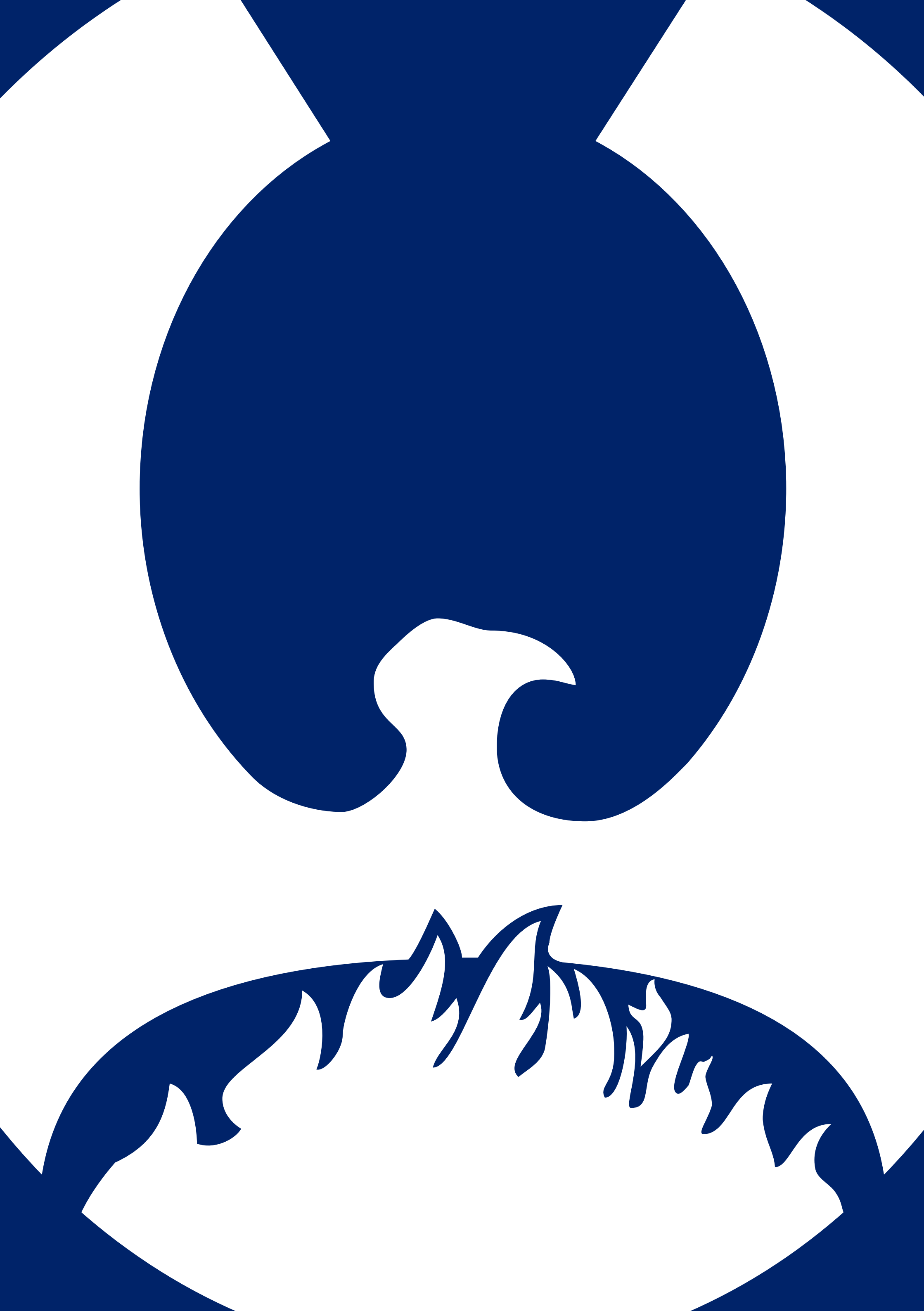
RAVEN RUSSIA LIMITED

2016 Interim Report



RAVEN RUSSIA LIMITED
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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HIGHLIGHTS

- IFRS earnings after tax $8.8 million (30 June 2015: loss of $20.6 million);
- Underlying earnings after tax $31.5 million (30 June 2015: $34.5 million);
- Basic underlying earnings per share 4.8 cents (30 June 2015: 5.0 cents);
- Adjusted diluted net asset value per share 70 cents (31 December 2015: 70 cents);
- Investment portfolio stable at 82% let;
- Issue of new convertible preference shares completed on 7 July 2016 raising £109 million;
- Cash balance today of $331 million; and
- Proposed distribution of 0.5p by way of tender offer buy back of 1 in 80 shares at 40p.

Glyn Hirsch CEO said, "We are getting used to the new business conditions and the market is adapting and stabilising too. With our considerably strengthened balance sheet we feel well placed for the next phase for the Group."

Financial Summary

Income Statement for the 6 months ended:	30 June 2016	30 June 2015
Net rental and Related Income ($m)	77.0	95.5
Revaluation deficit ($m)	(8.5)	(50.8)
IFRS Earnings / (Loss) after tax ($m)	8.8	(20.6)
Underlying Earnings after tax ($m)	31.5	34.5
IFRS Basic EPS (cents)	1.4	(3.0)
Underlying Basic EPS (cents)	4.8	5.0
Distribution per share (pence)	0.5	1.0

Balance Sheet at:	30 June 2016	31 December 2015
Investment property Market Value ($m)	1,352	1,357
Adjusted diluted NAV per share (cents)	70	70
IFRS diluted NAV per share (cents)	72	70

Letting Summary

The completed logistics portfolio of 1.5 million sqm is 82% let. The table below shows the maturity profile at the period end and how that has changed in the six months to 30 June 2016.

Maturities, '000 sqm	2016	2017	2018	2019	2020-2027	Total
Maturity profile at 1 January 2016	228	210	131	225	429	1,223
Renegotiated and extended	(82)	(25)	0	(12)	0	(119)
Effect of renegotiations	0	45	33	11	30	119
Vacated / terminated	(78)	(6)	(3)	0	0	(87)
New lettings	7	3	34	12	29	85
Maturity profile at 30 June 2016	75	227	195	236	488	1,221

In addition, 25,000sqm of pre let agreements ("PLAs") and letters of intent ("LOIs") had been signed at 30 June 2016.

CHAIRMAN'S MESSAGE

I am pleased to say that since my last message in March this year there has been a period of relative stability in the Russian market and we have been busy taking some positive steps to recover lost ground.

Business models have adapted to the new market fundamentals following the various macro economic events of the past two years and investment decisions are coming back onto the agenda. Our occupancy levels have stabilised at 82% and we have active discussions on vacant space on most of our projects. Similarly, property valuations have remained relatively flat over the six months with a small deficit of $8.5 million at 30 June 2016 (deficit of $257 million in 12 months to 31 December 2015).

New leases are Rouble denominated and as a result we will continue to have a drop off in US Dollar denominated income as existing US Dollar pegged leases mature. But we now have greater clarity on where that may lead us. The underlying tenant base is strong with the weaker covenants having now vacated and the integrity of our leases, where tested in various court and arbitration procedures, has proved robust.

Following the release of our 2015 Annual Report and with the spectre of a continuing reduction in our net operating income as leases re-align with current market rental levels it became obvious that we should restructure our balance sheet to counter the effects. In a very short window and thanks to the foresight of Anton, our Deputy Chairman, Glyn, our CEO and a supportive shareholder base, we raised £109 million through the issue of new convertible preference shares in early July. This has allowed us to start the process of changing the weighting of our secured, amortising debt, reducing it to levels that meet ongoing covenant requirements, extending the maturity periods and significantly reducing the annual amortisation exposure. The effect of this should begin to be seen in 2017, when our cash break even point will fall to a level commensurate with our reduced net operating income.

We still have significant cash resources over and above the new fund raising and following this strengthening of our balance sheet we will look to start rebuilding our top line as acquisition or development opportunities arise.

Although it is our intention to distribute the equivalent of 0.5p per ordinary share (30 June 2015: 1p per ordinary share) by way of a tender offer buy back of 1 in 80 shares at 40p per share, we remain cognisant of how quickly external events can impact on our market and will continue with caution, albeit with a stronger balance sheet.

Richard Jewson
Chairman
29 August 2016

CHIEF EXECUTIVE'S REVIEW

Results

Results for the first six months of the year have met our expectations. Our net operating and related income continues to reduce to a level commensurate with current market rents, $77 million for the half year compared to $95.5 million in the six months to 30 June 2015.

Underlying earnings after tax for the period remain healthy, given the reduced income, at $31.5 million (30 June 2015: $34.5 million). This is driven mainly by foreign exchange profits through the income statement and reduced administrative expenses.

Administrative expenses benefitted from a recovery in the bad debt charge (a credit of $0.7million in the period compared to a charge of $2.5 million in 2015) and reduced discretionary employee bonuses. The latter is offset by an increased charge for share based payments and other long term incentives following the approval of the new incentive scheme at the AGM on 15 June 2016.

Basic underlying earnings per share are 4.8 cents (30 June 2015: 5.0 cents).

IFRS earnings after tax recovered to $8.8 million (30 June 2015: loss of $20.6 million) with property values remaining relatively stable, generating an unrealised loss on revaluation of $8.5 million in the half year (30 June 2015: loss of $50.8 million).

Fully diluted adjusted net asset value per share remained at 70 cents (31 December 2015: 70 cents). Cash balances at 30 June 2016 were $183 million (31 December 2015: $202 million) increasing to $331 million today following the issue of new convertible preference shares in July.

Occupancy levels have remained at 82% over the period (31 December 2015: 82%). At 30 June 2016, 73% of our let warehouse space had US Dollar denominated leases with an average warehouse rental level of $124 per sqm and a weighted average term to maturity of 3.4 years. Rouble denominated or capped leases account for 27% of our let space with an average warehouse rent of Roubles 5,000 per sqm and a weighted average term to maturity of 2 years. Rouble leases have an average minimum annual indexation of 7%.

The majority of 2016 lease maturities have now been dealt with. This has resulted in 78,000sqm of vacancies in the first six months with a further 62,000sqm of space expected to be vacated in the second half of the year. Letting interest has picked up significantly since the year end and 85,000sqm of vacant space had been re let by 30 June 2016 with a further 25,000sqm of pre let agreements and letters of intent signed.

Financing

On 7 July 2016 the Company completed the placing of new convertible preference shares, raising £109 million at a subscription price of £1 per share. The convertible preference shares have a 10 year term, a cumulative preference dividend of 6.5p per annum and are redeemable on maturity at £1.35. The holders have the right to convert to ordinary shares at the equivalent to approximately 55p per ordinary share (subject to certain adjustments) prior to maturity. The shares were listed on the Channel Islands Securities Exchange and trade on the SETSqx platform of the London Stock Exchange.

This fund raising allows us to restructure our balance sheet by reducing secured, amortising debt facilities, extend the terms of that debt and reduce our annual amortisation. We have agreed terms on 7 of our facilities and expect to pre pay $100 million of debt on these facilities by the end of the current quarter. The two largest near term maturities of $232 million will be extended to 2021 as part of this exercise.

We have commenced discussion on the majority of the remaining facilities to extend terms and reduce amortisation and these are progressing positively. We hope to have all formal arrangements in place on these by the end of the year.

As explained in note 9 to the interim financial statements, a cash sweep mechanism continues on the facility secured on the office block in St Petersburg.

Foreign exchange

Foreign exchange movements in the period have been positive, profit in the income statement of $10.3 million being a factor of the Sterling functional currency of the holding company and its US Dollar cash reserves. Weak Sterling also gave a boost to reserves, reducing the US Dollar value of our Sterling preference shares.

Cash flow

Cash flows in the period show the effect of reduced operating income, dropping $19.9 million to $49.9 million compared to the previous year. Debt amortisation, interest and preference share coupon totalled $76.2 million (30 June 2015: $71.9 million). Distributions to ordinary shareholders for the period were $5.8 million (30 June 2015: $32 million). We did benefit by the sale of ordinary shares held by an Employee Benefit Trust ("EBT"), raising $14.7 million but this is simply a timing difference as the majority of those funds were then used by the EBT in subscribing for new convertible preference shares in early July. Cash outflows for the period before foreign exchange movements were $21.2 million.

Tender offer

The investment world is desperately short of income and despite the issues we have faced our portfolio still generated a healthy operating profit.

Although far from the 6p we have achieved historically, we propose a distribution of the equivalent of 0.5p per ordinary share by way of tender offer buy back of 1 in 80 shares at 40p (30 June 2015: 1p by way of an offer of 1 in 47 shares at 47p).

The distribution demonstrates the resilience of our business and our commitment to providing income for our shareholders.

Outlook

It may not be the bottom of the market but it certainly feels as though things have stopped deteriorating.

We are getting used to the new business conditions and the market is adapting and stabilising too. With our considerably strengthened balance sheet we feel well placed for the next phase for the Group. Significant progress has been made in restructuring our bank loans and we are actively engaged in finding attractive income producing acquisitions which will further enhance cash flow and returns.

In the short to medium term, the stabilising Russian economy may have a positive impact. Inflation is generally forecast to fall to around 5% and interest rates below 7% in the next few years.

What price a warehouse currently yielding 12% in Roubles with annual indexed increases in that scenario? Something to look forward to I hope, as well as the upside potential of any future strengthening of the Rouble against the Dollar.

Glyn Hirsch
Chief Executive Officer
29 August 2016

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 is set out in the Risk Report on pages 35 to 38 of the Group's 2015 Annual Report. The principal risks and uncertainties to which the Group is subject have remained consistent with those at the 2015 year end.

A summary of the principal risks and uncertainties are as follows:

Financial Risks

Oil Price and Foreign Exchange
The current oil price and Rouble/US Dollar exchange rate levels remain or deteriorate further in the long term, reducing the Group's US Dollar denominated earnings.

Bank Financing and Costs
Reduced access to funding and potential increases in funding costs hinders the Group's ability to refinance maturing facilities. Reduced income and asset values driven by a weak Rouble increases the risk of covenant breaches.

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.

Personnel Risks

Key personnel
The risk of failing to retain key personnel has increased with the downturn in the Russian market. A new incentive scheme was presented to shareholders and approved at the AGM on 15 June 2016.

Political Risk

Ukraine
The situation in Ukraine escalates resulting in increased isolation of Russia from international markets and increased sanctions which exacerbate the slow down in the Russian economy.

Going concern

The financial position of the Group, its cash flows, liquidity and borrowings are described in the Chief Executive's Review and the accompanying financial statements and related notes. During the period the Group had, and continues to hold, substantial cash and short term deposits and is generating underlying profits. Since the half year, additional funds have been raised through the issue of new convertible preference shares. 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 2015 Annual Report of the Group.

This responsibility statement was approved by the Board of Directors on the 29 August 2016 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 2016 which comprises the Condensed Unaudited Group Income Statement, the Condensed Unaudited Group Statement of Comprehensive Income, the Condensed Unaudited Group Statement of Changes in Equity, the Condensed Unaudited Group Balance Sheet, the Condensed Unaudited Group Cash Flow Statement and the related notes 1 to 18. We have read the other information contained in the Interim Results 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 report based on our review.

Scope of Review

We conducted our review in accordance with 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 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 report for the six months ended 30 June 2016 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
29 August 2016

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 Underlying earnings $'000	Capital and other $'000	Total $'000	Six months ended 30 June 2015 Underlying earnings $'000	Capital and other $'000	Total $'000
Gross revenue	2	97,705	–	97,705	118,289	–	118,289
Property operating expenditure and cost of sales		(20,701)	–	(20,701)	(22,838)	–	(22,838)
Net rental and related income	**2**	**77,004**	**–**	**77,004**	**95,451**	**–**	**95,451**
Administrative expenses	3	(10,471)	(544)	(11,015)	(17,567)	(17)	(17,584)
Share-based payments and other long term incentives	15e	(2,231)	(4,669)	(6,900)	–	(3,280)	(3,280)
Foreign currency profits		10,283	–	10,283	1,974	–	1,974
Operating expenditure		**(2,419)**	**(5,213)**	**(7,632)**	**(15,593)**	**(3,297)**	**(18,890)**
Share of profits of joint ventures		697	–	697	717	–	717
Operating profit / (loss) before profits and losses on investment property		**75,282**	**(5,213)**	**70,069**	**80,575**	**(3,297)**	**77,278**
Unrealised loss on revaluation of investment property	6	–	(6,534)	(6,534)	–	(51,901)	(51,901)
Unrealised (loss) / profit on revaluation of investment property under construction	7	–	(1,931)	(1,931)	–	1,128	1,128
Operating profit / (loss)	**2**	**75,282**	**(13,678)**	**61,604**	**80,575**	**(54,070)**	**26,505**
Finance income	4	1,405	1,776	3,181	1,636	1,965	3,601
Finance expense	4	(41,944)	(6,326)	(48,270)	(42,280)	(5,904)	(48,184)
Profit / (loss) before tax		**34,743**	**(18,228)**	**16,515**	**39,931**	**(58,009)**	**(18,078)**
Tax		(3,252)	(4,495)	(7,747)	(5,448)	2,919	(2,529)
Profit / (loss) for the period		**31,491**	**(22,723)**	**8,768**	**34,483**	**(55,090)**	**(20,607)**
Earnings per share:	5						
Basic (cents)				1.35			(3.01)
Diluted (cents)				1.34			(3.01)
Underlying earnings per share:	5						
Basic (cents)		4.84			5.04		
Diluted (cents)		4.76			4.90		

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 5.

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 2016

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Profit / (loss) for the period	**8,768**	**(20,607)**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	4,499	(953)
Total comprehensive income for the period, net of tax	**13,267**	**(21,560)**

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 BALANCE SHEET

As at 30 June 2016

	Notes	30 June 2016 $'000	31 December 2015 $'000
Non-current assets			
Investment property	6	1,330,441	1,333,987
Investment property under construction	7	39,775	39,129
Plant and equipment		3,176	3,141
Goodwill		2,036	2,245
Investment in joint ventures		13,579	14,968
Other receivables		7,354	6,145
Derivative financial instruments		1,402	5,585
Deferred tax assets		26,630	25,523
		1,424,393	**1,430,723**
Current assets			
Inventory		1,258	1,381
Trade and other receivables		54,457	50,264
Derivative financial instruments		82	233
Cash and short term deposits		182,995	202,291
		238,792	**254,169**
Total assets		**1,663,185**	**1,684,892**
Current liabilities			
Trade and other payables		54,112	53,384
Derivative financial instruments		1,451	2,097
Interest bearing loans and borrowings	9	201,702	104,724
		257,265	**160,205**
Non-current liabilities			
Interest bearing loans and borrowings	9	684,164	814,021
Preference shares	10	141,897	156,558
Other payables		29,095	31,653
Derivative financial instruments		618	1,794
Deferred tax liabilities		61,527	55,619
		917,301	**1,059,645**
Total liabilities		**1,174,566**	**1,219,850**
Net assets		**488,619**	**465,042**
Equity			
Share capital	11	12,631	12,776
Share premium		219,049	224,735
Warrants	12	1,166	1,167
Own shares held	13	(7,947)	(52,101)
Capital reserve		(218,362)	(210,176)
Translation reserve		(183,642)	(188,141)
Retained earnings		665,724	676,782
Total equity		**488,619**	**465,042**
Net asset value per share (cents):	14		
Basic		73	72
Diluted		72	70
Adjusted net asset value per share (cents):	14		
Basic		72	72
Diluted		70	70

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 2016

	Notes	Share Capital $'000	Share Premium $'000	Warrants $'000	Own Shares Held $'000	Capital Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000
At 1 January 2015		**13,623**	**267,992**	**1,195**	**(63,649)**	**16,597**	**(186,388)**	**647,919**	**697,289**
Loss for the period		–	–	–	–	–	–	(20,607)	(20,607)
Other comprehensive income		–	–	–	–	–	(953)	–	(953)
Total comprehensive income for the period		–	–	–	–	–	(953)	(20,607)	(21,560)
Warrants exercised		1	15	(2)	–	–	–	–	14
Own shares acquired		-	–	–	(76)	–	–	–	(76)
Ordinary shares cancelled		(626)	(32,660)	–	2,746	–	–	–	(30,540)
Own shares allocated		–	–	–	7,056	–	–	(8,424)	(1,368)
Share-based payments	15e	–	–	–	–	–	–	3,280	3,280
Transfer in respect of capital losses		–	–	–	–	(44,852)	–	44,852	–
At 30 June 2015		**12,998**	**235,347**	**1,193**	**(53,923)**	**(28,255)**	**(187,341)**	**667,020**	**647,039**
At 1 January 2016		**12,776**	**224,735**	**1,167**	**(52,101)**	**(210,176)**	**(188,141)**	**676,782**	**465,042**
Profit for the period		–	–	–	–	–	–	8,768	8,768
Other comprehensive income		–	–	–	–	–	4,499	–	4,499
Total comprehensive income for the period		–	–	–	–	–	4,499	8,768	13,267
Warrants exercised	11 / 12	–	5	(1)	–	–	–	–	4
Ordinary shares cancelled	11 / 13	(145)	(5,691)	–	48	–	–	–	(5,788)
Own shares disposed	13	–	–	–	43,161	–	–	(28,505)	14,656
Own shares allocated	13	–	–	–	945	–	–	(1,003)	(58)
Share-based payments	15e	–	–	–	–	–	–	1,496	1,496
Transfer in respect of capital losses		–	–	–	–	(8,186)	–	8,186	–
At 30 June 2016		**12,631**	**219,049**	**1,166**	**(7,947)**	**(218,362)**	**(183,642)**	**665,724**	**488,619**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Cash flows from operating activities			
Profit / (loss) before tax		16,515	(18,078)
Adjustments for:			
Depreciation	3	544	946
Provision for bad debts	3	(712)	2,486
Share of profits of joint ventures		(697)	(717)
Finance income	4	(3,181)	(3,601)
Finance expense	4	48,270	48,184
Loss on revaluation of investment property	6	6,534	51,901
Loss / (profit) on revaluation of investment property under construction	7	1,931	(1,128)
Foreign exchange profits		(10,283)	(1,974)
Share-based payments and other long term incentives	15e	4,669	3,280
		63,590	81,299
Increase in operating receivables		(2,571)	(436)
Increase in other operating current assets		(2)	(16)
Decrease in operating payables		(8,644)	(9,269)
		52,373	71,578
Receipts from joint ventures		694	1,349
Tax paid		(3,186)	(3,194)
Net cash generated from operating activities		**49,881**	**69,733**
Cash flows from investing activities			
Payment for investment property and investment property under construction		(4,369)	(12,260)
Refunds of VAT on construction		172	5,058
Release of restricted cash		–	25,392
Purchase of plant and equipment		(294)	(531)
Loans repaid		227	290
Interest received		1,405	1,636
Net cash (used in) / generated from investing activities		**(2,859)**	**19,585**
Cash flows from financing activities			
Proceeds from long term borrowings		–	65,944
Repayment of long term borrowings		(33,698)	(28,006)
Bank borrowing costs paid		(34,639)	(34,934)
Exercise of warrants		4	14
Ordinary shares purchased		(5,846)	(31,984)
Ordinary shares disposed		14,656	–
Dividends paid on preference shares		(7,906)	(8,938)
Purchase of preference shares		(780)	–
Settlement of derivative financial instruments		–	(3,999)
Premium paid for derivative financial instruments		–	(855)
Net cash used in financing activities		**(68,209)**	**(42,758)**
Net (decrease) / increase in cash and cash equivalents		**(21,187)**	**46,560**
Opening cash and cash equivalents		202,291	171,383
Effect of foreign exchange rate changes		1,891	2,969
Closing cash and cash equivalents		**182,995**	**220,912**

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 2016

1. Basis of accounting

Basis of preparation

The condensed unaudited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards adopted for use in the European Union ("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 2015.

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 2015.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2016, which did not have any effect on the financial performance, financial position or disclosures in the financial statements of the Group.

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

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowings are described in the Chief Executive's Review and the notes to these interim financial statements. After making appropriate enquiries and examining sensitivities that could give rise to financial exposure, the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in the preparation of these interim financial statements.

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; and

Raven Mount - sale of residential property in the UK.

(a) Segmental information for the six months ended and as at 30 June 2016

For the six months ended 30 June 2016	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Segment Total $'000	Central Overhead $'000	Total $'000
Gross revenue	89,614	7,910	181	97,705	–	97,705
Operating costs / cost of sales	(17,306)	(3,398)	3	(20,701)	–	(20,701)
Net operating income	**72,308**	**4,512**	**184**	**77,004**	**–**	**77,004**
Administrative expenses						
Running general and administration expenses	(5,763)	(660)	(620)	(7,043)	(3,428)	(10,471)
Depreciation	(424)	(120)	–	(544)	–	(544)
Share-based payments and other long term incentives	(2,447)	–	–	(2,447)	(4,453)	(6,900)
Foreign currency profits	10,276	7	–	10,283	–	10,283
	73,950	**3,739**	**(436)**	**77,253**	**(7,881)**	**69,372**
Unrealised loss on revaluation of investment property	(6,534)	–	–	(6,534)	–	(6,534)
Unrealised loss on revaluation of investment property under construction	(1,931)	–	–	(1,931)	–	(1,931)
Share of profits of joint ventures	–	–	697	697	–	697
Segment profit / (loss)	**65,485**	**3,739**	**261**	**69,485**	**(7,881)**	**61,604**
Finance income						3,181
Finance expense						(48,270)
Profit before tax						**16,515**

As at 30 June 2016	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,330,441	–	–	1,330,441
Investment property under construction	39,775	–	–	39,775
Investment in joint ventures	–	–	13,579	13,579
Inventory	–	–	1,258	1,258
Cash and short term deposits	177,947	1,378	3,670	182,995
Segment assets	**1,548,163**	**1,378**	**18,507**	**1,568,048**
Other non-current assets				40,598
Other current assets				54,539
Total assets				**1,663,185**
Segment liabilities				
Interest bearing loans and borrowings	885,866	–	–	885,866
Capital expenditure				
Payments for investment property and investment property under construction	4,369	–	–	4,369

(b) Segmental information for the six months ended 30 June 2015

	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Segment Total $'000	Central Overhead $'000	Total $'000
Gross revenue	109,905	7,699	685	118,289	–	118,289
Operating costs / cost of sales	(19,876)	(2,928)	(34)	(22,838)	–	(22,838)
Net operating income	**90,029**	**4,771**	**651**	**95,451**	**–**	**95,451**
Administrative expenses						
Running general and administration expenses	(13,781)	(699)	(601)	(15,081)	(2,486)	(17,567)
Other acquisition / abortive project costs	929	–	–	929	–	929
Depreciation	(812)	(132)	(2)	(946)	–	(946)
Share-based payments and other long term incentives	(1,979)	–	–	(1,979)	(1,301)	(3,280)
Foreign currency profits	1,797	177	–	1,974	–	1,974
	76,183	**4,117**	**48**	**80,348**	**(3,787)**	**76,561**
Unrealised loss on revaluation of investment property	(51,901)	–	–	(51,901)	–	(51,901)
Unrealised profit on revaluation of investment property under construction	1,128	–	–	1,128	–	1,128
Share of profits of joint ventures	–	–	717	717		717
Segment profit / (loss)	**25,410**	**4,117**	**765**	**30,292**	**(3,787)**	**26,505**
Finance income						3,601
Finance expense						(48,184)
Loss before tax						**(18,078)**

(c) Segmental information as at 31 December 2015

	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,333,987	–	–	1,333,987
Investment property under construction	39,129	–	–	39,129
Investment in joint ventures	–	–	14,968	14,968
Inventory	–	–	1,381	1,381
Cash and short term deposits	196,861	691	4,739	202,291
Segment assets	**1,569,977**	**691**	**21,088**	**1,591,756**
Other non-current assets				42,639
Other current assets				50,497
Total assets				**1,684,892**
Segment liabilities				
Interest bearing loans and borrowings	918,745	–	–	918,745
Capital expenditure				
Payments for investment property under construction	20,028	–	–	20,028

3. Administrative expenses

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Employment costs	5,521	9,154
Directors' remuneration	1,788	1,760
Bad debts	(712)	2,486
Office running costs and insurance	1,691	2,139
Travel costs	799	901
Auditors' remuneration	335	343
Abortive project costs	–	(929)
Legal and professional	754	560
Depreciation	544	946
Registrar costs and other administrative expenses	295	224
	11,015	**17,584**

4. Finance income and expense

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Finance income		
Total interest income on financial assets not at fair value through profit or loss		
Income from cash and short term deposits	1,405	1,636
Other finance income		
Change in fair value of open interest rate derivative financial instruments	177	557
Change in fair value of foreign currency embedded derivatives	1,599	1,408
Finance income	**3,181**	**3,601**
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	35,378	35,085
Interest expense on preference shares	8,759	9,278
Total interest expense on financial liabilities not at fair value through profit or loss	44,137	44,363
Change in fair value of open forward currency derivative financial instruments	1,676	848
Change in fair value of open interest rate derivative financial instruments	2,457	2,973
Finance expense	**48,270**	**48,184**

5. Earnings measures

In addition to reporting IFRS earnings the Group adopts the European Public Real Estate Association ("EPRA") earnings measure, as set out in their Best Practice Policy Recommendations document issued in December 2014 and also reports its own underlying earnings measure.

EPRA earnings

The EPRA earnings measure excludes investment property revaluations and gains or losses on disposal of investment property, intangible asset movements, gains and losses on derivative financial instruments and related taxation.

Underlying earnings

Underlying earnings consist of the EPRA earnings measure, with additional group adjustments. Adjustments include share-based payments and other long term incentives, the accretion of premiums payable on redemption of preference shares, material non-recurring items, depreciation and amortisation of loan origination costs.

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

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being the profit / (loss) for the period prepared under IFRS	**8,768**	**(20,607)**
Adjustments to arrive at EPRA earnings:		
Unrealised loss on revaluation of investment property	6,534	51,901
Unrealised loss / (profit) on revaluation of investment property under construction	1,931	(1,128)
Change in fair value of open forward currency derivative financial instruments	1,676	848
Change in fair value of open interest rate derivative financial instruments	2,280	2,416
Change in fair value of foreign currency embedded derivatives	(1,599)	(1,408)
Movement on deferred tax thereon	2,033	(3,054)
EPRA earnings	**21,623**	**28,968**
Abortive project costs	–	(929)
Share-based payments and other long term incentives	4,669	3,280
Premium on redemption of preference shares and amortisation of issue costs	278	317
Depreciation	544	946
Amortisation of loan origination costs	1,915	1,766
Tax charge on unrealised foreign exchange movements in loans	2,462	135
Underlying earnings	**31,491**	**34,483**

	30 June 2016 No. '000	30 June 2015 No. '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic EPS (excluding own shares held)	**650,946**	**683,750**
Effect of dilutive potential ordinary shares:		
Warrants	6,351	12,310
ERS	43	298
LTIP	1,111	2,566
CBLTIS 2012	–	3,885
CBLTIS 2015	2,231	–
Weighted average number of ordinary shares for the purposes of diluted EPS (excluding own shares held)	**660,682**	**702,809**

	Six months ended 30 June 2016 Cents	Six months ended 30 June 2015 Cents
EPS basic	**1.35**	**(3.01)**
Effect of dilutive potential ordinary shares:		
Warrants	(0.01)	–
ERS	–	–
LTIP	–	–
CBLTIS 2012	–	–
CBLTIS 2015	–	–
Diluted EPS	**1.34**	**(3.01)**
EPRA EPS basic	**3.32**	**4.24**
Effect of dilutive potential ordinary shares:		
Warrants	(0.03)	(0.08)
ERS	–	–
LTIP	(0.01)	(0.02)
CBLTIS 2012	–	(0.02)
CBLTIS 2015	(0.01)	–
EPRA diluted EPS	**3.27**	**4.12**
Underlying EPS basic	**4.84**	**5.04**
Effect of dilutive potential ordinary shares:		
Warrants	(0.05)	(0.09)
ERS	–	–
LTIP	(0.01)	(0.02)
CBLTIS 2012	–	(0.03)
CBLTIS 2015	(0.02)	–
Underlying diluted EPS	**4.76**	**4.90**

6. Investment property

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 $'000	Logistics St Petersburg Level 3 $'000	Logistics Regions Level 3 $'000	Office St Petersburg Level 3 $'000	Total $'000
Market value at 1 January 2016	1,043,952	139,106	148,649	25,140	**1,356,847**
Property improvements and movement in completion provisions	3,174	203	54	(85)	**3,346**
Unrealised (loss) / profit on revaluation	(1,943)	(2,279)	(3,882)	151	**(7,953)**
Market value at 30 June 2016	**1,045,183**	**137,030**	**144,821**	**25,206**	**1,352,240**
Tenant incentives and contracted rent uplift balances	(16,305)	(5,320)	(1,176)	(371)	**(23,172)**
Head lease obligations	1,373	–	–	–	**1,373**
Carrying value at 30 June 2016	**1,030,251**	**131,710**	**143,645**	**24,835**	**1,330,441**
Revaluation movement in the period ended 30 June 2016					
Gross revaluation	(1,943)	(2,279)	(3,882)	151	**(7,953)**
Effect of tenant incentives and contracted rent uplift balances	242	12	142	1,023	**1,419**
Revaluation reported in the Income Statement	**(1,701)**	**(2,267)**	**(3,740)**	**1,174**	**(6,534)**

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 $'000	Logistics St Petersburg Level 3 $'000	Logistics Regions Level 3 $'000	Office St Petersburg Level 3 $'000	Total $'000
Market value at 1 January 2015	1,222,101	170,074	191,576	28,852	**1,612,603**
Property improvements and movement in completion provisions	(2,768)	(1,194)	114	(266)	**(4,114)**
Unrealised loss on revaluation	(175,381)	(29,774)	(43,041)	(3,446)	**(251,642)**
Market value at 31 December 2015	**1,043,952**	**139,106**	**148,649**	**25,140**	**1,356,847**
Tenant incentives and contracted rent uplift balances	(16,547)	(5,332)	(1,318)	(1,394)	**(24,591)**
Head lease obligations	1,731	–	–	–	**1,731**
Carrying value at 31 December 2015	**1,029,136**	**133,774**	**147,331**	**23,746**	**1,333,987**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2015 or 2016.

At 30 June 2016 the Group has pledged investment property with a value of $1,340 million (31 December 2015: $1,348 million) to secure banking facilities granted to the Group (note 9).

7. Investment property under construction

Asset class	Assets under construction			Land Bank			
Location	Moscow	Regions		St Petersburg	Regions		
Fair value hierarchy*	Level 3	Level 3	Sub-total	Level 3	Level 3	Sub-total	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Market value at 1 January 2016	27,700	7,300	**35,000**	413	2,714	**3,127**	**38,127**
Costs incurred	124	12	**136**	474	160	**634**	**770**
Effect of foreign exchange rate changes	1,181	714	**1,895**	54	395	**449**	**2,344**
Unrealised loss on revaluation	(1,305)	(626)	**(1,931)**	–	–	**–**	**(1,931)**
Market value at 30 June 2016	**27,700**	**7,400**	**35,100**	**941**	**3,269**	**4,210**	**39,310**
Head lease obligations	465	–	**465**	–	–	**–**	**465**
Carrying value at 30 June 2016	**28,165**	**7,400**	**35,565**	**941**	**3,269**	**4,210**	**39,775**

Asset class	Assets under construction			Land Bank			
Location	Moscow	Regions		St Petersburg	Regions		
Fair value hierarchy*	Level 3	Level 3	Sub-total	Level 3	Level 3	Sub-total	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Market value at 1 January 2015	34,000	9,500	**43,500**	–	3,216	**3,216**	**46,716**
Costs incurred	789	–	**789**	413	283	**696**	**1,485**
Effect of foreign exchange rate changes	(2,369)	(1,570)	**(3,939)**	–	(785)	**(785)**	**(4,724)**
Unrealised loss on revaluation	(4,720)	(630)	**(5,350)**	–	–	**–**	**(5,350)**
Market value at 31 December 2015	**27,700**	**7,300**	**35,000**	**413**	**2,714**	**3,127**	**38,127**
Head lease obligations	1,002	–	**1,002**	–	–	**–**	**1,002**
Carrying value at 31 December 2015	**28,702**	**7,300**	**36,002**	**413**	**2,714**	**3,127**	**39,129**

*Classified in accordance with the fair value hierarchy

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
Revaluation movement in the period		
Unrealised (loss) / profit on revaluation of assets carried at external valuations	(1,931)	1,128
Unrealised loss on revaluation of assets carried at directors' valuation	–	–
	(1,931)	**1,128**

No borrowing costs were capitalised in the period (31 December 2015: $nil).

At 30 June 2016 the Group has pledged investment property under construction with a value of $35.1 million (31 December 2015: $35.0 million) to secure banking facilities granted to the Group (note 9).

8. Valuation assumptions and key inputs

Class of property	Carrying amount 30 June 2016 $'000	Carrying amount 31 December 2015 $'000	Valuation Technique	Input	Range 30 June 2016	Range 31 December 2015
Completed investment property						
Moscow - Logistics	1,030,251	1,029,136	Income capitalisation	Long term ERV per sqm for existing tenants	$90 to $110	$90 to $110
				Short term ERV per sqm for vacant space	Rub4,300	Rub4,500
				Initial yield	2.18% to 15.1%	11.2% to 14.9%
				Equivalent yield	10.9% to 12.5%	10.8% to 12.7%
				Vacancy rate	6% to 77%	13.9% to 100.0%
				Passing rent per sqm	$70 to $158	$62 to $158
				Passing rent per sqm	Rub3,500 to Rub6,744	Rub4,500 to Rub6,300
St Petersburg - Logistics	131,710	133,774	Income capitalisation	Long term ERV per sqm for existing tenants	$75	$75
				Short term ERV per sqm for vacant space	Rub3,800	Rub4,000
				Initial yield	12.3% to 13.5%	13.3% to 14.1%
				Equivalent yield	12.3% to 12.6%	12.7% to 13.3%
				Vacancy rate	2% to 19%	11.7% to 40.0%
				Passing rent per sqm	$105 to $136	$80 to $133
				Passing rent per sqm	Rub3,500 to Rub4,968	Rub3,060 to Rub4,600
Regional - Logistics	143,645	147,331	Income capitalisation	Long term ERV per sqm for existing tenants	$74	$75
				Short term ERV per sqm for vacant space	Rub3,800	Rub4,000
				Initial yield	12.9% to 13.9%	12.2% to 13.1%
				Equivalent yield	12.5%	12.7%
				Vacancy rate	17% to 21%	13.0% to 21.0%
				Passing rent per sqm	$101 to $129	$101 to $128
				Passing rent per sqm	Rub3,900 to Rub6,547	Rub3,060 to Rub4,600
St Petersburg - Office	24,835	23,746	Income capitalisation	ERV per sqm	$235	$235
				Initial yield	17.9%	15.8%
				Equivalent yield	13.0%	13.0%
				Vacancy rate	0%	0%
				Passing rent per sqm	$293	$294

Other key information	Description	Range 30 June 2016	Range 31 December 2015
Moscow - Logistics	Land plot ratio	34% - 65%	31% - 65%
	Age of building	1 to 12 years	1 to 11 years
	Outstanding costs ($'000)	5,873	6,931
St Petersburg - Logistics	Land plot ratio	51% - 57%	51% - 57%
	Age of building	2 to 8 years	1 to 7 years
	Outstanding costs ($'000)	1,092	743
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	7 years	6 years
	Outstanding costs ($'000)	487	81
St Petersburg - Office	Land plot ratio	320%	320%
	Age of building	10 years	9 years
	Outstanding costs ($'000)	–	53

Investment property under construction	Carrying amount 30 June 2016 $'000	Carrying amount 31 December 2015 $'000	Valuation technique	Input	Range 30 June 2016	Range 31 December 2015
Moscow - Logistics	28,165	28,702	Comparable	Value per ha ($m)	$0.30 - $0.62	$0.29 - $0.61
Regional - Logistics	7,400	7,300	Comparable	Value per ha ($m)	$0.29	$0.29

In preparing their valuations at 30 June 2016, JLL have again made reference to the uncertainty caused in the market by the low oil price, weak Rouble and continuing sanctions. This was the case at 31 December 2015 and the impact of this on the valuation process is set out more fully in note 13 of the 2015 Annual Report.

9. Interest bearing loans and borrowings

	30 June 2016 $'000	31 December 2015 $'000
Loans due for settlement within 12 months	201,702	104,724
Loans due for settlement after 12 months	684,164	814,021
	885,866	**918,745**
The Group's borrowings have the following maturity profile:		
On demand or within one year	201,702	104,724
In the second year	158,597	162,222
In the third to fifth years	411,371	527,861
After five years	114,196	123,938
	885,866	**918,745**

The amounts above include unamortised loan origination costs of $9.7 million (31 December 2015: $11.3 million) and interest accruals of $1.6 million (31 December 2015: $2.3 million).

The principal terms of the Group's interest bearing loans and borrowings on a weighted average basis are summarised below:

As at 30 June 2016	Interest Rate	Maturity (years)	$'000
Secured on investment property and investment property under construction	7.1%	3.5	864,616
Unsecured facility of the Company	8.6%	4.2	21,250
			885,866
As at 31 December 2015			
Secured on investment property and investment property under construction	7.2%	4.0	894,995
Unsecured facility of the Company	8.5%	4.7	23,750
			918,745

The interest rates shown above are the weighted average cost, including US LIBOR, as at the Balance Sheet dates.

As previously disclosed, the facility secured on the office block in St Petersburg continued to be in technical breach of its debt service covenant ratio and thus the cash sweep has also continued. In accordance with accounting standards, the amount outstanding of $32 million has been included in loans due for settlement within 12 months.

10. Preference shares

	30 June 2016 $'000	31 December 2015 $'000
Authorised share capital:		
400,000,000 preference shares of 1p each	**5,981**	**5,981**

	30 June 2016 $'000	31 December 2015 $'000
Issued share capital:		
At 1 January	156,558	164,300
Purchased in the period / year	(780)	–
Premium on redemption of preference shares and amortisation of issue costs	278	614
Scrip dividends	335	643
Effect of foreign exchange rate changes	(14,494)	(8,999)
At 30 June / 31 December	**141,897**	**156,558**

	30 June 2016 Number	31 December 2015 Number
Issued share capital:		
At 1 January	98,328,017	98,012,427
Purchased in the period / year	(450,000)	–
Scrip dividends	202,877	315,590
At 30 June / 31 December	**98,080,894**	**98,328,017**
Shares in issue	98,567,943	98,365,066
Held by the Company's Employee Benefit Trusts	(487,049)	(37,049)
At 30 June / 31 December	**98,080,894**	**98,328,017**

11. Share capital

	30 June 2016 $'000	31 December 2015 $'000
Authorised share capital:		
1,500,000,000 ordinary shares of 1p each	**27,469**	**27,469**

	30 June 2016 $'000	31 December 2015 $'000
Issued share capital:		
At 1 January	12,776	13,623
Issued in the period / year for cash on warrant exercises	–	7
Repurchased and cancelled in the period / year	(145)	(854)
At 30 June / 31 December	**12,631**	**12,776**

	30 June 2016 Number	31 December 2015 Number
Issued share capital:		
At 1 January	682,560,376	737,598,353
Issued in the period / year for cash on warrant exercises	12,165	457,589
Repurchased and cancelled in the period / year	(10,236,175)	(55,495,566)
At 30 June / 31 December	**672,336,366**	**682,560,376**

Of the authorised ordinary share capital at 30 June 2016, 25.0 million (31 December 2015: 25.0 million) ordinary shares are reserved for warrants.

Details of own shares held are given in note 13.

12. Warrants

	30 June 2016 $'000	31 December 2015 $'000
At 1 January	1,167	1,195
Exercised in the period / year	(1)	(28)
At 30 June / 31 December	**1,166**	**1,167**

	30 June 2016 Number	31 December 2015 Number
At 1 January	25,008,823	25,466,412
Exercised in the period / year	(12,165)	(457,589)
At 30 June / 31 December	**24,996,658**	**25,008,823**

13. Own shares held

	30 June 2016 $'000	31 December 2015 $'000
At 1 January	(52,101)	(63,649)
Acquisition	–	(76)
Disposal	43,161	–
Cancelled	48	3,692
Allocation to satisfy ERS options exercised (note 15a)	68	258
Allocation to satisfy LTIP options exercised (note 15a)	–	901
Allocation to satisfy CBLTIS 2012 awards vesting (note 15b)	–	6,773
Allocation to satisfy CBLTIS 2015 awards vesting (note 15c)	877	–
At 30 June / 31 December	**(7,947)**	**(52,101)**

	30 June 2016 Number	31 December 2015 Number
At 1 January	38,456,594	49,048,873
Acquisition	–	98,040
Disposal	(30,937,631)	–
Cancelled	(40,047)	(3,395,130)
Allocation to satisfy ERS options exercised (note 15a)	(62,755)	(237,146)
Allocation to satisfy LTIP options exercised (note 15a)	–	(828,515)
Allocation to satisfy CBLTIS 2012 awards vesting (note 15b)	–	(6,229,528)
Allocation to satisfy CBLTIS 2015 awards vesting (note 15c)	(729,608)	–
At 30 June / 31 December	**6,686,553**	**38,456,594**

Allocations are transfers by the Company's Employee Benefit Trusts to satisfy ERS and LTIP options exercised in the period and the vesting of CBLTIS 2012 and CBLTIS 2015 awards. 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 15a.

14. Net asset value per share

	30 June 2016 $'000	31 December 2015 $'000
Net asset value	**488,619**	**465,042**
Goodwill	(2,036)	(2,245)
Goodwill in joint venture	(4,656)	(5,134)
Unrealised foreign exchange (profits) / losses on preference shares	(9,538)	4,956
Excess liabilities over assets on non-recourse secured debt	7,050	–
Fair value of interest rate derivative financial instruments	(10)	(2,289)
Fair value of embedded derivatives	1,633	3,231
Fair value of foreign exchange derivative financial instruments	(1,038)	(2,869)
Adjusted net asset value	**480,024**	**460,692**
Assuming exercise of potential ordinary shares		
– Warrants (note 12)	8,354	9,215
– ERS (note 15)	–	–
– LTIP (note 15)	1,461	1,611
– CBLTIS 2015 (note 15)	–	–
Adjusted fully diluted net asset value	**489,839**	**471,518**

	30 June 2016	31 December 2015
Number of ordinary shares (note 11)	672,336,366	682,560,376
Less own shares held (note 13)	(6,686,553)	(38,456,594)
	665,649,813	644,103,782
Assuming exercise of all potential ordinary shares		
– Warrants (note 12)	24,996,658	25,008,823
– ERS (note 15)	–	75,000
– LTIP (note 15)	4,372,973	4,372,973
– CBLTIS 2015 (note 15)	–	2,993,670
Number of ordinary shares assuming exercise of all potential ordinary shares	**695,019,444**	**676,554,248**

	30 June 2016 Cents	31 December 2015 Cents
Net asset value per share	73	72
Diluted net asset value per share	72	70
Adjusted net asset value per share	72	72
Adjusted diluted net asset value per share	70	70

Where the quantum of non-recourse secured debt exceeds the value of the relevant assets upon which it is secured, the excess will be added back to arrive at the Group's adjusted net asset value. This is to reflect that the Group does not have an obligation to make good this shortfall to the relevant lender.

15. Share-based payments and other long term incentives

(a) Movements in Executive Share Option Schemes	Six months ended 30 June 2016 No. of options	Six months ended 30 June 2016 Weighted average exercise price	Six months ended 30 June 2015 No. of options	Six months ended 30 June 2015 Weighted average exercise price
Outstanding at the beginning of the period	4,447,973	25p	5,708,784	24p
Exercised during the period				
– ERS	(75,000)	0p	(75,000)	0p
– LTIP	–	25p	(200,000)	25p
Outstanding at the end of the period	**4,372,973**	**25p**	**5,433,784**	**24p**
Represented by				
– ERS	–		250,000	
– LTIP	4,372,973		5,183,784	
	4,372,973		**5,433,784**	
Exercisable at the end of the period	**4,372,973**	**25p**	**5,433,784**	**24p**

(b) Movements in Combined Bonus and Long Term Incentive Scheme 2012 Awards ("CBLTIS 2012")	Six months ended 30 June 2016 No. of award shares	Six months ended 30 June 2015 No. of award shares
Awards of Ordinary shares:		
Outstanding at the beginning of the period	–	7,401,158
– Vested during the period	–	(7,401,158)
Outstanding at the end of the period	**–**	**–**

(c) Movements in Combined Bonus and Long Term Incentive Scheme 2015 Awards ("CBLTIS 2015")	Six months ended 30 June 2016 No. of award shares	Six months ended 30 June 2015 No. of award shares
Awards of Ordinary shares:		
Outstanding at the beginning of the period	34,800,000	–
– Granted during the period	–	34,800,000
– Waived during the period	(20,900,625)	–
– Vested during the period	(791,435)	–
– Lapsed during the period	(6,207,940)	–
– Cancelled during the period	(6,900,000)	–
Outstanding at the end of the period	**–**	**34,800,000**

(d) 2016 Retention Scheme Awards

During the period the Group terminated the CBLTIS 2015 and the Company's shareholders approved the introduction of the 2016 Retention Scheme. Awards under the scheme have been made to the executive directors of the Company and two senior managers of the Group. The awards entitle the participants to three equal payments each equivalent to 150% of their basic salary. The first instalment was payable upon approval of the scheme and the second and third instalments will be payable on 31 December 2017 and 31 March 2019. The sole condition for each instalment being paid is the continuing employment of the participant at the relevant payment date.

Participants will receive payment of an instalment in a combination of the Company's listed securities and cash. The number of listed securities to be issued to satisfy such payments will be calculated with reference to the average price of the relevant security prior to the payment date. On 13 July 2016 an employment benefit trust of the Company transferred 2,148,375 convertible preference shares (see note 18) to participants of the scheme in satisfaction of the first instalment. It is intended that convertible preference shares held by an employment benefit trust will also be used to satisfy the proportion of the second and third instalments that are to be settled in listed securities.

(e) Income statement charge for the period	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000
CBLTIS 2015	1,496	3,320
CBLTIS 2012	–	(40)
2016 Retention Scheme	5,404	–
	6,900	**3,280**
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	1,496	3,280
Convertible preference shares (IFRS 2 expense)	3,173	–
Cash	2,231	–
	6,900	**3,280**

16. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2015 (2014: none) 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 40 pence per share, the equivalent of a final dividend of 1 pence per share. (2014: 1 in every 15 shares at 52p per share the equivalent of 3.5p per share).

17. 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 2016 Carrying Value $'000	30 June 2016 Fair Value $'000	31 December 2015 Carrying Value $'000	31 December 2015 Fair Value $'000
Non-current assets				
Loans receivable	349	296	606	567
Security deposits	4,000	4,000	2,391	2,391
Derivative financial instruments	1,402	1,402	5,585	5,585
Current assets				
Trade receivables	41,471	41,471	38,683	38,683
Security deposits	2,393	2,393	2,041	2,041
Other current receivables	264	264	202	202
Derivative financial instruments	82	82	233	233
Cash and short term deposits	182,995	182,995	202,291	202,291
Non-current liabilities				
Interest bearing loans and borrowings	684,164	549,314	814,021	623,340
Preference shares	141,897	166,024	156,558	184,705
Derivative financial instruments	618	618	1,794	1,794
Rent deposits	27,264	20,775	28,932	21,999
Other payables	1,831	1,831	2,721	2,721
Current liabilities				
Interest bearing loans and borrowings	201,702	201,702	104,724	104,724
Derivative financial instruments	1,451	1,451	2,097	2,097
Rent deposits	8,324	8,324	6,827	6,827
Other payables	8,029	8,029	6,090	6,090

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*:

As at 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Assets measured at fair value				
Investment property	–	–	1,330,441	1,330,441
Investment property under construction	–	–	39,775	39,775
Derivative financial instruments	–	1,484	–	1,484
Liabilities measured at fair value				
Derivative financial instruments	–	2,069	–	2,069
As at 31 December 2015				
Assets measured at fair value				
Investment property	–	–	1,333,987	1,333,987
Investment property under construction	–	–	39,129	39,129
Derivative financial instruments	–	5,818	–	5,818
Liabilities measured at fair value				
Derivative financial instruments	–	3,891	–	3,891

*Explanation of fair value hierarchy

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.

18. Placing of Convertible Preference Shares

On 7 July 2016 the Company created and issued 108,689,501 convertible preference shares at a subscription price of £1 per share. The convertible preference shares entitle the holders to a cumulative annual dividend of 6.5 pence per share and are redeemable by the Company on 6 July 2026 at £1.35 per share. The convertible preference shares are convertible to ordinary shares at the holder's request at any time prior to redemption at a rate of 1.818 ordinary shares for each convertible preference share.

One of the Company's employee benefit trusts subscribed for 8,000,000 convertible preference shares and has subsequently transferred 2,148,375 to participants of the 2016 Retention Scheme (see note 15d).

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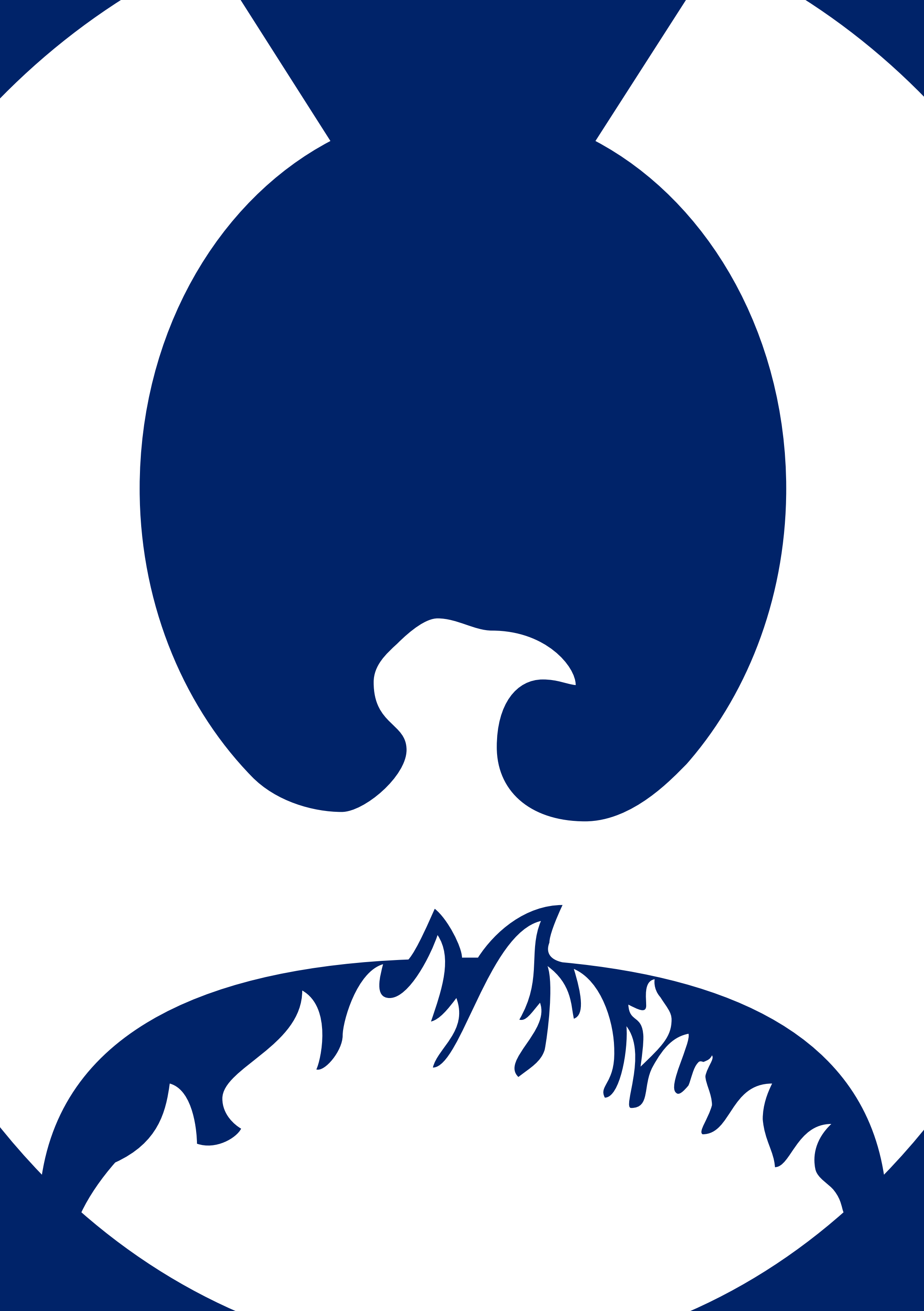

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