RAVEN RUSSIA LIMITED

Interim Results
for the six months ended 30 June 2013

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Cover Photograph: Noginsk Phase 2.

HIGHLIGHTS

- Annualised NOI now $191 million including PLAs and LOIs (30 June 2012: $177 million);
- Investment portfolio over 97% let;
- Includes the completion of 84,000 sqm of new space in Moscow, 80% pre let;
- Underlying earnings after tax increase 97% to $27.8 million in the six months to 30 June 2013;
- Operating cash inflow in the period up 50% to $74.4 million;
- Adjusted fully diluted NAV per share up 6 cents to 131 cents (31 December 2012: 125 cents);
- Cash balance of $152 million;
- Tender offer buy back of 1 in 37 shares at 75 pence proposed, equivalent to a 2 pence dividend (30 June 2012: 1.5 pence).

CHAIRMAN'S STATEMENT

I am pleased to announce the Group's results for the six months ended 30 June 2013.

We continue to move towards a fully let portfolio. At today's date, our annualised, consolidated net operating income ("NOI") is $177 million, increasing to $191 million with pre-let agreements ("PLAs") and letters of intent ("LOIs"). This includes 84,000 square metres ("sqm") of new space completed in Moscow which is 80% pre-let. Including PLAs and LOIs the investment portfolio is now over 97% let, comprising 1.4 million sqm, with only 37,000 sqm of vacant space.

Reported NOI for the period to 30 June was $88.1 million (30 June 2012: $53.4 million). Profit before tax was $68.3 million (30 June 2012: $29.6 million), underlying earnings before tax were up 120% to $31.5 million (30 June 2012: $14.3 million). Underlying, basic earnings per share were 4.96 cents (30 June 2012: 2.47 cents), basic NAV per share was 133 cents (31 December 2012: 122 cents) and adjusted, fully diluted NAV per share was 131 cents (31 December 2012: 125 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 $1,586.3 million (31 December 2012: $1,502.3 million), and additional phases of completed assets of $92.6 million (31 December 2012: $85.6 million). Total gross revaluation gains in the period were $44.0 million (30 June 2012: $42.5 million), (see notes 4 and 5 to the Interim Statement). These values incorporate the market values of the new phases completed in Moscow, one commissioned just prior to the period end and one just after. The fully let portfolio NOI is estimated at $195 million at 30 June 2013 (31 December 2012: $190 million).

Our period end cash balance was $152 million (31 December 2012: $192 million) with operating cashflows increasing to $74.4 million for the first six months (30 June 2012: $49.6 million).

As in previous periods, we intend to enter into a tender-offer buy back of shares rather than the payment of an interim dividend, with terms set out below.

Results

In the six months to 30 June 2013 the Group made a pre-tax profit of $68.3 million (30 June 2012: $29.6 million) including gross revaluation gains of $44.0 million (30 June 2012: $42.5 million). Underlying earnings before tax for the period were $31.5 million (30 June 2012: $14.3 million).

Basic earnings per share are 9.7 cents (30 June 2012: 3.5 cents) and basic underlying earnings per share 4.96 cents (30 June 2012: 2.47 cents).

NOI for the period of $88.1 million (30 June 2012: $53.4 million) is after absorbing operating costs on vacant space of $3.2 million (30 June 2012: $4.5 million). The level of vacancy on our investment portfolio has continued to reduce and today stands at less than 3% (31 December 2012: 6%).

Underlying administrative expenses in the period reduced to $14.1 million (30 June 2012: $17.4 million).

Net finance costs, before Mark to Market valuation of financial instruments and amortisation of costs for the period were $44.8 million (30 June 2012: $34.2 million) including the preference share charge of $19.2 million (30 June 2012: $14.5 million).

Net Asset Value

Adjusted, fully diluted NAV per share was 131 cents at 30 June 2013 (31 December 2012: 125 cents).

The increase in NAV, from $689 million at the year end to $729 million at 30 June 2013, follows the formal bi-annual valuation of our completed portfolio by JLL. Based on this valuation, our investment properties are carried at a market value of $1,586 million, increasing to $1,625 million following the commissioning of completed space following the period end. This represents a fully let portfolio yield of 12% (31 December 2012: 11.9%).

Financing

Total bank debt outstanding at 30 June 2013 was $783 million (31 December 2012: $776 million) at a weighted average cost to the Group of 7.4% (31 December 2012: 7.3%) and a weighted average term to maturity of 5.0 years (31 December 2012: 4.7 years). This includes the refinancing of the bank facility secured on our Krekshino site, a new $100 million facility with Sberbank on a 6 year term with the existing outstanding facility of $78 million repaid. The Group's gearing ratio is 45% (31 December 2012: 44%).

We are in advanced stages of refinancing the senior debt secured on our Rostov asset on improved terms to the existing facility and have also agreed outline debt terms, secured on the new build phases completed at our Noginsk and Klimovsk sites, with the existing lenders. A further $10 million will be drawn on the facility secured on the Sholokhovo asset in the current quarter.

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. $426.5 million (31 December 2012: $225 million) has been capped for an average of 3.7 years (31 December 2012: 3.4 years) with an average strike of 1.47% (31 December 2012: 1.93%). $338 million (31 December 2012: $422 million) has been swapped for an average of 3.0 years (31 December 2012: 3.0 years) at an average fixed rate of 1.46% (31 December 2012: 1.86%).

We 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 3.5 years to December 2016.

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 37 ordinary shares at 75 pence, a premium of 9% to the existing price, and representing the equivalent of a dividend of 2 pence per share (30 June 2012: 1.5 pence). The tender offer circular setting out full details will be posted shortly. It is expected that the tender offer will complete in October.

We now have a strong, cash generative investment portfolio with a stable cost base and look forward to generating progressive distributions for our shareholders.

Richard Jewson
Chairman

26 August 2013

CHIEF EXECUTIVE'S STATEMENT

The first half of the year has been a good one, with continued strong tenant demand and limited supply.

Our completed investment property portfolio is now virtually fully let with very little vacant space available at any location. We have also completed and commissioned 84,000 sqm of new space in Moscow in the last month and this is 80% pre-let. Including PLAs and LOIs on this new space, the total portfolio is over 97% let with annualised NOI of $191 million, up from $177 million a year ago. We expect the current portfolio to generate $195 million when fully let.

We continue to prepare our existing land in the Moscow region for phased construction and there are also asset acquisition opportunities in Moscow which we may consider. Over time our Moscow land bank can support construction of a further 350,000 sqm of new space. At current rents this represents a further $45 million of annualised NOI.

Underlying earnings before tax in the six months have increased twofold, allowing us to push our covered distribution to the equivalent of 2 pence per share for the half year. Again we intend to use the tender offer buy back mechanism as an efficient way of distributing to shareholders.

Our balance sheet is strong, with no near term bank finance maturities. We do intend to refinance the more expensive of our senior debt facilities, secured on our regional assets, on improved terms now that these properties have reached high occupancy levels.

We are currently carrying our investment portfolio at a valuation of $1,625 million. This is capable of producing NOI of $195 million giving a simple, fully let yield of 12%.

Yield is what investment will be about for the next few years, with low interest rates and an ageing population, it will be a rare and sought after commodity. Maybe Russia won't just be about oil and gas.

So hopefully we can look forward to more of the same, increasing NOI, leading to a progressive distribution to shareholders. We are a simple niche business in a very exciting part of the world that from our standpoint keeps on improving.

Glyn Hirsch
Chief Executive Officer

26 August 2013

CORPORATE GOVERNANCE

Principal risks and uncertainties

Internal controls and an effective risk management regime are integral to the Group's continued operation. The assessment of risks faced by the Group, in the context of its strategic objectives, is explained on page 20 of the Group's Annual Report for 2012. There have been no significant changes to those risks set out on pages 20 to 24 of the Annual Report.

A summary of the principal risks and uncertainties is set out below:

Financial risks

Bank Financing and Cost

A reduction in the number of banks lending into our market because of the Eurozone problems could lead to increased costs for new facilities.

Foreign Exchange

Adverse movements in Rouble or Sterling against US Dollar can lead to a reduction in our US denominated earnings and the carrying value of US denominated assets.

Property Investment and Development

Composition of Portfolio

The portfolio comprises one type of asset with a concentration in the Moscow Region.

Tenant Demand

A slow down in Russian consumer spending could have a knock on effect for tenant demand on speculative development and renewal of existing leases.

Development Returns

Cost and time overruns on development projects can mean target yields are missed and profitability reduced.

Acquisitions

The investment market in Russia continues to mature and legacy issues are common with Russian corporate acquisitions.

Russian Domestic Risk

Legal and Taxation Frameworks

The Russian legal and taxation frameworks are still developing with large volumes of new legislation being open to interpretation and abuse.

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 2012.

This responsibility statement was approved by the Board of Directors on the 26 August 2013 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 Interim Results financial report for the six months ended 30 June 2013 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 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 Interim Results financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Results financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct 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 Interim Results 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 Interim Results financial report for the six months ended 30 June 2013 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 Conduct Authority.

Ernst & Young LLP
London

26 August 2013

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 Underlying earnings US$'000	Capital and other US$'000	Total US$'000	Six months ended 30 June 2012 Underlying earnings US$'000	Capital and other US$'000	Total US$'000
Gross revenue	2	136,617	–	136,617	97,607	–	97,607
Property operating expenditure and cost of sales		(48,528)	–	(48,528)	(33,642)	(10,549)	(44,191)
Net rental and related income	2	**88,089**	**–**	**88,089**	**63,965**	**(10,549)**	**53,416**
Administrative expenses		(14,148)	(992)	(15,140)	(17,452)	(708)	(18,160)
Share-based payments and other long term incentives	13c	–	(4,288)	(4,288)	–	(8,934)	(8,934)
Foreign currency profits		1,915	–	1,915	1,509	–	1,509
Operating expenditure		**(12,233)**	**(5,280)**	**(17,513)**	**(15,943)**	**(9,642)**	**(25,585)**
Operating profit/(loss) before profits and losses on investment property	2	**75,856**	**(5,280)**	**70,576**	**48,022**	**(20,191)**	**27,831**
Unrealised profit on revaluation of investment property	4	–	22,757	22,757	–	40,862	40,862
Unrealised profit/(loss) on revaluation of investment property under construction	5	–	17,695	17,695	–	(451)	(451)
Operating profit	2	**75,856**	**35,172**	**111,028**	**48,022**	**20,220**	**68,242**
Finance income		1,249	8,134	9,383	1,322	1,549	2,871
Finance expense		(45,567)	(6,583)	(52,150)	(35,035)	(6,478)	(41,513)
Profit before tax		**31,538**	**36,723**	**68,261**	**14,309**	**15,291**	**29,600**
Tax		(3,739)	(10,118)	(13,857)	(202)	(9,317)	(9,519)
Profit for the period		**27,799**	**26,605**	**54,404**	**14,107**	**5,974**	**20,081**
Earnings per share:	3						
Basic (cents)				9.71			3.51
Diluted (cents)				9.31			3.34
Underlying earnings per share:	3						
Basic (cents)				4.96			2.47
Diluted (cents)				4.75			2.35

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 2013

	Six months ended 30 June 2013 US$'000	Six months ended 30 June 2012 US$'000
Profit for the period	**54,404**	**20,081**
Items not to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on presentation of the Parent Company's accounts into US Dollars	13,250	(1,066)
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	(8,336)	(9,124)
Tax relating to foreign currency translation	–	4,576
	(8,336)	(4,548)
Other comprehensive income, net of tax	**4,914**	**(5,614)**
Total comprehensive income for the period, net of tax	**59,318**	**14,467**

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 2013

	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 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	9/11	(34)	(2,312)	–	–	–	–	–	–	(2,346)
Share-based payments	13c	–	–	–	–	–	–	–	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**
At 1 January 2013		**11,131**	**71,475**	**1,367**	**(24,145)**	**852,802**	**102,808**	**(123,697)**	**(202,779)**	**688,962**
Profit for the period		–	–	–	–	–	–	–	54,404	54,404
Other comprehensive income		–	–	–	–	–	–	4,914	–	4,914
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**4,914**	**54,404**	**59,318**
Warrants exercised	9/10	10	266	(38)	–	–	–	–	–	238
Own shares allocated	11	–	–	–	626	–	–	–	(626)	-
Ordinary shares cancelled under the tender offer	9/11	(274)	(19,845)	–	195	–	–	–	–	(19,924)
Share-based payments	13c	–	–	–	–	–	–	–	488	488
Transfer to retained earnings		–	–	–	–	–	–	(6,808)	6,808	-
Transfer in respect of capital profits		–	–	–	–	–	32,597	–	(32,597)	-
At 30 June 2013		**10,867**	**51,896**	**1,329**	**(23,324)**	**852,802**	**135,405**	**(125,591)**	**(174,302)**	**729,082**

CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2013

	Note	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
Non-current assets				
Investment property	4	1,575,538	1,495,673	1,405,087
Investment property under construction	5	158,090	149,450	101,798
Plant and equipment		7,170	8,768	6,722
Goodwill		13,402	13,615	13,503
Other receivables		17,415	18,732	13,334
Derivative financial instruments		10,323	4,278	1,154
Deferred tax assets		50,124	52,709	60,781
		1,832,062	1,743,225	1,602,379
Current assets				
Inventory		19,239	30,173	40,197
Trade and other receivables		93,465	87,016	68,932
Derivative financial instruments		268	960	-
Cash and short term deposits		151,750	191,697	187,481
		264,722	309,846	296,610
Total assets		**2,096,784**	**2,053,071**	**1,898,989**
Current liabilities				
Trade and other payables		103,513	92,949	105,559
Derivative financial instruments		264	606	1,386
Interest bearing loans and borrowings	6	51,202	121,936	165,156
		154,979	**215,491**	**272,101**
Non-current liabilities				
Interest bearing loans and borrowings	6	723,004	645,121	519,024
Preference shares	7	313,460	325,875	313,088
Provisions	8	33,630	36,217	-
Other payables		35,998	40,288	21,204
Derivative financial instruments		4,471	9,103	8,087
Deferred tax liabilities		102,160	92,014	80,618
		1,212,723	1,148,618	942,021
Total liabilities		**1,367,702**	**1,364,109**	**1,214,122**
Net assets		**729,082**	**688,962**	**684,867**
Equity				
Share capital	9	10,867	11,131	11,278
Share premium		51,896	71,475	84,064
Warrants	10	1,329	1,367	1,568
Own shares held	11	(23,324)	(24,145)	(24,268)
Special reserve		852,802	852,802	852,802
Capital reserve		135,405	102,808	85,250
Translation reserve		(125,591)	(123,697)	(126,261)
Retained earnings		(174,302)	(202,779)	(199,566)
Total equity		**729,082**	**688,962**	**684,867**
Net asset value per share (dollars):	12			
Basic		1.33	1.22	1.20
Diluted		1.24	1.14	1.14
Adjusted net asset value per share (dollars):	12			
Basic		1.41	1.34	1.30
Diluted		1.31	1.25	1.24

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 US$'000	Six months ended 30 June 2012 US$'000
Cash flows from operating activities			
Profit before tax		68,261	29,600
Adjustments for:			
Depreciation	2	992	708
Inventory write down	2	–	10,549
Finance income		(9,383)	(2,871)
Finance expense		52,150	41,513
Profit on revaluation of investment property	4	(22,757)	(40,862)
(Profit)/loss on revaluation of investment property under construction	5	(17,695)	451
Foreign exchange profits		(1,915)	(1,509)
Share-based payments and other long term incentives	13c	4,288	8,934
		73,941	46,513
Increase in operating receivables		(8,247)	(5,628)
Decrease in other operating current assets		9,002	1,566
Increase in operating payables		1,545	8,152
		76,241	50,603
Tax paid		(1,816)	(1,042)
Net cash generated from operating activities		**74,425**	**49,561**
Cash flows from investing activities			
Payments for investment property and investment property under construction		(39,780)	(17,761)
Refunds of VAT on construction		782	5,779
Acquisition of subsidiary undertakings		(914)	(213,127)
Proceeds from sale of plant and equipment		176	–
Purchase of plant and equipment		(198)	(770)
Cash acquired with subsidiary undertakings		–	10,496
Loans repaid		36	513
Interest received		1,240	1,006
Net cash used in investing activities		**(38,658)**	**(213,864)**
Cash flows from financing activities			
Proceeds from long term borrowings		103,500	147,814
Repayment of long term borrowings		(96,552)	(26,504)
Bank borrowing costs paid		(35,793)	(22,681)
Exercise of warrants		238	2,609
Own shares acquired		(19,924)	(16,328)
Own shares disposed		–	8,063
Issue of preference shares		–	91,491
Dividends paid on preference shares		(16,762)	(13,014)
Premium paid for forward currency financial instruments		(1,450)	–
Net cash (used in)/generated by financing activities		**(66,743)**	**171,450**
Net (decrease)/increase in cash and cash equivalents		**(30,976)**	**7,147**
Opening cash and cash equivalents		191,697	181,826
Effect of foreign exchange rate changes		(8,971)	(1,492)
Closing cash and cash equivalents		**151,750**	**187,481**

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 2013

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 2012.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2013, which did not have any effect on the financial performance or financial position of the Group, but had an impact on presentation and disclosures in the condensed unaudited financial statements. These were:

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

IFRS 13 Fair value Measurement

The amendment to IAS 1 required a change to the presentation of items in the Statement of Comprehensive Income. Adoption of IFRS 13 required specific additional disclosure in the condensed financial statements of the fair value of the Group's financial instruments and these are provided in note 15.

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 2013

For the six months ended 30 June 2013	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Segment Total US$'000	Central Overhead US$'000	Total US$'000
Gross revenue	110,237	14,188	12,192	136,617	–	136,617
Operating costs/Cost of sales	(32,033)	(5,180)	(11,315)	(48,528)	–	(48,528)
Inventory write down	–	–	–	–	–	–
Net operating income	**78,204**	**9,008**	**877**	**88,089**	**–**	**88,089**
Administrative expenses						
Running general and administration expenses	(8,800)	(1,423)	(869)	(11,092)	(3,056)	(14,148)
Other acquisition/abortive project costs	–	–	–	–	–	–
Depreciation	(824)	(164)	(4)	(992)	–	(992)
Share-based payments and other long term incentives	(1,131)	–	(23)	(1,154)	(3,134)	(4,288)
Foreign currency profits/(losses)	2,694	(779)	–	1,915	–	1,915
	70,143	**6,642**	**(19)**	**76,766**	**(6,190)**	**70,576**
Unrealised profit on revaluation of investment property	22,757	–	–	22,757	–	22,757
Unrealised profit on revaluation of investment property under construction	17,695	–	–	17,695	–	17,695
Segment profit/(loss)	**110,595**	**6,642**	**(19)**	**117,218**	**(6,190)**	**111,028**
Finance income						9,383
Finance expense						(52,150)
Profit before tax						**68,261**

As at 30 June 2013	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	1,575,538	–	–	1,575,538
Investment property under construction	158,090	–	–	158,090
Inventory	–	–	19,239	19,239
Cash and short term deposits	145,742	1,810	4,198	151,750
Segment assets	**1,879,370**	**1,810**	**23,437**	**1,904,617**
Other non-current assets				98,434
Other current assets				93,733
Total assets				**2,096,784**
Segment liabilities				
Interest bearing loans and borrowings	774,206	–	–	774,206
Capital expenditure				
Payments for acquisition of subsidiary undertakings, investment property and investment property under construction	40,694	–	–	40,694

(b) 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)	(5,204)	(33,642)	–	(33,642)
Inventory write down	–	–	(10,549)	(10,549)	–	(10,549)
Net operating income	**57,002**	**6,612**	**(10,198)**	**53,416**	**–**	**53,416**
Administrative expenses						
Running general and administration expenses	(9,203)	(1,620)	(1,387)	(12,210)	(4,468)	(16,678)
Other acquisition/abortive project costs	(774)	–	–	(774)	–	(774)
Depreciation	(469)	(236)	(3)	(708)	–	(708)
Share-based payments and other long term incentives	(3,654)	–	–	(3,654)	(5,280)	(8,934)
Foreign currency profits	1,797	(288)	–	1,509	–	1,509
	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 acquisition of subsidiary undertakings and investment property under construction	230,888	–	–	230,888

(c) Segmental information as at 31 December 2012

As at 31 December 2012	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	1,495,673	–	–	1,495,673
Investment property under construction	149,450	–	–	149,450
Inventory	–	–	30,173	30,173
Cash and short term deposits	175,551	2,272	13,874	191,697
Segment assets	**1,820,674**	**2,272**	**44,047**	**1,866,993**
Other non-current assets				98,102
Other current assets				87,976
Total assets				**2,053,071**
Segment liabilities				
Interest bearing loans and borrowings	767,057	–	–	767,057
Capital expenditure				
Payments for acquisition of subsidiary undertakings and investment property under construction	305,277	–	–	305,277

3. Earnings measures

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

Earnings	30 June 2013 US$'000	30 June 2012 US$'000
Earnings for the purposes of basic and diluted earnings per share being the profit for the period prepared under IFRS	**54,404**	**20,081**
Adjustments to arrive at EPRA earnings:		
Unrealised profit on revaluation of investment property	(22,757)	(40,862)
Unrealised (profit)/loss on revaluation of investment property under construction	(17,695)	451
Change in fair value of open forward currency derivative financial instruments	2,595	(500)
Change in fair value of open interest rate derivative financial instruments	(7,997)	3,022
Movement on deferred tax thereon	11,600	9,317
Adjusted EPRA earnings	**20,150**	**(8,491)**
Inventory write down	–	10,549
Share-based payments and other long term incentives	4,288	8,934
Premium on redemption of preference shares and amortisation of issue costs	733	547
Depreciation	992	708
Amortisation of loan origination costs	3,118	1,860
Tax charge on unrealised foreign exchange movements in loans	(1,482)	–
Underlying earnings	**27,799**	**14,107**

3. Earnings measures – continued

Number of shares	30 June 2013 No '000	30 June 2012 No '000
Weighted average number of ordinary shares for the purpose of basic EPS (excluding own shares held)	**560,033**	**572,113**
Effect of dilutive potential ordinary shares:		
Listed warrants	18,040	20,930
ERS	872	2,189
LTIP	5,674	5,233
Weighted average number of ordinary shares for the purposes of diluted EPS (excluding own shares held)	**584,619**	**600,465**

	30 June 2013 Cents	30 June 2012 Cents
EPS basic	**9.71**	**3.51**
Effect of dilutive potential ordinary shares:		
Listed warrants	(0.30)	(0.12)
ERS	(0.01)	(0.01)
LTIP	(0.09)	(0.04)
Diluted EPS	**9.31**	**3.34**
EPRA EPS basic	**3.60**	**(1.48)**
Effect of dilutive potential ordinary shares:		
Listed warrants	(0.11)	–
ERS	(0.01)	–
LTIP	(0.03)	–
EPRA diluted EPS	**3.45**	**(1.48)**
Underlying EPS basic	**4.96**	**2.47**
Effect of dilutive potential ordinary shares:		
Listed warrants	(0.15)	(0.09)
ERS	(0.01)	(0.01)
LTIP	(0.05)	(0.02)
Underlying diluted EPS	**4.75**	**2.35**

4. Investment property

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
Market value at 1 January	1,502,320	1,154,490	1,154,490
Property acquisitions	–	268,623	217,305
Transfer from investment property under construction (note 5)	52,985	-	-
Property improvements and movement in completion provisions	4,685	6,260	1,830
Unrealised profit on revaluation	26,275	72,947	42,908
Market value at 30 June/31 December	**1,586,265**	**1,502,320**	**1,416,533**
Tenant incentives and contracted rent uplift balances	(17,810)	(14,292)	(11,446)
Head lease obligations	7,083	7,645	-
Carrying value at 30 June/31 December	**1,575,538**	**1,495,673**	**1,405,087**
Revaluation movement in the period/year			
Gross revaluation	26,275	72,947	42,908
Effect of tenant incentives and contracted rent uplift balances	(3,518)	(4,892)	(2,046)
Revaluation reported in the Income Statement	**22,757**	**68,055**	**40,862**

5. Investment property under construction

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
Market value at 1 January	147,120	101,458	101,458
Property acquisitions	-	23,020	-
Costs incurred	50,325	22,705	1,941
Effect of foreign exchange rate changes	(6,225)	3,633	(1,150)
Transfer to investment property (note 4)	(52,985)	-	-
Unrealised profit/(loss) on revaluation	17,695	(3,696)	(451)
Market value at 30 June/31 December	**155,930**	**147,120**	**101,798**
Head lease obligations	2,160	2,330	-
Carrying value at 30 June/31 December	**158,090**	**149,450**	**101,798**
Market value comprises:			
Additional phases of completed investment property	92,598	85,600	54,400
Land bank	63,332	61,520	47,398
At 30 June/31 December	**155,930**	**147,120**	**101,798**
Revaluation movement in the period/year			
Unrealised profit / (loss) on revaluation of assets carried at external valuations	17,695	12,031	(451)
Unrealised loss on revaluation of assets carried at directors' valuation	-	(15,727)	-
	17,695	**(3,696)**	**(451)**

Borrowing costs capitalised in the period amounted to US$1.2 million (31 December 2012: US$0.5 million, 30 June 2012: nil).

6. Interest bearing loans and borrowings

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
(a) Bank loans			
Loans due for settlement within 12 months	51,202	121,936	165,154
Loans due for settlement after 12 months	723,004	645,121	518,971
	774,206	767,057	684,125
(b) Other interest bearing loans			
Loans due for settlement within 12 months	–	–	2
Loans due for settlement after 12 months	–	–	53
	–	–	55
Totals			
Loans due for settlement within 12 months	51,202	121,936	165,156
Loans due for settlement after 12 months	723,004	645,121	519,024
	774,206	767,057	684,180
The Group's borrowings have the following maturity profile:			
On demand or within one year	51,202	121,936	165,156
In the second year	81,213	75,426	29,761
In the third to fifth years	455,773	438,648	386,696
After five years	186,018	131,047	102,567
	774,206	767,057	684,180

The amounts above include unamortised loan origination costs of US$12.8 million (31 December 2012: US$13.1 million, 30 June 2012: US$12.0 million) and interest accruals of US$3.9 million (31 December 2012: US$4.1 million, 30 June 2012: US$3.6 million).

During the period to 30 June 2013 the Group repaid its facility with Deutsche Pfandbriefbank AG and entered into a new facility of US$100 million from Sberbank to refinance it's Krekshino project. The facility which was fully drawn in the period, is for a 6 year term and has a margin of 6.9% over US LIBOR.

7. Preference shares

	30 June 2013 US$000	31 December 2012 US$'000	30 June 2012 US$'000
Authorised share capital:			
400,000,000 preference shares of 1p each	5,981	5,981	5,981

	30 June 2013 Number	31 December 2012 Number	30 June 2012 Number
Issued share capital:			
At 1 January	190,409,488	145,036,942	145,036,942
Reissued/issued in the period/year	3,410,388	48,414,250	48,414,250
Repurchased	–	(3,762,343)	(3,731,343)
Scrip dividends	412,262	720,639	205,809
At 30 June/31 December	194,232,138	190,409,488	189,925,658
Shares in issue	194,584,093	194,171,831	193,657,001
Held by the Company's Employee Benefit Trusts	(351,955)	(3,762,343)	(3,731,343)
At 30 June/31 December	**194,232,138**	**190,409,488**	**189,925,658**

Preference shares repurchased are transactions where the Company's Employee Benefit Trusts subscribe or purchase preference shares and preference shares reissued are where those shares are subsequently transferred to employees in accordance with the terms of the CBLTIS (see note 13b).

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
At 1 January	325,875	218,206	218,206
Reissued/issued in the period/year	7,759	105,454	101,757
Issue costs	–	(2,401)	(2,923)
Repurchased	–	(8,183)	(7,896)
Premium on redemption of preference shares and amortisation of issue costs	720	1,137	535
Scrip dividends	923	1,602	750
Movement on accrual for preference dividends	(5)	92	83
Effect of foreign exchange rate changes	(21,812)	9,968	2,576
At 30 June/31 December	**313,460**	**325,875**	**313,088**

8. Provisions

Provisions and trade and other receivables reflect the ongoing litigation in CJSC Toros, the subsidiary company that owns the Pushkino project, the defence of which is being conducted by the previous owner and for which the Group is indemnified. Details of this case and the indemnity were given in the shareholder circular issued on 1 May 2012 and the claim is for Roubles 827.4 million plus interest.

9. Share capital

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
Authorised share capital:			
1,500,000,000 ordinary shares of 1p each	27,469	27,469	27,469

	30 June 2013 Number	31 December 2012 Number	30 June 2012 Number
Issued share capital:			
At 1 January	589,349,049	594,093,554	594,093,554
Issued in the period/year for cash on warrant exercises	622,538	9,690,567	6,555,453
Cancelled under tender offers (see note 14)	(17,874,388)	(14,435,072)	(2,157,287)
At 30 June/31 December	**572,097,199**	**589,349,049**	**598,491,720**

Of the authorised ordinary share capital at 30 June 2013, 27.5 million (30 June 2012: 31.3 million) ordinary shares are reserved for warrants.

Details of own shares held are given in note 11.

10. Warrants

	30 June 2013 Number	31 December 2012 Number	30 June 2012 Number
At 1 January	28,140,153	37,830,720	37,830,720
Exercised in the period/year	(622,538)	(9,690,567)	(6,555,453)
At 30 June/31 December	**27,517,615**	**28,140,153**	**31,275,267**

In the period since 30 June 2013, 1,307 warrants have been exercised.

11. Own shares held

	30 June 2013 Number	31 December 2012 Number	30 June 2012 Number
At 1 January	25,557,737	26,921,176	26,921,176
Acquired under a tender offer	–	12,858,824	12,858,824
Other acquisitions	–	82,535	70,467
Disposal	–	(8,196,721)	(8,196,721)
Cancelled	(452,301)	(431,410)	–
Allocation to satisfy bonus awards (note 13c)	(121,429)	(4,185,000)	(4,185,000)
Allocation to satisfy ERS options exercised (note 13a)	(979,592)	(1,225,000)	(1,225,000)
Allocation to satisfy LTIP options exercised (note 13a)	(284,975)	(266,667)	(166,667)
At 30 June/31 December	**23,719,440**	**25,557,737**	**26,077,079**

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
At 1 January	24,145	16,222	16,222
Acquired under a tender offer	–	13,928	13,917
Other acquisitions	–	132	65
Disposal	–	(3,533)	(3,533)
Cancelled	(195)	(186)	–
Allocation to satisfy bonus awards (note 13c)	(81)	(1,804)	(1,804)
Allocation to satisfy ERS options exercised (note 13a)	(422)	(528)	(528)
Allocation to satisfy LTIP options exercised (note 13a)	(123)	(86)	(71)
At 30 June/31 December	**23,324**	**24,145**	**24,268**

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. The amounts shown for share movements are net of the Trustees' participation in tender offers during the period from grant to exercise. Details of outstanding ERS and LTIP options, which are vested but unexercised, are given in note 13a.

12. Net asset value per share

	30 June 2013 US$'000	31 December 2012 US$'000	30 June 2012 US$'000
Net asset value	729,082	688,962	684,867
Goodwill	(13,402)	(13,615)	(13,503)
Deferred tax on revaluation gains	65,571	57,716	53,243
Unrealised foreign exchange losses on preference shares	(3,949)	17,863	10,471
Fair value of interest rate derivative financial instruments	(3,050)	8,682	6,619
Fair value of foreign exchange derivative financial instruments	(2,806)	(4,211)	1,700
Adjusted net asset value	**771,446**	**755,397**	**743,397**
Assuming exercise of all potential ordinary shares			
– Listed warrants (note 10)	10,434	11,435	12,264
– ERS (note 13)	–	–	–
– LTIP (note 13)	3,215	3,568	3,482
– CBLTIS (note 13)	–	–	–
Adjusted fully diluted net asset value	**785,095**	**770,400**	**759,143**

	30 June 2013 Number	31 December 2012 Number	30 June 2012 Number
Number of ordinary shares (note 9)	572,097,199	589,349,049	598,491,720
Less own shares held (note 11)	(23,719,440)	(25,557,737)	(26,077,079)
	548,377,759	**563,791,312**	**572,414,641**
Assuming exercise of all potential ordinary shares			
– Listed warrants (note 10)	27,517,615	28,140,153	31,275,267
– ERS (note 13)	325,000	1,325,000	1,325,000
– LTIP (note 13)	8,479,278	8,779,279	8,879,279
– CBLTIS (note 13)	14,303,279	14,303,279	–
Number of ordinary shares assuming exercise of all potential ordinary shares	**599,002,931**	**616,339,023**	**613,894,187**

	30 June 2013 US$	31 December 2012 US$	30 June 2012 US$
Net asset value per share	1.33	1.22	1.20
Fully diluted net asset value per share	1.24	1.14	1.14
Adjusted net asset value per share	1.41	1.34	1.30
Adjusted fully diluted net asset value per share	1.31	1.25	1.24

13. Share-based payments and other long term incentives

(a) Movements in Executive Share Option Schemes

	Period 1/1/13 to 30/6/13		Period 1/1/12 to 30/6/12	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	10,104,279	22p	11,595,946	20p
Exercised during the period				
– ERS	(1,000,000)	0p	(1,225,000)	0p
– LTIP	(300,001)	25p	(166,667)	25p
Outstanding at the end of the period	**8,804,278**	**24p**	**10,204,279**	**22p**
Represented by:				
– ERS	325,000		1,325,000	
– LTIP	8,479,278		8,879,279	
	8,804,278		10,204,279	
Exercisable at the end of the period	**5,788,964**	**24p**	**4,173,649**	**17p**

(b) Movements in Combined Bonus and Long Term Incentive Scheme Awards

	30 June 2013 Number of award shares	30 June 2012 Number of award shares
Awards of Ordinary shares		
Outstanding at the beginning of the period	14,303,279	–
– Granted during the period	–	–
– Lapsed during the period	–	–
– Vested during the period	–	–
Outstanding at the end of the period	**14,303,279**	**–**
Awards of Preference shares		
Outstanding at the beginning of the period	3,731,343	–
– Granted during the period	–	–
– Lapsed during the period	–	–
– Vested during the period	(3,410,388)	–
Outstanding at the end of the period	**320,955**	**–**

13. Share-based payments and other long term incentives – continued

(c) Income statement charge for the period

	30 June 2013 US$'000	30 June 2012 US$'000
Expense attributable to ERS and LTIP awards in prior periods	257	261
Bonus awards in the period	131	3,859
Combined Bonus and Long Term Incentive Scheme awards 2012 to 2014	3,900	4,814
	4,288	8,934
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	488	7,296
Preference shares (IAS 19 expense)	3,800	1,638
	4,288	8,934

14. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2012 (2011: none) and instead implemented a tender offer buy back for ordinary shares on the basis of 1 in every 33 shares held and a tender price of 75 pence per share, the equivalent of a final dividend of 2.25 pence per share.

15. Financial instruments

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at the balance sheet date:

	30 June 2013		31 December 2012		30 June 2012	
	Carrying Value US$'000	Fair Value US$'000	Carrying Value US$'000	Fair Value US$'000	Carrying Value US$'000	Fair Value US$'000
Non-current assets						
Loans receivable	1,445	1,363	1,591	1,501	4	4
Derivative financial instruments	10,323	10,323	4,278	4,278	1,154	1,154
Current assets						
Trade receivables	42,088	42,088	30,702	30,702	25,984	25,984
Loans receivable	59	59	64	64	2,017	2,017
Other current receivables	36,637	36,637	42,286	42,286	25,126	25,126
Derivative financial instruments	268	268	960	960	–	–
Cash and short term deposits	151,750	151,750	191,697	191,697	187,481	187,481
Non–current liabilities						
Interest bearing loans and borrowings	723,004	540,900	645,121	496,333	518,971	401,603
Preference shares	313,460	447,433	325,875	452,965	313,141	403,952
Derivative financial instruments	4,471	4,471	9,103	9,103	8,087	8,087
Rent deposits	23,825	18,170	25,346	19,386	17,025	12,213
Investment property acquisition obligations	2,929	2,929	2,929	2,929	2,929	2,929
Other payables	9,245	9,245	2,085	2,085	1,250	1,250
Current liabilities						
Interest bearing loans and borrowings	51,202	51,202	121,936	121,936	165,154	165,154
Derivative financial instruments	264	264	606	606	1,386	1,386
Other payables	50,733	50,733	36,467	36,467	35,441	35,441

Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total Fair Value US$'000
As at 30 June 2013				
Assets measured at fair value				
Derivative financial instruments	–	10,591	–	10,591
Liabilities measured at fair value				
Derivative financial instruments	–	4,735	–	4,735
As at 31 December 2012				
Assets measured at fair value				
Derivative financial instruments	–	5,238	–	5,238
Liabilities measured at fair value				
Derivative financial instruments	–	9,709	–	9,709
As at 30 June 2012				
Assets measured at fair value				
Derivative financial instruments	–	1,154	–	1,154
Liabilities measured at fair value				
Derivative financial instruments	–	9,473	–	9,473

Level 1 – Quoted prices in active markets for identical assets or liabilities that can be accessed at the balance sheet date.

Level 2 – Use of a model with inputs that are directly or indirectly observable market data.

Level 3 – Use of a model with inputs that are not based on observable market data.

The Group's foreign currency derivative financial instruments are call options and are measured based on spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. The Group's interest rate derivative financial instruments comprise swap contracts and interest rate caps. These contracts are valued using a discounted cash flow model and where not cash collateralised consideration is given to the Group's own credit risk.

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