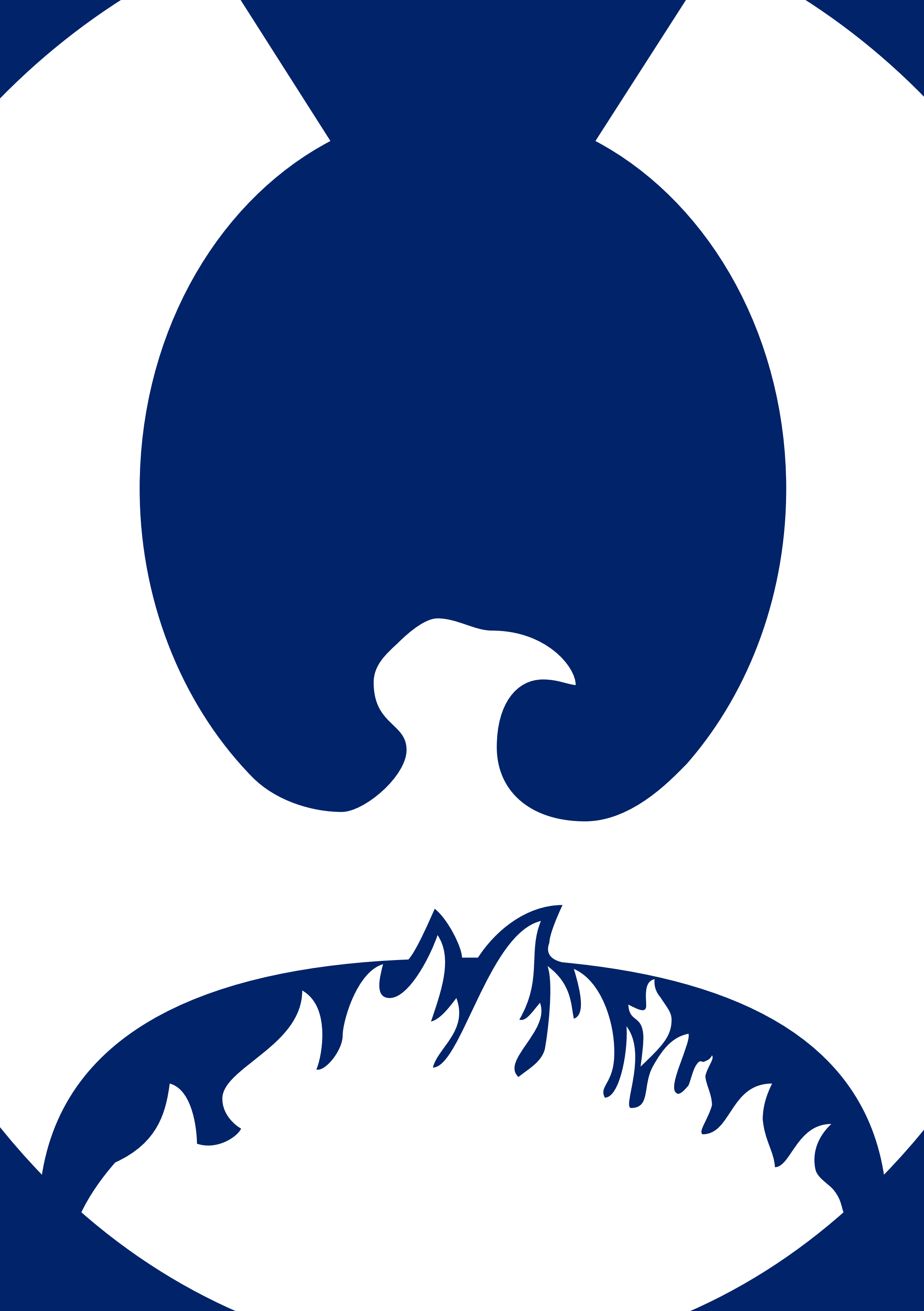
RAVEN RUSSIA LIMITED

2017 Interim Report



RAVEN RUSSIA LIMITED
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

CONTENTS

	PAGE
Highlights	2
Chairman's Message	4
Chief Executive's Review	5
Corporate Governance	7
Independent Review Report	10
Condensed Unaudited Group Income Statement	11
Condensed Unaudited Group Statement of Comprehensive Income	12
Condensed Unaudited Group Balance Sheet	13
Condensed Unaudited Group Statement of Changes in Equity	14
Condensed Unaudited Group Cash Flow Statement	15
Notes to the Condensed Unaudited Group Financial Statements	16

HIGHLIGHTS

- Earnings before tax of $26.0 million (2016: $16.5 million);
- Revaluation surplus of $11.6 million (2016: deficit of $8.5 million);
- Cash balances today of $237 million;
- Acquisition of three assets completed in the period for $86.6 million, generating $13.8 million net operating income per annum;
- New convertible preference shares issued in July 2017 raising £102 million;
- Proposed distribution of 1p per ordinary share by way of a tender offer buy back of 1 in 52 shares at 52p.

Glyn Hirsch CEO said, "The financial results have met our expectations but do not fully reflect the acquisition completed in April which will contribute fully in the second half of the year. We are actively pursuing the acquisition of income producing assets. Our current cash balance of $237 million gives us plenty of fire power to invest further."

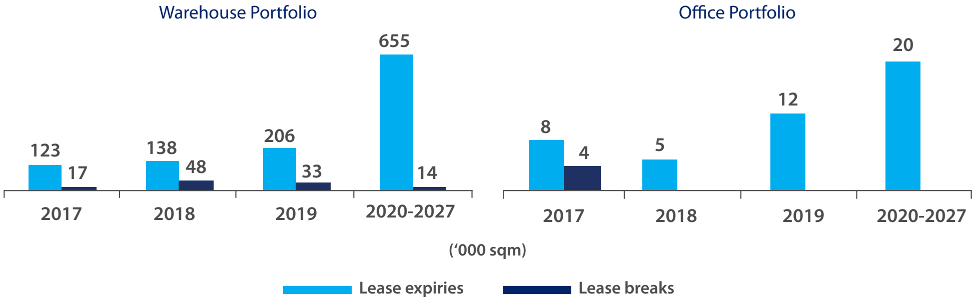
Financial Summary

Income Statement for the 6 months ended:	30 June 2017	30 June 2016
Net rental and related income ($m)	69.9	77.0
Revaluation surplus/(deficit) ($m)	11.6	(8.5)
IFRS earnings before tax ($m)	26.0	16.5
Underlying earnings before tax ($m)	24.3	34.7
Basic EPS (cents)	1.4	1.4
Distribution per share (pence)	1.0	0.5

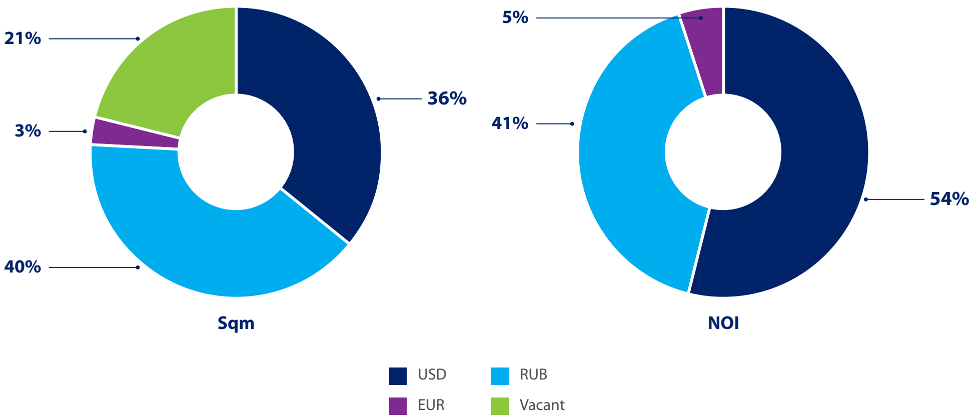
Balance Sheet at:	30 June 2017	31 December 2016
Investment property market value ($m)	1,428	1,324
Adjusted diluted NAV per share (cents)	70	68
IFRS diluted NAV per share (cents)	72	71

Letting Summary

Our warehouse portfolio currently totals 1.569 million sqm. Occupancy at the period end was 79% (31 December 2016: 80%). Our office portfolio of 49,000sqm has been fully let throughout the period.



Lease Currency Mix



CHAIRMAN'S MESSAGE

Against the backdrop of geopolitical white noise surrounding Russia in the last six months, we have experienced a reasonably stable but busy trading environment. This has allowed us to continue adapting to the Rouble market rent model, whilst cushioning the impact by seeking market rented acquisitions which will support our top line as we continue the transition over the next two or three years.

We completed the acquisition of a portfolio of office and warehouse properties in St Petersburg in April this year for $86.6 million which generates $13.8 million of net operating income ("NOI") per annum, contributing $3 million of NOI in the half year since the date of acquisition. We have also completed another fund raising by way of the issue of new convertible preference shares, raising £102 million in July, giving us cash reserves of some $237 million today. These funds will be used for acquisitions and we hope to complete a second significant acquisition in Moscow before the end of the year. These acquisitions are typically un-geared, which gives us the opportunity to recycle part of our equity for future projects.

Occupancy levels on the warehouse portfolio have not changed significantly, 79% at 30 June 2017 (31 December 2016: 80%) and our office portfolio, principally the acquisitions, have been fully let throughout the period. We are seeing a greater level of interest in all vacant space and hope to see the benefits of that in the second half of the year.

The Rouble began the year at 60.6 to the US Dollar and ended the six months at 59.1. Valuation metrics on the existing portfolio have remained flat and the valuation uplift on the acquisition portfolio is gratifying.

Rouble denominated leases account for 40% of our total warehouse space at 30 June 2017 (31 December 2016: 26%).

With basic underlying earnings per share of 2.3 cents (2016: 4.8 cents), it is our intention to distribute the equivalent of 1p per ordinary share (2016: 0.5p per ordinary share) by way of a tender offer buy back of 1 in 52 shares at 52p per share.

We are again grateful to all of our shareholders who continue to believe in our business model and the potential for our market.

Richard Jewson
Chairman
28 August 2017

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

I am delighted to report that our market has gone through a fairly dull period. Something we have been looking forward to for some time.

The US Dollar/Rouble exchange rate has remained stable as have market rents. Demand is improving and we have seen encouraging levels of interest for space in the year. The Russian economy is growing slowly and inflation and interest rates are falling. Since December 2014, Central Bank rates have fallen from the high of 17% to 9% today and are expected to continue that trend.

We are looking actively to acquire income producing assets and are at various stages of due diligence, negotiation and offers on some attractive investments at what we feel is the right time in the cycle.

Although focussed on logistics warehousing, we are seeing opportunities in other real estate sectors which we are considering. Our current cash balance of $237 million gives us plenty of firepower to invest further. Approximately 70% of our cash balances are now held in Roubles.

Our financial results have met expectations but do not fully reflect the portfolio acquisition completed in April which will contribute fully in the second half of the year and is performing well.

Results

We continue our orderly transition to new market norms. Our net operating and related income has dropped to $70 million for the half year compared to $77 million in the six months to 30 June 2016. Administrative expenses and foreign exchange profits reflect a less volatile currency environment for both Rouble and Sterling compared to 2016.

Underlying earnings for the period were $15.5 million compared to $31.5 million in the six months to 30 June 2016, the reduction a factor of lower NOI, foreign exchange gains and increased corporation tax provisioning.

Basic underlying earnings per share have reduced to 2.3 cents (30 June 2016: 4.8 cents).

In contrast, IFRS earnings after tax continued to recover at $9.2 million for the six months (2016: $8.8 million) supported by an improving investment property market with a net valuation surplus of $11.6 million in the period (2016: deficit of $8.5 million). Basic IFRS earnings per share remain at 1.4 cents.

Fully diluted adjusted net asset value per share increased to 70 cents (31 December 2016: 68 cents) and IFRS diluted net asset value per share to 72 cents (31 December 2016: 71 cents). Cash balances at 30 June 2017 were $108.1 million (31 December 2016: $198.6 million) increasing to $237 million today following the issue of new convertible preference shares in July.

Warehouse occupancy levels at the period end were 79% (31 December 2016: 80%). At 30 June 2017 we had 140,000sqm of warehouse breaks and maturities remaining in 2017 and as of today, we are confident that 93,000sqm of that space will continue to be occupied at the year end and we are continuing negotiations on the remaining 47,000sqm. New leases totalling 52,500sqm have been signed since the half year, we currently have 22,300sqm of letters of intent signed and do not expect any notices on the remaining breaks. Our focus for the final quarter is converting the increased interest in our vacant space.

At 30 June 2017, 36% of our total warehouse space (31 December 2016: 50%) had US Dollar denominated leases with an average warehouse rental level of $139 per sqm and a weighted average term to maturity of 3.17 years. The average rent is higher than would be expected as the majority of space is high specification and temperature controlled. Rouble denominated or capped leases account for 40% (31 December 2016: 26%) of our total space with an average warehouse rent of Roubles 5,600 per sqm and a weighted average term to maturity of 3.05 years. Rouble leases have an average minimum annual indexation of 6.1%.

The St Petersburg office portfolio is fully let. Two of the assets have long term sole tenants and the third which is multi-let, has had significant interest from new tenants and expansion requirements from existing tenants. Leases are predominately Rouble denominated, (71% of space) with three Euro leases (25%) and one US Dollar lease (4%).

Financing

On 3 July 2017 the Company completed the placing of further convertible preference shares, raising £102 million at a subscription price of £1.14 per share. The convertible preference shares now have a 9 year term, a cumulative preference dividend of 6.5p per annum and are redeemable on maturity at £1.35. The holders currently have the right to convert to ordinary shares at a conversion factor of 1.779 per convertible preference share. The shares were listed on The International Stock Exchange and trade on the SETSqx platform of the London Stock Exchange.

We are now seeing the benefit of the secured debt restructuring completed last year, the cost of debt amortisation dropping from $34 million to $20 million for the six months. Secured debt has a loan to value ratio of 53.4% (30 June 2016: 62.9%), a cost of debt of 7.8% (30 June 2016: 7.1%) and weighted average term to maturity of 4.4 years (30 June 2016: 3.5 years).

We completed the refinancing of one secured debt facility in the period, are close to completing a second and have commenced refinancing of the new St Petersburg portfolio which we also expect to complete this quarter. The margins on these new facilities are significantly lower than our current cost of debt and so we expect to put downward pressure on this in the short term, despite the increase in our cost of debt following the recent US LIBOR hikes. All of our debt is hedged with interest rate caps or fixed rate facilities.

Foreign exchange

The relative stability of the US Dollar/Rouble exchange rate in the period meant no significant foreign exchange impact on our net operating income. The continuing weak Sterling, following the Brexit referendum and this year's election, continues to have a positive effect on funding the returns on our Sterling capital instruments. As we still have a high percentage of our income pegged to the US Dollar, our debt service obligations remain partly hedged. We will monitor this over the next 24 months and if the central bank rate continues to drop as Rouble income increases then Rouble debt facilities will become the more attractive option.

Cash flow

Operating cashflows have remained stable in the six months, generating $48.8 million (30 June 2016: $49.9 million). The major cash movement in the period was the payment of consideration for the acquisition of the new St Petersburg portfolio, a net cash outflow of $84.2 million.

Tender offer

We are proposing a distribution of the equivalent of 1p per ordinary share by way of tender offer buy back of 1 in 52 shares at 52p (2016: 0.5p by way of an offer of 1 in 80 shares at 40p). This reflects our progress and financial performance so far this year.

Glyn Hirsch
Chief Executive Officer

28 August 2017

CORPORATE GOVERNANCE

Principal risks and uncertainties

We have set out in the following table the principal risks and uncertainties that face our business, our view on how those risks have changed during the period from the year end and a description of how we mitigate or manage those risks.

Financial Risk

Risk	Impact	Mitigation	Change
Oil price and foreign exchange Oil price volatility returns leading to a further weakening of the Rouble.	This exacerbates the fall in US Dollar equivalent income and an increase in the credit risk of those tenants who remain in US Dollar pegged leases. Reduced consumer demand reduces appetite for new lettings, renewal of existing leases and restricts rental growth.	The leasing market is now rouble rents although, we still have a high proportion of US Dollar pegged rents. The integrity of these leases has been proved through arbitration and court challenges. A lack of projected investment in new projects has led to market reports forecasting that vacancy levels will contract.	⇨
Interest rates Increases in US LIBOR.	Cost of debt increases and Group profitability and debt service cover reduce.	The majority of our variable cost of debt is hedged with the use of swaps and caps on US LIBOR or fixed rate facilities. In addition, and as outlined in the Chief Executive's Review, we are being offered lower margins on new debt facilities and refinancings that will help mitigate increases in US LIBOR.	⇨
Bank covenants The significant drop in US Dollar denominated rents impacts on both loan to value ("LTV") and debt service cover ratio ("DSCR") covenants on US Dollar debt facilities.	The likelihood of debt facility covenant breaches increases.	We have part prepaid secured, amortising debt facilities and reduced debt service obligations by extending amortisation periods. There is very little recourse to the holding company and no cross collateralisation between projects on events of default.	⇨

Property Investment

Risk	Impact	Mitigation	Change
Acquisitions We intend to increase our acquisition activity however we operate in an immature investment market where legacy issues are common on acquisition projects.	Where acquisitions are possible, legacy issues may erode earnings enhancement and integration into our existing systems may involve excessive management resource.	We have an internal management team with both international and Russian experience allowing possible legacy and integration issues to be identified prior to acquisition; and External advisers undertake full detailed due diligence.	↑
Sector focus Investment in new real estate sectors (such as office and retail).	Lack of experience in the new sectors may increase acquisition risks and lead to higher transaction costs and use of excessive management resource.	We have recruited management resource with the appropriate expertise and are familiar with the external advisors specialising in those sectors.	**NEW**
Leases Market practice increasingly incorporates lease break requirements and landlord fit-out obligations.	Can lead to uncertainty of annualised income due to lease break clauses. Additional landlord risk on delivery of tenant fit-out requirements.	Proactive property management and continued open dialogue with tenants. Dedicated resources assigned to fit-out obligations under leases, project management and management oversight.	**NEW**

Russian Domestic Risk

Risk	Impact	Mitigation	Change
Legal framework The legal framework in Russia continues to develop. This could encourage tenants to attack lease terms where they now perceive those to be unfavourable.	The large volume of new legislation from various state bodies is open to interpretation, puts strain on the judicial system and can be open to abuse. Increased litigation on existing leases in an attempt to renegotiate US Dollar denominated leases or seek early termination of contracts.	We have an experienced in house legal team including a litigation specialist. We use a variety of external legal advisors when appropriate. Our lease agreements have been challenged extensively in the last 36 months and have proven to be robust in both ICAC arbitration and in Russian Courts.	→
Russian taxation Russian tax code is changing in line with global taxation trends in areas such as transfer pricing, capital gains tax and the beneficial ownership of offshore income streams.	Tax treaties may be renegotiated and new legislation may increase the Group's tax charge.	The key tax treaty for the Group is with Cyprus and this was renegotiated between the two countries during 2013 with no significant impact on the business; Changes in capital gains tax rules have led to a change in our calculation of Adjusted Diluted NAV per share; and Russia remains a relatively low tax jurisdiction with 20% Corporation tax.	→

Personnel Risks

Risk	Impact	Mitigation	Change
Key personnel Failing to retain key personnel.	Strategy becomes more difficult to flex or implement.	The Remuneration Committee and Executives review remuneration packages against comparable market information; Employees have regular appraisals and documented development plans and targets; and A new long term incentive scheme was approved at the last AGM.	⇨

Political and Economic Risk

Risk	Impact	Mitigation	Change
Sanctions The use of economic sanctions by the US and EU continues for the foreseeable future.	Continued isolation of Russia from international markets and a long term dampening of growth in the Russian economy.	The local market has accepted the inevitability of long term economic sanctions and this has played its part in the fundamental changes to market practice in our sector. We have adapted our business model to secure our position in the market.	⇨

Change key

⇧ Increased risk in the period ⇨ Stable risk in the period ⇩ Decreased risk in the period

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 period end, 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 2016 Annual Report of the Group.

This responsibility statement was approved by the Board of Directors on the 28 August 2017 and is signed on its behalf by

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

INDEPENDENT REVIEW REPORT TO RAVEN RUSSIA LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2017 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 20. We have read the other information contained in the interim 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 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 financial report for the six months ended 30 June 2017 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
28 August 2017

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 Underlying earnings $'000	Six months ended 30 June 2017 Capital and other $'000	Six months ended 30 June 2017 Total $'000	Six months ended 30 June 2016 Underlying earnings $'000	Six months ended 30 June 2016 Capital and other $'000	Six months ended 30 June 2016 Total $'000
Gross revenue	2	95,381	–	95,381	97,705	–	97,705
Property operating expenditure and cost of sales		(25,518)	–	(25,518)	(20,701)	–	(20,701)
Net rental and related income	**2**	**69,863**	**–**	**69,863**	**77,004**	**–**	**77,004**
Administrative expenses	3	(12,603)	(589)	(13,192)	(10,471)	(544)	(11,015)
Share-based payments and other long term incentives	17c	(818)	(1,409)	(2,227)	(2,231)	(4,669)	(6,900)
Foreign currency profits		4,912	–	4,912	10,283	–	10,283
Operating expenditure		**(8,509)**	**(1,998)**	**(10,507)**	**(2,419)**	**(5,213)**	**(7,632)**
Share of profits of joint ventures		285	–	285	697	–	697
Operating profit / (loss) before profits and losses on investment property		**61,639**	**(1,998)**	**59,641**	**75,282**	**(5,213)**	**70,069**
Unrealised profit / (loss) on revaluation of investment property	7	–	13,343	13,343	–	(6,534)	(6,534)
Unrealised loss on revaluation of investment property under construction	8	–	(1,730)	(1,730)	–	(1,931)	(1,931)
Operating profit / (loss)	**2**	**61,639**	**9,615**	**71,254**	**75,282**	**(13,678)**	**61,604**
Finance income	4	2,965	299	3,264	1,405	1,776	3,181
Finance expense	4	(40,293)	(8,263)	(48,556)	(41,944)	(6,326)	(48,270)
Profit / (loss) before tax		**24,311**	**1,651**	**25,962**	**34,743**	**(18,228)**	**16,515**
Tax	5	(8,812)	(7,969)	(16,781)	(3,252)	(4,495)	(7,747)
Profit / (loss) for the period		**15,499**	**(6,318)**	**9,181**	**31,491**	**(22,723)**	**8,768**
Earnings per share:	6						
Basic (cents)				1.38			1.35
Diluted (cents)				1.34			1.34
Underlying earnings per share:	6						
Basic (cents)		2.33			4.84		
Diluted (cents)		2.29			4.76		

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 6.

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 2017

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Profit for the period	**9,181**	**8,768**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	(10,231)	4,499
Total comprehensive income for the period, net of tax	**(1,050)**	**13,267**

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 2017

	Notes	30 June 2017 $'000	31 December 2016 $'000
Non-current assets			
Investment property	7	1,405,904	1,300,643
Investment property under construction	8	40,356	41,253
Plant and equipment		3,577	3,044
Goodwill		1,979	1,882
Investment in joint ventures		10,533	9,731
Other receivables		4,542	3,724
Derivative financial instruments		3,561	5,012
Deferred tax assets		31,383	27,451
		1,501,835	**1,392,740**
Current assets			
Inventory		812	771
Trade and other receivables		58,112	52,669
Derivative financial instruments		574	358
Cash and short term deposits		108,083	198,621
		167,581	**252,419**
Total assets		**1,669,416**	**1,645,159**
Current liabilities			
Trade and other payables		77,298	65,408
Derivative financial instruments		469	943
Interest bearing loans and borrowings	10	32,476	40,787
		110,243	**107,138**
Non-current liabilities			
Interest bearing loans and borrowings	10	690,000	699,038
Preference shares	11	139,180	131,703
Convertible preference shares	12	129,967	119,859
Other payables		25,458	25,259
Derivative financial instruments		108	67
Deferred tax liabilities		70,596	61,869
		1,055,309	**1,037,795**
Total liabilities		**1,165,552**	**1,144,933**
Net assets		**503,864**	**500,226**
Equity			
Share capital	13	12,756	12,578
Share premium		221,923	216,938
Warrants	14	449	1,161
Own shares held	15	(6,612)	(7,449)
Convertible preference shares	12	8,453	8,453
Capital reserve		(238,419)	(245,426)
Translation reserve		(187,430)	(177,199)
Retained earnings		692,744	691,170
Total equity		**503,864**	**500,226**
Net asset value per share (cents):	16		
Basic		75	76
Diluted		72	71
Adjusted net asset value per share (cents):	16		
Basic		71	71
Diluted		70	68

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 2017

	Notes	Share Capital $'000	Share Premium $'000	Warrants $'000	Own Shares Held $'000	Convertible Preference Shares $'000	Capital Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000
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		–	5	(1)	–	–	–	–	–	4
Ordinary shares cancelled		(145)	(5,691)	–	48	–	–	–	–	(5,788)
Own shares disposed		–	–	–	43,161	–	–	–	(28,505)	14,656
Own shares allocated		–	–	–	945	–	–	–	(1,003)	(58)
Share-based payments		–	–	–	–	–	–	–	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**
At 1 January 2017		**12,578**	**216,938**	**1,161**	**(7,449)**	**8,453**	**(245,426)**	**(177,199)**	**691,170**	**500,226**
Profit for the period		–	–	–	–	–	–	–	9,181	9,181
Other comprehensive income		–	–	–	–	–	–	(10,231)	–	(10,231)
Total comprehensive income for the period		–	–	–	–	–	–	(10,231)	9,181	(1,050)
Warrants exercised	13 / 14	178	4,985	(712)	–	–	–	–	–	4,451
Ordinary shares cancelled	13 / 15	–	–	–	–	–	–	–	–	–
Own shares acquired	15	–	–	–	(76)	–	–	–	–	(76)
Own shares disposed	15	–	–	–	–	–	–	–	–	–
Own shares allocated	15	–	–	–	913	–	–	–	(600)	313
Share-based payments	17c	–	–	–	–	–	–	–	–	–
Transfer in respect of capital losses		–	–	–	–	–	7,007	–	(7,007)	–
At 30 June 2017		**12,756**	**221,923**	**449**	**(6,612)**	**8,453**	**(238,419)**	**(187,430)**	**692,744**	**503,864**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Cash flows from operating activities			
Profit before tax		25,962	16,515
Adjustments for:			
Depreciation	3	590	544
Provision for bad debts	3	(201)	(712)
Share of profits of joint ventures		(285)	(697)
Finance income	4	(3,264)	(3,181)
Finance expense	4	48,556	48,270
(Profit) / loss on revaluation of investment property	7	(13,343)	6,534
Loss on revaluation of investment property under construction	8	1,730	1,931
Foreign exchange profits		(4,912)	(10,283)
Share-based payments and other long term incentives	17c	1,409	4,669
		56,242	63,590
Changes in operating working capital			
Decrease / (increase) in operating receivables		3,211	(2,571)
Decrease / (increase) in other operating current assets		2	(2)
Decrease in operating payables		(2,026)	(8,644)
		57,429	52,373
Receipts from joint ventures		–	694
Tax paid		(8,670)	(3,186)
Net cash generated from operating activities		**48,759**	**49,881**
Cash flows from investing activities			
Payment for investment property and investment property under construction		(6,615)	(4,369)
Refunds of VAT on construction		–	172
Acquisition of subsidiaries	20	(88,301)	–
Cash acquired with subsidiaries	20	4,088	–
Purchase of plant and equipment		(1,305)	(294)
Loans repaid		45	227
Interest received		2,951	1,405
Net cash used in investing activities		**(89,137)**	**(2,859)**
Cash flows from financing activities			
Proceeds from long term borrowings		80,000	–
Repayment of long term borrowings		(77,156)	–
Loan amortisation		(20,187)	(33,698)
Bank borrowing costs paid		(32,656)	(34,639)
Exercise of warrants		4,451	4
Ordinary shares purchased		237	(5,846)
Ordinary shares sold		–	14,656
Dividends paid on preference shares		(7,108)	(7,906)
Dividends paid on convertible preference shares		(4,502)	–
Preference shares purchased		–	(780)
Premium paid for derivative financial instruments		(759)	–
Net cash used in financing activities		**(57,680)**	**(68,209)**
Net decrease in cash and cash equivalents		**(98,058)**	**(21,187)**
Opening cash and cash equivalents		198,621	202,291
Effect of foreign exchange rate changes		7,520	1,891
Closing cash and cash equivalents		**108,083**	**182,995**

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 2017

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 2016.

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 2016.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2017, 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. The requirements of IFRS 9 and IFRS 15, which are effective from 1 January 2018, have been assessed and neither are expected to have a material impact on the Group's financial statements.

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 2017

For the six months ended 30 June 2017	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Segment Total $'000	Central Overhead $'000	Total $'000
Gross revenue	83,646	11,458	277	95,381	–	95,381
Operating costs / Cost of sales	(20,305)	(5,158)	(55)	(25,518)	–	(25,518)
Net operating income	**63,341**	**6,300**	**222**	**69,863**	**–**	**69,863**
Administrative expenses						
Running general and administration expenses	(8,207)	(1,032)	(511)	(9,750)	(2,852)	(12,602)
Depreciation	(362)	(228)	–	(590)	–	(590)
Share-based payments and other long term incentives	(396)	–	–	(396)	(1,831)	(2,227)
Foreign currency profits / (losses)	4,919	(7)	–	4,912	–	4,912
	59,295	**5,033**	**(289)**	**64,039**	**(4,683)**	**59,356**
Unrealised profit on revaluation of investment property	13,343	–	–	13,343	–	13,343
Unrealised loss on revaluation of investment property under construction	(1,730)	–	–	(1,730)	–	(1,730)
Share of profits of joint ventures	–	–	285	285	–	285
Segment profit / (loss)	**70,908**	**5,033**	**(4)**	**75,937**	**(4,683)**	**71,254**
Finance income						3,264
Finance expense						(48,556)
Profit before tax						**25,962**

As at 30 June 2017	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,405,904	–	–	1,405,904
Investment property under construction	40,356	–	–	40,356
Investment in joint ventures	–	–	10,533	10,533
Inventory	–	–	812	812
Cash and short term deposits	104,095	1,375	2,613	108,083
Segment assets	**1,550,355**	**1,375**	**13,958**	**1,565,688**
Other non-current assets				45,042
Other current assets				58,686
Total assets				**1,669,416**
Segment liabilities				
Interest bearing loans and borrowings	722,476	–	–	722,476
Capital expenditure				
Payments for investment property and investment property under construction	6,615	–	–	6,615

(b) Segmental information for the six months ended and as at 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**

(c) Segmental information as at 31 December 2016

	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,300,643	–	–	1,300,643
Investment property under construction	41,253	–	–	41,253
Investment in joint ventures	–	–	9,731	9,731
Inventory	–	–	771	771
Cash and short term deposits	192,995	1,014	4,612	198,621
Segment assets	**1,534,891**	**1,014**	**15,114**	**1,551,019**
Other non-current assets				41,113
Other current assets				53,027
Total assets				**1,645,159**
Segment liabilities				
Interest bearing loans and borrowings	739,825	–	–	739,825
Capital expenditure				
Payments for investment property and investment property under construction	9,163	–	–	9,163

3. Administrative expenses

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Employment costs	7,023	5,521
Directors' remuneration	1,624	1,788
Bad debts	(201)	(712)
Office running costs and insurance	1,702	1,691
Travel costs	840	799
Auditors' remuneration	338	335
Legal and professional	1,087	754
Depreciation	590	544
Registrar costs and other administrative expenses	189	295
	13,192	**11,015**

4. Finance income and expense

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Finance income		
Total interest income on financial assets not at fair value through profit or loss		
Income from cash and short term deposits	2,951	1,405
Interest receivable from joint ventures	14	–
Other finance income		
Change in fair value of open interest rate derivative financial instruments	–	177
Change in fair value of foreign currency embedded derivatives	299	1,599
Finance income	**3,264**	**3,181**
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	31,777	35,378
Interest expense on preference shares	7,725	8,759
Interest expense on convertible preference shares	7,184	–
Total interest expense on financial liabilities not at fair value through profit or loss	46,686	44,137
Change in fair value of open forward currency derivative financial instruments	110	1,676
Change in fair value of open interest rate derivative financial instruments	1,760	2,457
Finance expense	**48,556**	**48,270**

5. Taxation

The tax charge for the period can be reconciled to the profit per the Income Statement as follows:

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Profit before tax	25,962	16,515
Tax at the Russian corporate rate of 20%	5,192	3,303
Tax effect of income not subject to tax and non-deductible expenses	11,905	9,290
Tax on dividends and inter company gains	1,115	496
Tax effect of financing arrangements	(5,840)	2,510
Movement on unprovided deferred tax assets	(1,012)	(7,852)
Movement in provision for uncertain tax positions	5,379	–
Effect of acquisitions in the period	42	–
	16,781	**7,747**

The majority of income not subject to tax and non-deductible expenses relates to income and expenditure arising in Guernsey. The tax effect of financing arrangements includes intra group financing arrangements and the effect of foreign currency loans entered into by the Group's Russian subsidiaries. Unrealised foreign exchange gains and losses are taxable or tax deductible in Russia. Therefore the movement in each period is a factor of the related movement in the underlying exchange rates, principally the US Dollar / Rouble rate.

As noted in the 2016 Annual Report, the Group is required to estimate its provision for uncertain tax positions. During the period the provision has increased, as shown in the tax reconciliation above, as a consequence of ongoing tax clarifications and interpretations.

6. Earnings measures

In addition to reporting IFRS earnings the Group also reports its own underlying earnings measure. The Directors consider underlying earnings to be a key performance measure, as this is the measure used by Management to assess the return on holding investment assets for the long term and the Group's ability to declare covered distributions. As a consequence the underlying earnings measure excludes investment property revaluations, gains or losses on the disposal of investment property, intangible asset movements, gains and losses on derivative financial instruments, share-based payments and other long term incentives (to the extent not settled in cash), the accretion of premiums payable on redemption of preference shares and convertible preference shares, material non-recurring items, depreciation and amortisation of loan origination costs, together with any related tax.

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

	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
Earnings		
Net profit for the period prepared under IFRS	**9,181**	**8,768**
Adjustments to arrive at underlying earnings:		
Unrealised (profit) / loss on revaluation of investment property	(13,343)	6,534
Unrealised loss on revaluation of investment property under construction	1,730	1,931
Change in fair value of open forward currency derivative financial instruments	110	1,676
Change in fair value of open interest rate derivative financial instruments	1,760	2,280
Change in fair value of foreign currency embedded derivatives	(299)	(1,599)
Movement on deferred tax thereon	7,919	2,033
Share-based payments and other long term incentives	1,409	4,669
Premium on redemption of preference shares and amortisation of issue costs	262	278
Premium on redemption of convertible preference shares and amortisation of issue costs	2,799	–
Depreciation	589	544
Amortisation of loan origination costs	3,332	1,915
Tax charge on unrealised foreign exchange movements in loans	50	2,462
Underlying earnings	**15,499**	**31,491**

	Six months ended 30 June 2017			Six months ended 30 June 2016		
IFRS	Earnings $'000	Weighted average shares No. '000	EPS Cents	Earnings $'000	Weighted average shares No. '000	EPS Cents
Basic	9,181	666,209	1.38	8,768	650,946	1.35
Effect of dilutive potential ordinary shares:						
Warrants (note 14)	–	10,082		–	6,351	
LTIP (note 17)	–	1,711		–	1,111	
2016 Retention scheme (note 17)	–	4,873		–	–	
CBLTIS 2015 (note 17)	–	–		–	2,231	
ERS (note 17)	–	–		–	43	
Convertible preference shares (note 12)	–	–		–	–	
Diluted	**9,181**	**682,875**	**1.34**	**8,768**	**660,682**	**1.34**

	Six months ended 30 June 2017			Six months ended 30 June 2016		
Underlying earnings	Earnings $'000	Weighted average shares No. '000	EPS Cents	Earnings $'000	Weighted average shares No. '000	EPS Cents
Basic	15,498	666,209	2.33	31,491	650,946	4.84
Effect of dilutive potential ordinary shares:						
Warrants (note 14)	–	10,082		–	6,351	
LTIP (note 17)	–	1,711		–	1,111	
2016 Retention scheme (note 17)	–	4,873		–	–	
CBLTIS 2015 (note 17)	–	–		–	2,231	
ERS (note 17)	–	–		–	43	
Convertible preference shares (note 12)	4,385	187,032		–	–	
Diluted	**19,883**	**869,907**	**2.29**	**31,491**	**660,682**	**4.76**

The finance expense for the period relating to the convertible preference shares is greater than IFRS basic earnings per share and thus the convertible preference shares are not dilutive for IFRS fully diluted earnings per share. In the case of underlying earnings per share the convertible preference shares are dilutive and have been incorporated into the calculation of fully diluted underlying earnings per share.

7. 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 2017	1,005,449	141,431	151,846	24,818	**1,323,544**
Property acquisitions (note 20)	–	35,994	–	50,179	**86,173**
Property improvements and movement in completion provisions	2,748	412	2,401	243	**5,804**
Unrealised (loss) / profit on revaluation	(5,536)	13,554	904	3,874	**12,796**
Market value at 30 June 2017	**1,002,661**	**191,391**	**155,151**	**79,114**	**1,428,317**
Tenant incentives and contracted rent uplift balances	(17,129)	(5,194)	(1,121)	(362)	**(23,806)**
Head lease obligations	1,393	–	–	–	**1,393**
Carrying value at 30 June 2017	**986,925**	**186,197**	**154,030**	**78,752**	**1,405,904**
Revaluation movement in the period ended 30 June 2017					
Gross revaluation	(5,536)	13,554	904	3,874	**12,796**
Effect of tenant incentives and contracted rent uplift balances	366	138	251	(208)	**547**
Revaluation reported in the Income Statement	**(5,170)**	**13,692**	**1,155**	**3,666**	**13,343**

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	4,906	2,022	378	(179)	**7,127**
Unrealised (loss) / profit on revaluation	(43,409)	303	2,819	(143)	**(40,430)**
Market value at 31 December 2016	**1,005,449**	**141,431**	**151,846**	**24,818**	**1,323,544**
Tenant incentives and contracted rent uplift balances	(17,495)	(5,332)	(1,372)	(154)	**(24,353)**
Head lease obligations	1,452	–	–	–	**1,452**
Carrying value at 31 December 2016	**989,406**	**136,099**	**150,474**	**24,664**	**1,300,643**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2016 or 2017.

At 30 June 2017 the Group has pledged investment property with a value of $1,289 million (31 December 2016: $1,288 million) to secure banking facilities granted to the Group (note 10).

8. 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 2017	29,600	7,500	**37,100**	–	3,662	**3,662**	**40,762**
Costs incurred	15	–	**15**	–	188	**188**	**203**
Effect of foreign exchange rate changes	344	171	**515**	–	103	**103**	**618**
Unrealised loss on revaluation	(1,459)	(271)	**(1,730)**	–	–	**–**	**(1,730)**
Market value at 30 June 2017	**28,500**	**7,400**	**35,900**	**–**	**3,953**	**3,953**	**39,853**
Head lease obligations	503	–	**503**	–	–	**–**	**503**
Carrying value at 30 June 2017	**29,003**	**7,400**	**36,403**	**–**	**3,953**	**3,953**	**40,356**

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	2,353	33	**2,386**	49	355	**404**	**2,790**
Disposal	–	–	**–**	(543)	–	**(543)**	**(543)**
Effect of foreign exchange rate changes	1,774	1,072	**2,846**	81	593	**674**	**3,520**
Unrealised loss on revaluation	(2,227)	(905)	**(3,132)**	–	–	**–**	**(3,132)**
Market value at 31 December 2016	**29,600**	**7,500**	**37,100**	**–**	**3,662**	**3,662**	**40,762**
Head lease obligations	491	–	**491**	–	–	**–**	**491**
Carrying value at 31 December 2016	**30,091**	**7,500**	**37,591**	**–**	**3,662**	**3,662**	**41,253**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2016 or 2017.

No borrowing costs were capitalised in the period (31 December 2016: $nil).

At 30 June 2017 the Group has pledged investment property under construction with a value of $35.9 million (31 December 2016: $37.1 million) to secure banking facilities granted to the Group (note 10).

9. Valuation assumptions and key inputs

Class of property	Carrying amount				Range	
	30 June 2017 $'000	31 December 2016 $'000	Valuation Technique	Input	30 June 2017	31 December 2016
Completed investment property						
Moscow - Logistics	986,925	989,406	Income capitalisation	Long term ERV per sqm for existing tenants	$85 to $105	$85 to $105
				Short term ERV per sqm for vacant space	Rub 3,800	Rub 4,000
				Initial yield	2.4% to 16.7%	2.0% to 16.0%
				Equivalent yield	10.7% to 12.0%	10.7% to 12.2%
				Vacancy rate	0% to 94%	9% to 77%
				Passing rent per sqm	$89 to $162	$70 to $158
				Passing rent per sqm	Rub 3,500 to Rub 11,406	Rub 3,500 to Rub 6,744
St Petersburg - Logistics	186,197	136,099	Income capitalisation	Long term ERV per sqm for existing tenants	$75 to $80	$80
				Short term ERV per sqm for vacant space	Rub 3,500 to Rub 3,700	Rub 3,700
				Initial yield	8.8% to 13.7%	11.3% to 13.2%
				Equivalent yield	12.2% to 12.4%	12.3% to 12.6%
				Vacancy rate	3% to 12%	3% to 31%
				Passing rent per sqm	$46 to $140	$105 to $138
				Passing rent per sqm	Rub 2,339 to Rub 3,900	Rub 3,500 to Rub 4,500
Regional - Logistics	154,030	150,474	Income capitalisation	Long term ERV per sqm for existing tenants	$80	$80
				Short term ERV per sqm for vacant space	Rub 3,700	Rub 3,700
				Initial yield	8.9% to 12.6%	9.0% to 12.4%
				Equivalent yield	12.2% to 12.3%	12.4% to 12.5%
				Vacancy rate	18% to 26%	22% to 33%
				Passing rent per sqm	$92 to $133	$102 to $129
				Passing rent per sqm	Rub 3,980 to Rub 7,000	Rub 3,900 to Rub 6,547
St Petersburg - Office	78,752	24,664	Income capitalisation	ERV per sqm	$165 to $205	$235
				Initial yield	12.6% to 22.8%	20.0%
				Equivalent yield	11.0% to 12.25%	13.0%
				Vacancy rate	0% to 0.4%	0%
				Passing rent per sqm	$388	n/a
				Passing rent per sqm	Rub 3,051 to Rub 16,271	Rub 19,545
				Passing rent per sqm	€390	n/a

Other key information	Description	Range 30 June 2017	31 December 2016
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	2 to 12 years	2 to 12 years
	Outstanding costs (US$'000)	7,012	6,803
St Petersburg - Logistics	Land plot ratio	48% - 57%	51% - 57%
	Age of building	2 to 8 years	2 to 8 years
	Outstanding costs (US$'000)	900	1,102
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	7 years	7 years
	Outstanding costs (US$'000)	1,569	665
St Petersburg - Office	Land plot ratio	148% to 496%	320%
	Age of building	10 years	10 years
	Outstanding costs (US$'000)	125	–

Investment property under construction	Carrying amount 30 June 2017 $'000	31 December 2016 $'000	Valuation technique	Input	Range 30 June 2017	31 December 2016
Moscow - Logistics	29,003	30,091	Comparable	Value per ha ($m)	$0.31 - $0.53	$0.29 - $0.61
Regional - Logistics	7,400	7,500	Comparable	Value per ha ($m)	$0.29	$0.29

In preparing their valuations at 30 June 2017, 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 2016 and the impact of this on the valuation process is set out more fully in note 13 of the 2016 Annual Report.

10. Interest bearing loans and borrowings

Bank loans	30 June 2017 $'000	31 December 2016 $'000
Loans due for settlement within 12 months	32,476	40,787
Loans due for settlement after 12 months	690,000	699,038
	722,476	**739,825**
The Group's borrowings have the following maturity profile:		
On demand or within one year	32,476	40,787
In the second year	47,569	53,292
In the third to fifth years	410,577	440,432
After five years	231,854	205,314
	722,476	**739,825**

The amounts above include unamortised loan origination costs of $9.7 million (31 December 2016: $12.3 million) and interest accruals of $1.2 million (31 December 2016: $3.8 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 2017	Interest Rate	Maturity (years)	$'000
Secured on investment property and investment property under construction	7.80%	4.4	707,744
Unsecured facility of the Company	8.90%	3.2	14,732
			722,476
As at 31 December 2016			
Secured on investment property and investment property under construction	7.50%	4.7	725,123
Unsecured facility of the Company	8.90%	3.7	14,702
			739,825

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

11. Preference shares

	2017 $'000	2016 $'000
At 1 January	131,703	156,558
Purchased in the period / year	–	(713)
Premium on redemption of preference shares and amortisation of issue costs	262	562
Scrip dividends	459	614
Effect of foreign exchange rate changes	6,756	(25,318)
At 30 June / 31 December	**139,180**	**131,703**

	2017 Number	2016 Number
At 1 January	98,265,327	98,328,017
Purchased in the period / year	–	(450,000)
Scrip dividends	245,670	387,310
At 30 June / 31 December	**98,510,997**	**98,265,327**
Shares in issue	98,998,046	98,752,376
Held by the Company's Employee Benefit Trusts	(487,049)	(487,049)
At 30 June / 31 December	**98,510,997**	**98,265,327**

12. Convertible preference shares

	2017 $'000	2016 $'000
At 1 January	119,859	–
Issued in the period / year (net of issue costs)	–	138,705
Allocated to equity	–	(8,453)
Acquired by Company's Employee Benefit Trust	–	(10,378)
Reissued in the period / year	1,048	2,779
Premium on redemption of preference shares and amortisation of issue costs	2,799	2,892
Movement on accrual for preference dividends	–	24
Effect of foreign exchange rate changes	6,261	(5,710)
At 30 June / 31 December	**129,967**	**119,859**

	2017 Number	2016 Number
At 1 January	102,837,876	–
Issued in the period / year	–	108,689,501
Acquired by Company's Employee Benefit Trust	–	(8,000,000)
Reissued in the year	728,290	2,148,375
At 30 June / 31 December	**103,566,166**	**102,837,876**
Shares in issue	108,689,501	108,689,501
Held by the Company's Employee Benefit Trusts	(5,123,335)	(5,851,625)
At 30 June / 31 December	**103,566,166**	**102,837,876**

On 4 July 2017 the Company created and issued a further 89,766,361 convertible preference shares at a placing price of 114p per share. The new convertible preference shares rank pari passu with the existing convertible preference shares in issue.

One of the Company's employee benefit trusts participated in the placing and subscribed for a further 2,631,578 convertible preference shares.

13. Share capital

	2017 $'000	2016 $'000
At 1 January	12,578	12,776
Issued in the period / year for cash on warrant exercises	178	2
Repurchased and cancelled in the period / year	–	(200)
At 30 June / 31 December	**12,756**	**12,578**

	2017 Number	2016 Number
At 1 January	667,968,463	682,560,376
Issued in the period / year for cash on warrant exercises	13,807,774	114,084
Repurchased and cancelled in the period / year	–	(14,705,997)
At 30 June / 31 December	**681,776,237**	**667,968,463**

Of the authorised ordinary share capital of 1,500,000,000 at 30 June 2017 (31 December 2016: 1,500,000,000), 11.1 million (31 December 2016: 24.9 million) ordinary shares are reserved for warrants.

Details of own shares held are given in note 15.

14. Warrants

	2017 $'000	2016 $'000
At 1 January	1,161	1,167
Exercised in the period / year	(712)	(6)
At 30 June / 31 December	**449**	**1,161**

	2017 Number	2016 Number
At 1 January	24,894,739	25,008,823
Exercised in the period / year	(13,807,774)	(114,084)
At 30 June / 31 December	**11,086,965**	**24,894,739**

15. Own shares held

	2017 $'000	2016 $'000
At 1 January	(7,449)	(52,101)
Acquisitions	(76)	(133)
Disposal	–	43,161
Cancelled	–	81
Allocation to satisfy ERS options exercised (note 17a)	–	68
Allocation to satisfy LTIP options exercised (note 17a)	913	598
Allocation to satisfy CBLTIS 2015 awards vesting (note 17b)	–	877
At 30 June / 31 December	**(6,612)**	**(7,449)**

	2017 Number	2016 Number
At 1 January	6,444,080	38,456,594
Acquisitions	121,547	282,468
Disposal	–	(30,937,631)
Cancelled	–	(64,987)
Allocation to satisfy ERS options exercised (note 17a)	–	(62,756)
Allocation to satisfy LTIP options exercised (note 17a)	(759,289)	(500,000)
Allocation to satisfy CBLTIS 2015 awards vesting (note 17b)	–	(729,608)
At 30 June / 31 December	**5,806,338**	**6,444,080**

Allocations are transfers by the Company's Employee Benefit Trusts to settle CBLTIS awards that vest and to satisfy ERS and LTIP options exercised in the period. 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 17a.

16. Net asset value per share

As well as reporting IFRS net asset value per share, the Group also reports its own adjusted net asset value and adjusted net asset value per share measure. The Directors consider that the adjusted measure provides more relevant information to shareholders as to the net asset value of a property investment group with a strategy of long term investment. The adjustments remove or adjust assets and liabilities, including goodwill and amounts relating to irredeemable preference shares, that are not expected to crystallise in normal circumstances.

	30 June 2017 $'000	31 December 2016 $'000
Net asset value	**503,864**	**500,226**
Goodwill	(1,979)	(1,882)
Goodwill in joint venture	(4,525)	(4,305)
Unrealised foreign exchange profits on preference shares	(13,606)	(20,362)
Fair value of interest rate derivative financial instruments	(3,764)	(4,764)
Fair value of embedded derivatives	381	681
Fair value of foreign exchange derivative financial instruments	(176)	(277)
Adjusted net asset value	**480,195**	**469,317**
Assuming exercise / vesting of all dilutive potential ordinary shares		
– Convertible preference shares (note 12)	129,967	119,859
– Warrants (note 14)	3,601	7,691
– LTIP (note 17)	933	1,196
– 2016 Retention scheme (note 17)	3,028	1,498
Adjusted fully diluted net asset value	**617,724**	**599,561**

	30 June 2017 Number	31 December 2016 Number
Number of ordinary shares (note 13)	681,776,237	667,968,463
Less own shares held (note 15)	(5,806,338)	(6,444,080)
	675,969,899	**661,524,383**
Assuming exercise of all potential ordinary shares		
– Convertible preference shares (note 12)	188,283,290	186,959,259
– Warrants (note 14)	11,086,965	24,894,739
– LTIP (note 17)	2,872,973	3,872,973
– 2016 Retention scheme (note 17)	9,242,893	10,897,650
Number of ordinary shares assuming exercise of all potential ordinary shares	**887,456,020**	**888,149,004**

	30 June 2017 Cents	31 December 2016 Cents
Net asset value per share	75	76
Diluted net asset value per share	72	71
Adjusted net asset value per share	71	71
Adjusted diluted net asset value per share	70	68

17. Share-based payments and other long term incentives

(a) Movements in Executive Share Option Schemes	Six months ended 30 June 2017 No. of options	Six months ended 30 June 2017 Weighted average exercise price	Six months ended 30 June 2016 No. of options	Six months ended 30 June 2016 Weighted average exercise price
Outstanding at the beginning of the period	3,872,973	25p	4,447,973	25p
Exercised during the period				
– ERS	–	0p	(75,000)	0p
– LTIP	(1,000,000)	25p	–	25p
Outstanding at the end of the period	**2,872,973**	**25p**	**4,372,973**	**25p**
Represented by				
– LTIP	2,872,973		4,372,973	
Exercisable at the end of the period	**2,872,973**	**25p**	**4,372,973**	**25p**

(b) Movements in Combined Bonus and Long Term Incentive Scheme 2015 Awards ("CBLTIS 2015")	Six months ended 30 June 2017 No. of award shares	Six months ended 30 June 2016 No. of award shares
Awards of Ordinary shares:		
Outstanding at the beginning of the period	–	34,800,000
– Granted during the period	–	–
– Unvested awards waived during the period	–	(18,750,000)
– Vested during the period (of which entitlement to 2,150,626 was waived)	–	(2,942,060)
– Lapsed during the period	–	(6,207,940)
– Cancelled during the period	–	(6,900,000)
Outstanding at the end of the period	**–**	**–**

(c) Income statement charge for the period	Six months ended 30 June 2017 $'000	Six months ended 30 June 2016 $'000
CBLTIS 2015	–	1,496
2016 Retention Scheme	2,227	5,404
	2,227	**6,900**
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	–	1,496
Convertible preference shares (IFRS 2 expense)	1,409	3,173
Cash	818	2,231
	2,227	**6,900**

18. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2016 (2015: none) and instead implemented a tender offer buy back for ordinary shares on 13 July 2017 on the basis of 1 in every 26 shares held and a tender price of 52 pence per share, the equivalent of a final dividend of 2 pence per share (2015: 1 in every 40 shares at 40p per share the equivalent of 1p per share).

19. Fair value measurement

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 2017		31 December 2016	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Non-current assets				
Loans receivable	612	570	611	577
Security deposits	500	500	–	–
Derivative financial instruments	3,561	3,561	5,012	5,012
Current assets				
Trade receivables	37,687	37,687	37,732	37,732
Security deposits	–	–	2,393	2,393
Other current receivables	1,873	1,873	318	318
Derivative financial instruments	574	574	358	358
Cash and short term deposits	108,083	108,083	198,621	198,621
Non-current liabilities				
Interest bearing loans and borrowings	690,000	702,416	699,038	706,682
Preference shares	139,180	177,553	131,703	165,140
Convertible preference shares	129,967	155,049	119,859	143,596
Derivative financial instruments	108	108	67	67
Rent deposits	23,570	19,099	23,324	19,838
Other payables	1,888	1,888	1,935	1,935
Current liabilities				
Interest bearing loans and borrowings	32,476	34,630	40,787	45,458
Derivative financial instruments	469	469	943	943
Rent deposits	7,520	7,520	6,640	6,640
Other payables	8,517	8,517	8,869	8,869

Fair value hierarchy

The following table provides the fair value measurement hierarchy* of the Group's assets and liabilities.

As at 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Assets measured at fair value				
Investment property	–	–	1,405,904	1,405,904
Investment property under construction	–	–	40,356	40,356
Derivative financial instruments	–	4,135	–	4,135
Liabilities measured at fair value				
Derivative financial instruments	–	577	–	577
As at 31 December 2016				
Assets measured at fair value				
Investment property	–	–	1,300,643	1,300,643
Investment property under construction	–	–	41,253	41,253
Derivative financial instruments	–	5,370	–	5,370
Liabilities measured at fair value				
Derivative financial instruments	–	1,010	–	1,010

* Explanation of the 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.

20. Acquisitions in the period

The Group made three acquisitions in the period, Gorigo Logistics Park, Primium Business Centre and Kellerman Business Centre, each from the same investment fund. The Group purchased each of the properties by acquiring all of the issued share capital of the corporate vehicles that owned the properties. In accordance with its accounting policy, the Group considered each acquisition in turn, assessing whether an integrated set of activities had been acquired in addition to the property. In each case it was concluded a business had not been purchased but rather the acquisition of a group of assets and related liabilities.

Analyses of the consideration payable for the properties and the incidental assets and liabilities are provided below:

	Primium $'000	Kellerman $'000	Offices Total $'000	Gorigo $'000	Total $'000
Non-current assets					
Investment property (note 7)	29,216	20,963	50,179	35,994	**86,173**
Deferred tax assets	–	–	–	1,856	**1,856**
Current assets					
Trade and other receivables	234	440	674	282	**956**
Cash and short term deposits	1,930	1,016	2,946	1,142	**4,088**
Current liabilities					
Trade and other payables	(1,983)	(2,523)	(4,506)	(1,961)	**(6,467)**
	29,397	**19,896**	**49,293**	**37,313**	**86,606**
Discharged by:					
Cash consideration paid					87,473
Amounts recoverable from escrow					(1,294)
Amounts recoverable from seller					(401)
Acquisition costs					828
					86,606

ENQUIRIES

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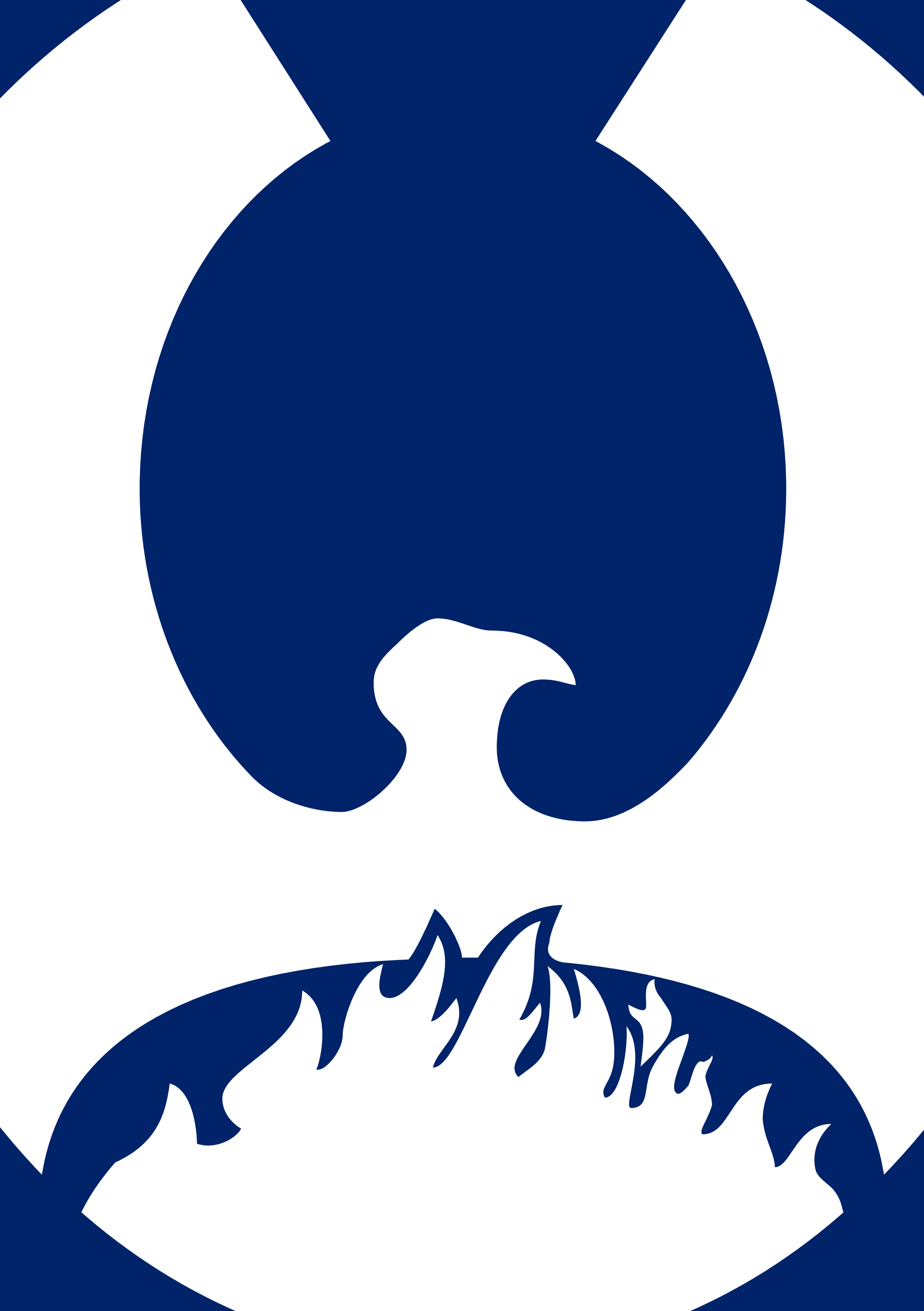

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