will use these preference shares to satisfy, in part, awards made under the Group's 2012 Combined Bonus and Long Term Incentive Scheme, details of which are set out in the Company's 2011 Directors' Remuneration Report.

9. Share capital

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
Authorised share capital:			
1,500,000,000 ordinary shares of 1p each	27,469	27,469	27,469

	30 June 2012 Number	31 December 2011 Number	30 June 2011 Number
Issued share capital:			
At 1 January	594,093,554	530,273,204	530,273,204
Issued in the period/year for cash on warrant exercises	6,555,453	63,820,350	658,948
Cancelled under the tender offer (see note 14)	(2,157,287)	–	–
At 30 June/31 December	**598,491,720**	**594,093,554**	**530,932,152**

Of the authorised ordinary share capital at 30 June 2012, 31.3 million (30 June 2011: 101.0 million) are reserved for warrants.

Details of own shares held are given in note 11.

10. Warrants

	30 June 2012 Number	31 December 2011 Number	30 June 2011 Number
At 1 January	37,830,270	101,651,070	101,651,070
Exercised in the period/year	(6,555,453)	(63,820,350)	(658,948)
At 30 June/31 December	**31,275,267**	**37,830,720**	**100,992,122**

	30 June 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
At 1 January	1,985	6,033	6,033
Exercised in the period/year	(417)	(4,048)	(42)
At 30 June/31 December	**1,568**	**1,985**	**5,991**

In the period since 30 June 2012 800,134 warrants have been exercised.

11. Own shares held

	30 June 2012 Number	31 December 2011 Number	30 June 2011 Number
At 1 January	26,921,176	28,400,054	28,400,054
Acquired under a tender offer	12,858,824	4,406,122	–
Other acquisitions	70,467	5,185,054	150,000
Disposal	(8,196,721)	(4,035,054)	(4,034,054)
Allocation to satisfy bonus awards (note 13b)	(4,185,000)	(4,585,000)	(4,585,000)
Allocation to satisfy ERS options exercised (note 13a)	(1,225,000)	(2,450,000)	(2,450,000)
Allocation to satisfy LTIP options exercised (note 13a)	(166,667)	–	–
At 30 June/31 December	**26,077,079**	**26,921,176**	**17,480,000**

Allocations are transfers by the Company's Employee Benefit Trusts to satisfy bonus awards made in the period and to satisfy ERS and LTIP options exercised in the period following the vesting of the options. Details of outstanding ERS and LTIP 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 2012 US$'000	31 December 2011 US$'000	30 June 2011 US$'000
Net asset value	**684,867**	**668,760**	**644,480**
Intangible assets – goodwill	(13,503)	(13,475)	(13,575)
Deferred tax on revaluation gains	53,243	43,926	35,996
Unrealised foreign exchange losses on preference shares	10,471	7,895	15,025
Fair value of interest rate derivative financial instruments	6,619	5,552	4,375
Fair value of foreign exchange derivative financial instruments	1,700	2,200	–
Adjusted net asset value	**743,397**	**714,858**	**686,301**
Assuming exercise of dilutive potential ordinary shares			
– Listed warrants (note 10)	12,264	14,698	40,536
– ERS (note 13)	–	–	–
– LTIP (note 13)	3,482	3,515	3,711
Adjusted fully diluted net asset value	**759,143**	**733,071**	**730,548**

12. Net asset value per share – continued

	30 June 2012 Number	31 December 2011 Number	30 June 2011 Number
Number of ordinary shares (note 9)	598,491,720	594,093,554	530,932,152
Less own shares held (note 11)	(26,077,079)	(26,921,176)	(17,480,000)
	572,414,641	**567,172,378**	**513,452,152**
Assuming exercise of all dilutive potential ordinary shares			
– Listed warrants (note 10)	31,275,267	37,830,720	100,992,122
– ERS (note 13)	1,325,000	2,550,000	2,550,000
– LTIP (note 13)	8,879,279	9,045,946	9,245,946
Number of ordinary shares assuming exercise of potential ordinary shares	**613,894,187**	**616,599,044**	**626,240,220**

	30 June 2012 US$	31 December 2011 US$	30 June 2011 US$
Net asset value per share	1.20	1.18	1.26
Diluted net asset value per share	1.14	1.11	1.10
Adjusted net asset value per share	1.30	1.26	1.34
Adjusted diluted net asset value per share	1.24	1.19	1.17

13. Share-based payments and other long term incentives

(a) Movements in Executive Share Option Schemes

	Period 1 January 2012 to 30 June 2012		Period 1 January 2011 to 30 June 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	11,595,946	20p	14,245,946	16p
Issued during the period				
– ERS	–	–	–	–
– LTIP	–	–	–	–
Exercised during the period				
– ERS	(1,225,000)	0p	(2,450,000)	0p
– LTIP	(166,667)	25p	–	–
Outstanding at the end of the period	**10,204,279**	**20p**	**11,795,946**	**20p**
Represented by:				
– ERS	1,325,000		2,550,000	
– LTIP	8,879,279		9,245,946	
	10,204,279		**11,795,946**	
Exercisable at the end of the period	**4,173,649**		**2,550,000**	

The ERS and first tranche of LTIP options have vested.The remaining LTIP options have vesting dates in 2013 and 2014.

(b) Share-based payments

	30 June 2012 US$'000	30 June 2011 US$'000
Amortisation of ERS and LTIP awards in prior periods	261	1,078
Bonus awards in the period	3,859	4,800
Combined Bonus and Long Term Incentive Scheme awards 2012 to 2014	4,814	–
	8,934	**5,878**
To be satisfied by allocation of:		
Ordinary shares	7,296	5,878
Preference shares	1,638	–
	8,934	**5,878**

Following the grant of awards in the period under the Combined Bonus and Long Term Incentive Scheme, which were in respect of 14.3 million ordinary shares and 3.7 million preference shares and cover the calendar years 2012 to 2014, the Company is required under IFRS to estimate the amount of awards that will vest in each of the three years.This resulted in a charge for the period of US$4.8 million.

14. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2011 (2010: 1 pence per share) and instead implemented a tender offer buy back for ordinary shares on the basis of 1 in every 40 shares held and a tender price of 70 pence per share, the equivalent of a final dividend of 1.75 pence per share.

15. Acquisition in the period

On 26 June 2012 the Group completed the acquisition of Pushkino Logistics Park by acquiring the whole of the issued share capital of CJSC Toros, a special purpose vehicle incorporated in Russia. The Directors have considered the elements of a business as defined under IFRS and in accordance with the Group's accounting policy for investment property acquisitions. They have determined that the acquisition does not meet the definition of a business combination and consequently the acquisition of Pushkino Logistics Park has been treated as an asset acquisition.

15. Acquisition in the period – continued

Incidental assets and liabilities were acquired with the property, the consideration for which is provisional subject to the finalisation of a completion balance sheet. An analysis of the consideration payable for the property and incidental assets and liabilities is provided below:

	US$'000
Non-current assets	
Investment property	217,306
Other receivables	629
Current assets	
Trade and other receivables	3,778
Cash and cash equivalents	10,496
Current liabilities	
Trade and other payables	(17,111)
Non-current liabilities	
Trade and other payables	(1,971)
	213,127
Discharged by:	
Provisional cash consideration paid	215,123
Consideration recoverable	(4,302)
Acquisition costs	2,306
	213,127

The consideration payable was partially funded by a US$129 million debt facility (see note 7), with the remainder funded out of the net proceeds of the placing and open offer of new preference shares (see note 8).

16. Post balance sheet events

Subsequent to the balance sheet date the Group has completed two further acquisitions.

On 31 July the Group completed the acquisition of Sholokhovo, a completed investment property to the north of Moscow. The purchase price of the property was $49.75 million with an existing bank debt facility of $20.15 million, giving a cash consideration for the Group of $29.6 million.

The Group has also completed the acquisition of development land in Moscow for a cash consideration of $23 million.

Linkway Financial Printers
Typeset & Printed in London (UK) 16116

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