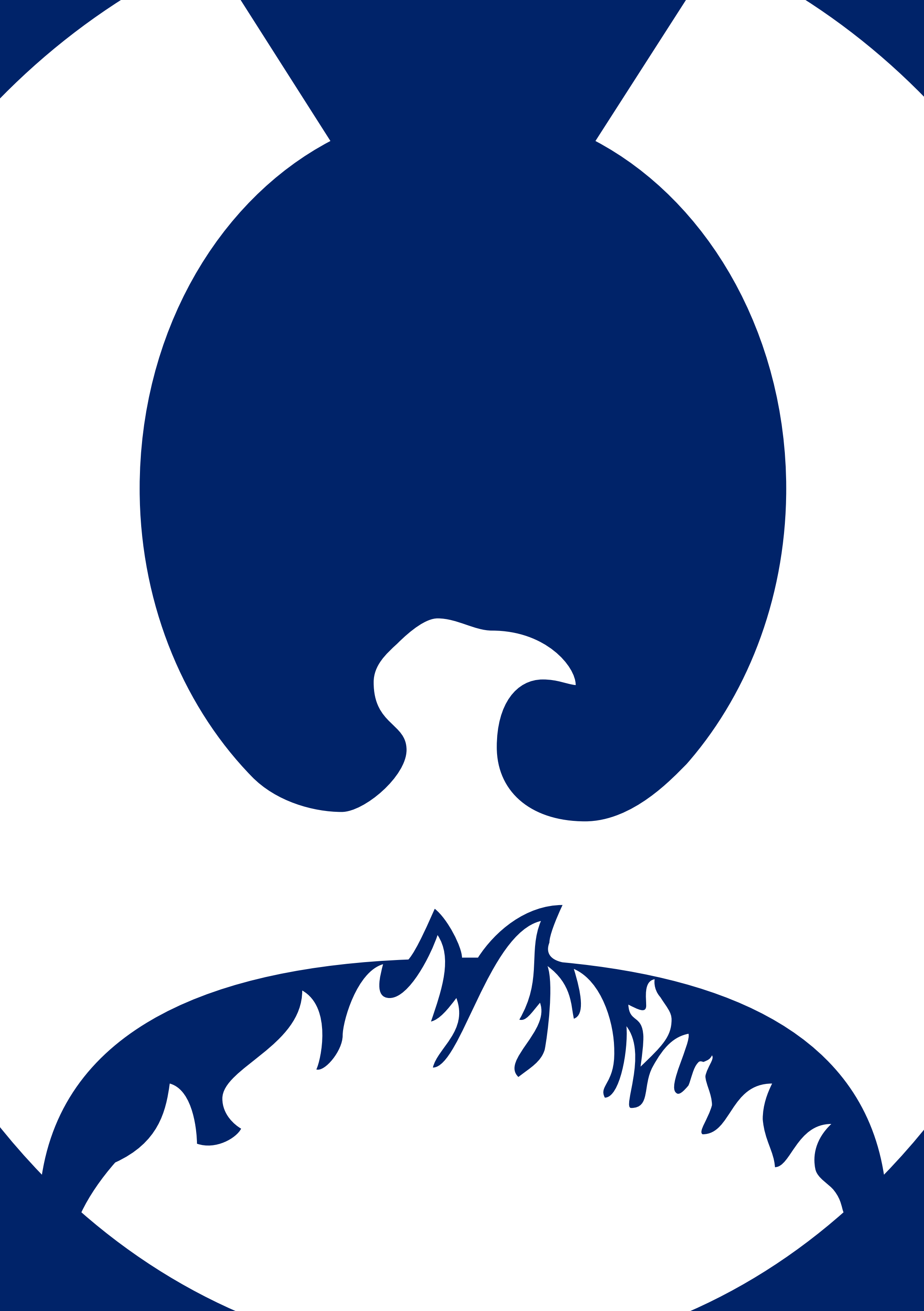
RAVEN PROPERTY GROUP LIMITED

2018 Interim Report



RAVEN PROPERTY GROUP LIMITED
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

CONTENTS

HIGHLIGHTS

- Net operating income of $79.3 million for the six months to 30 June 2018 (30 June 2017: $69.9 million);
- Occupancy increased to 87% across the investment portfolio (31 December 2017: 81%);
- Cash balance of $198 million supporting acquisition strategy;
- In August, contracts signed on acquisition of additional 58,851sqm of warehouse space;
- Proposed distribution of 1.25p per ordinary share by way of a tender offer buy back of 1 in 44 shares at 55p.

Glyn Hirsch CEO said, "We have made significant progress in the period. Our vacancies are down, net operating income is up and we are acquiring further space at an attractive yield."

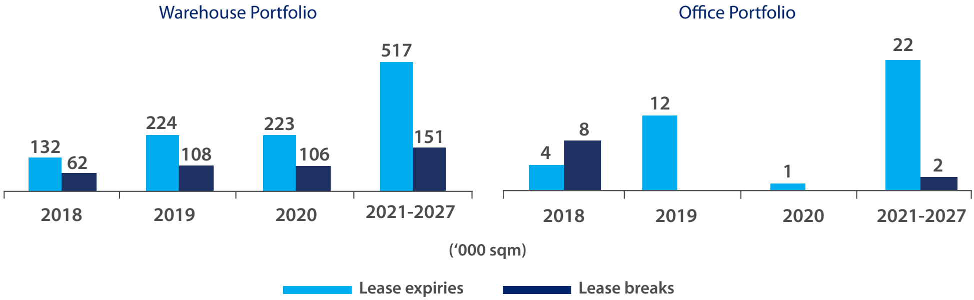
Financial Summary

Income Statement for the 6 months ended:	30 June 2018	30 June 2017
Net rental and related income ($m)	79.3	69.9
Revaluation (deficit) / surplus ($m)	(34.4)	11.6
IFRS (loss) / earnings after tax ($m)	(41.1)	9.2
Underlying earnings after tax ($m)	3.2	15.5
Basic EPS (cents)	(6.3)	1.4
Basic underlying EPS (cents)	0.5	2.3
Distribution per share (pence)	1.25	1.0

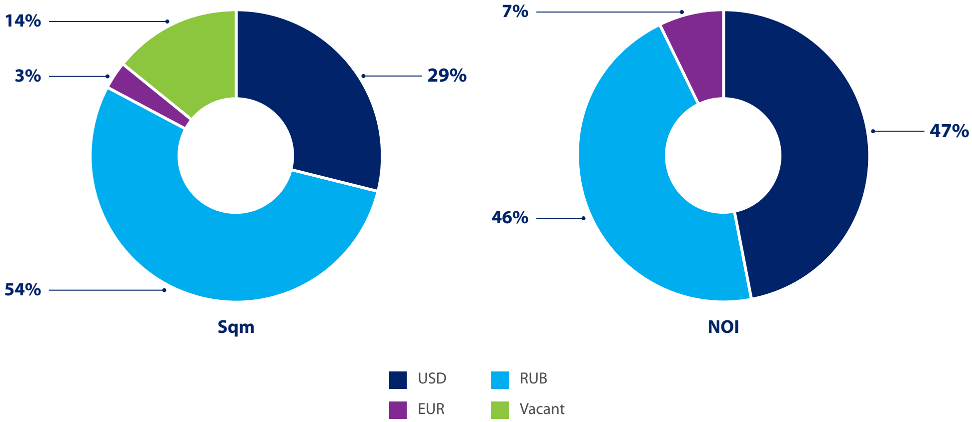
Balance Sheet at:	30 June 2018	31 December 2017
Investment property market value ($m)	1,557	1,593
Diluted NAV per share (cents)	76	80

Letting Summary

Our warehouse portfolio currently totals 1.77 million sqm. Occupancy at the period end was 86% (31 December 2017: 81%). Our office portfolio of 49,000sqm has been fully let throughout the period.



Lease Currency Mix



CHAIRMAN'S MESSAGE

The Russian market fundamentals have been positive for us in the six months to 30 June 2018.

Net operating income ("NOI") has improved to $79.3 million (30 June 2017: $69.9 million). Occupancy levels on our investment portfolio climbed from 81% at the year end to 87% at 30 June 2018. Rouble leases account for 54% of our warehouse space (31 December 2017: 47%) and 46% of our NOI in the period to 30 June 2018 (31 December 2017: 32%), and we have drawn funds on our first Rouble debt facility.

Our acquisition strategy is also progressing and this month we signed contracts for the acquisition of a further 58,851sqm of warehouse space in Moscow at a yield of 11.3% and purchase price of Roubles 2.45 billion ($36.5 million). We hope to announce further acquisitions in the coming quarter.

The accumulation of this work produces an income statement with reducing reliance on US Dollar pegged income and signals the start of the balance sheet restructuring away from US Dollar liabilities.

The one anomaly as we move away from the US Dollar model is that, whilst we continue with US Dollar presentation of our numbers, the increasing Rouble cash balances that we hold cause unrealised foreign exchange movements in our income statement, distorting profitability. These unrealised foreign exchange movements give a $13.6 million swing in profit for the period with a foreign exchange loss of $8.7 million for the six months compared to a profit of $4.9 million in the same period last year.

The impact can also be seen on our property valuations which have increased by 7% in Rouble terms in the period but translate to a revaluation loss of $34.4 million in US Dollar terms. Our IFRS earnings show a loss of $41.1 million following this foreign exchange impact (30 June 2017: profit of $9.2 million).

Underlying operating cash generation remains robust and underlying earnings before unrealised foreign exchange movements of $11.9 million support a proposed interim distribution of 1.25p, again by way of tender offer buy back of 1 in 44 shares at 55p (30 June 2017: 1p by way of tender offer buy back of 1 in 52 shares at 52p).

Richard Jewson
Chairman
27 August 2018

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders

This is the newly toned down re-draft of my statement following news of additional US sanctions, contagion from the Turkish Lira crash and the resulting Rouble weakness. Prior to this, we were feeling pretty bullish again and early drafts of my statement reflected that.

Operating fundamentals in the Russian market are strong and many economic indicators have moved in our favour. These include a growing economy, albeit slowly, falling interest rates, increased tenant demand and a reduced vacancy rate for us and the market as a whole. At this time last year the Russian Central Bank rate was 9.0%, today it is 7.25%.

Following the recent elections, we have medium term political stability and the successful World Cup has started to show the world the positive side of Russia that we have been going on about for years. However, the weaker Rouble means we suffer foreign exchange losses when presenting our results in US Dollars.

Our main operational efforts in the period have been focussed on letting space and pursuing income producing acquisitions. These efforts continue to be the best strategy in the current climate. It is producing results.

Our portfolio occupancy has risen to 87% and this trend is continuing. The weighted average warehouse lease length is 3.3 years and average annual indexation on Rouble leases is 6.1%, an attractive level of growth.

We are delighted to have signed contracts this month on a Rouble 2.45 billion ($36.5 million) acquisition at an average yield of 11.3%. It will contribute Rouble 272 million ($4.0 million) to NOI per annum when fully let. We have also walked away from deals in the period where they have not met our criteria and this has resulted in abortive due diligence costs in the first half. We have a number of other acquisitions under discussion and hope to make further announcements in due course.

We are sitting on $198 million of cash which will support our acquisition growth.

Given the improvement in our core market we are also planning to speculatively build around 70,000sqm at our site at Nova Riga. At today's construction costs and rents this should show us a 12% return on the marginal cost of investment and further enhance NOI albeit not until 2020.

We have continued to promote our business and Russia generally wherever and whenever possible. Despite the success of the World Cup, Russia's investment audience remains limited. With this in mind we intend to list our ordinary shares on both the Moscow and Johannesburg Stock Exchanges and will make a separate announcement shortly when the process is finalised. We hope that this will increase and broaden investor interest.

To reflect our cautious optimism we are continuing our progressive distribution policy and will pay 1.25p (a 25% increase on the same period last year) as a tender offer buy back of 1 in 44 shares at 55p.

Property update

The portfolio comprised 1.77 million sqm of warehouse space and 49,000sqm of office space at 30 June 2018. Warehouse occupancy increased to 86% in the period (31 December 2017: 81%) and our office portfolio continues to be fully let giving total occupancy of 87% across the entire portfolio.

New warehouse lettings in the period totalled 153,000sqm with a further 116,000sqm of existing leases renegotiated and extended. Tenants vacated 54,000sqm of space.

Since the period end, we have let a further 38,000sqm of vacant space and renegotiated and extended 23,000sqm of maturing leases.

As at 30 June 2018 we had 132,000sqm of warehouse leases maturing in the second half of the year and 62,000sqm of potential lease breaks. Of those, we expect maturing tenants to vacate 39,000sqm and 15,000sqm of the breaks to be exercised before the year end.

Rouble denominated leases accounted for 54% (31 December 2017: 47%) of the total warehouse space at the period end and US Dollar leases 29% (31 December 2017: 31%). The average Rouble rent was 4,900 per sqm (31 December 2017: 5,200 per sqm) and the average US Dollar rent was $152 per sqm (31 December 2017: $143 per sqm). Rouble denominated leases had a weighted average term to maturity of 3.6 years (31 December 2017: 3.6 years) and US Dollar leases 2.6 years (31 December 2017: 3.0 years).

Our St Petersburg office portfolio continues to perform well with no significant change in tenant mix since the year end.

Results

Underlying earnings

Acquisitions and increased letting activity have supported an increase in NOI to $79.3 million (30 June 2017: $69.9 million). This increase is offset by the step up in costs to implement our current strategy, with salaries and bonuses increasing by $3 million, bonuses relating to prior year performance, and last year's issue of new convertible preference shares increasing finance costs. The cost increase supports our on-going growth policy and any future warehouse acquisitions or development will improve profitability without any marked increase in overhead. The bonuses are a full year cost and not repeated in the second half of the year.

As explained in the Chairman's statement, the big swing in underlying profitability compared to the six months to 30 June 2018 relates to unrealised foreign exchange losses when presenting our results in US Dollars. Underlying earnings before these foreign exchange movements compare favourably, $11.9 million in 2018 and $10.6 million in the six months to 30 June 2017.

IFRS earnings

The IFRS loss for the period is $41.1 million (30 June 2017: profit of $9.2 million). This is principally driven by the Rouble weakness against the US Dollar. Our investment properties increased in value in Rouble terms but show a revaluation loss of $30.8 million net of tax (30 June 2017: profit of $7.0 million) when translated into US Dollars. The other significant charge to IFRS earnings is the amortisation of the cumulative preference share redemption premium of $5.0 million (30 June 2017: $2.8 million) in the period.

Financing

As explained in the 2017 Annual Report, the refinancing of a project straddled the year end with both cash balances and bank loans increasing by $62.3 million. This needs to be taken into account when comparing the 30 June 2018 balance sheet to that of 31 December 2017. The old facility was repaid on 9 January 2018.

Our cash balance at 30 June 2018 is $198.1 million and at 31 December 2017, $266.7 million, reducing to $204.4 million when adjusting for the effect of the financing above. Similarly, secured and unsecured loans at 30 June 2018 were $824.3 million compared to $847.2 million at 31 December 2017 or $784.9 million adjusted.

In fact, our secured debt increased during the year as we drew the final tranche of €11 million on the financing of last year's St Petersburg acquisitions and then refinanced the Sever acquisition which we had completed in November 2017. This was our first Euro/Rouble mix facility, drawing €9.7 million and Roubles 2.96 billion on 8 June 2018, a facility with a term of five years. We also refinanced the one unsecured loan we have of $15 million, reducing the margin charged from 7.9% to 2.5% in the process.

At 30 June 2018 our weighted average cost of debt was 7.4% (31 December 2017: 7.6%) with a weighted average term to maturity of 4.4 years (31 December 2017: 4.5 years). The currency weighting of the Group's loan financing at 30 June 2018 was US Dollar 77.4%, Euro 16.9% and Rouble 5.7%, six of the seventeen projects supporting the secured debt now financed in Euro or Roubles.

The debt restructuring in 2016 and 2017 was undertaken to create a buffer for covenant headroom on secured debt in times of foreign exchange volatility. At 30 June 2018 the loan to value ratio on secured debt was 52% (31 December 2017: 53%).

Cash flow

Cash flows from operating activities followed the same trend as our NOI in the period, generating $55.9 million (30 June 2017: $48.8 million). Cash generation after net interest and preference share coupon paid was maintained at the same level as the previous year, $7.5 million (30 June 2017: $7.4 million).

Net asset value

The Group's net asset value falls to $478.4 million from $529.8 million at 31 December 2017 following the IFRS loss for the period and the increased tender offer paid for the final 2017 distribution.

Diluted, net asset value per share is 76 cents (31 December 2017: 80 cents).

Tender offer

We are proposing a distribution of the equivalent of 1.25p per ordinary share by way of tender offer buy back of 1 in 44 shares at 55p (30 June 2017: 1p by way of an offer of 1 in 52 shares at 52p). This reflects our progress and financial performance so far this year.

Glyn Hirsch
Chief Executive Officer
27 August 2018

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 along with the potential impact and mitigation strategies are set out in the Risk Report on pages 37 to 40 of the Group's 2017 Annual Report. These risks fall into five main categories, these being: financial, property investment, Russian domestic, personnel and political and economic risks.

Having reviewed the principal risks and uncertainties for Group in relation to the first half of 2018, the Board believes these have remained consistent with those presented in the 2017 Annual Report and that the existing mitigation strategies continue to be appropriate.

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. 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 Property Group Limited are disclosed in the 2017 Annual Report of the Group.

This responsibility statement was approved by the Board of Directors on the 27 August 2018 and is signed on its behalf by

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

INDEPENDENT REVIEW REPORT TO RAVEN PROPERTY GROUP 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 2018 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 Guidance 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 interim 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 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 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
27 August 2018

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 Underlying earnings $'000	Six months ended 30 June 2018 Capital and other $'000	Six months ended 30 June 2018 Total $'000	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
Gross revenue	2	109,253	–	109,253	95,381	–	95,381
Property operating expenditure and cost of sales		(29,969)	–	(29,969)	(25,518)	–	(25,518)
Net rental and related income	**2**	**79,284**	**–**	**79,284**	**69,863**	**–**	**69,863**
Administrative expenses	3	(16,884)	(2,273)	(19,157)	(12,603)	(589)	(13,192)
Share-based payments and other long term incentives	17b	(877)	(1,600)	(2,477)	(818)	(1,409)	(2,227)
Foreign currency (loss) / profit		(8,708)	–	(8,708)	4,912	–	4,912
Operating expenditure		**(26,469)**	**(3,873)**	**(30,342)**	**(8,509)**	**(1,998)**	**(10,507)**
Share of profits of joint ventures		204	–	204	285	–	285
Operating profit / (loss) before profits and losses on investment property		**53,019**	**(3,873)**	**49,146**	**61,639**	**(1,998)**	**59,641**
Unrealised (loss) / profit on revaluation of investment property	7	–	(35,055)	(35,055)	–	13,343	13,343
Unrealised profit / (loss) on revaluation of investment property under construction	8	–	606	606	–	(1,730)	(1,730)
Operating profit / (loss)	**2**	**53,019**	**(38,322)**	**14,697**	**61,639**	**9,615**	**71,254**
Finance income	4	2,216	5,833	8,049	2,965	299	3,264
Finance expense	4	(48,618)	(11,261)	(59,879)	(40,293)	(8,263)	(48,556)
Profit / (loss) before tax		**6,617**	**(43,750)**	**(37,133)**	**24,311**	**1,651**	**25,962**
Tax	5	(3,440)	(551)	(3,991)	(8,812)	(7,969)	(16,781)
Profit / (loss) for the period		**3,177**	**(44,301)**	**(41,124)**	**15,499**	**(6,318)**	**9,181**
Earnings per share:	6						
Basic (cents)				(6.30)			1.38
Diluted (cents)				(6.30)			1.34
Underlying earnings per share:	6						
Basic (cents)		0.49			2.33		
Diluted (cents)		0.48			2.29		

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 2018

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
(Loss) / profit for the period	**(41,124)**	**9,181**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	12,958	(10,231)
Total comprehensive income for the period, net of tax	**(28,166)**	**(1,050)**

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 2018

	Notes	30 June 2018 $'000	31 December 2017 $'000
Non-current assets			
Investment property	7	1,531,964	1,568,126
Investment property under construction	8	37,152	38,411
Plant and equipment		4,544	4,248
Investment in joint ventures		9,940	9,983
Other receivables		20,798	5,625
Derivative financial instruments		15,411	7,948
Deferred tax assets		32,548	34,629
		1,652,357	**1,668,970**
Current assets			
Inventory		415	423
Trade and other receivables		58,650	78,946
Derivative financial instruments		13	445
Cash and short term deposits		198,095	266,666
		257,173	**346,480**
Total assets		**1,909,530**	**2,015,450**
Current liabilities			
Trade and other payables		93,892	107,357
Derivative financial instruments		69	35
Interest bearing loans and borrowings	10	43,202	106,697
		137,163	**214,089**
Non-current liabilities			
Interest bearing loans and borrowings	10	781,084	740,485
Preference shares	11	143,477	146,458
Convertible preference shares	12	267,353	269,031
Other payables		24,290	34,566
Deferred tax liabilities		77,771	81,063
		1,293,975	**1,271,603**
Total liabilities		**1,431,138**	**1,485,692**
Net assets		**478,392**	**529,758**
Equity			
Share capital	13	12,169	12,479
Share premium		189,254	207,746
Warrants	14	186	441
Own shares held	15	(8,335)	(5,742)
Convertible preference shares	12	14,497	14,497
Capital reserve		(248,462)	(217,782)
Translation reserve		(188,953)	(201,911)
Retained earnings		708,036	720,030
Total equity		**478,392**	**529,758**
Net asset value per share (cents):	16		
Basic		76	81
Diluted		76	80
Adjusted net asset value per share (cents):	16		
Basic		71	78
Diluted		71	77

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 2018

	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 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		178	4,985	(712)	–	–	–	–	–	4,451
Ordinary shares cancelled		–	–	–	–	–	–	–	–	–
Own shares acquired		–	–	–	(76)	–	–	–	–	(76)
Own shares allocated		–	–	–	913	–	–	–	(600)	313
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**
At 1 January 2018		**12,479**	**207,746**	**441**	**(5,742)**	**14,497**	**(217,782)**	**(201,911)**	**720,030**	**529,758**
Loss for the period		–	–	–	–	–	–	–	(41,124)	(41,124)
Other comprehensive income		–	–	–	–	–	–	12,958	–	12,958
Total comprehensive income for the period		–	–	–	–	–	–	12,958	(41,124)	(28,166)
Warrants exercised	13 / 14	107	2,767	(255)	–	–	–	–	–	2,619
Ordinary shares cancelled	13 / 15	(417)	(21,259)	–	22	–	–	–	–	(21,654)
Own shares acquired	15	–	–	–	(5,639)	–	–	–	–	(5,639)
Own shares allocated	15	–	–	–	3,024	–	–	–	(1,550)	1,474
Transfer in respect of capital losses		–	–	–	–	–	(30,680)	–	30,680	–
At 30 June 2018		**12,169**	**189,254**	**186**	**(8,335)**	**14,497**	**(248,462)**	**(188,953)**	**708,036**	**478,392**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Cash flows from operating activities			
(Loss) / profit before tax		(37,133)	25,962
Adjustments for:			
Depreciation	3	509	590
Provision for bad debts	3	–	(201)
Share of profits of joint ventures		(204)	(285)
Finance income	4	(8,049)	(3,264)
Finance expense	4	59,879	48,556
Loss / (profit) on revaluation of investment property	7	35,055	(13,343)
(Profit) / loss on revaluation of investment property under construction	8	(606)	1,730
Foreign exchange loss / (profit)		8,708	(4,912)
Non-cash element of share-based payments and other long term incentives	17b	1,600	1,409
		59,759	56,242
Changes in operating working capital			
Decrease in operating receivables		1,755	3,211
(Increase) / decrease in other operating current assets		(1)	2
Decrease in operating payables		(2,444)	(2,026)
		59,069	57,429
Tax paid		(3,210)	(8,670)
Net cash generated from operating activities		**55,859**	**48,759**
Cash flows from investing activities			
Payment for property improvements		(5,458)	(6,615)
Refund of VAT on acquisition of investment property		16,990	–
Acquisition of subsidiaries		–	(88,301)
Cash acquired with subsidiaries		–	4,088
Payment of deferred consideration on acquisition of investment property		(9,717)	–
Purchase of plant and equipment		(1,906)	(1,305)
Loans repaid		–	45
Interest received		2,199	2,951
Net cash generated from / (used in) investing activities		**2,108**	**(89,137)**
Cash flows from financing activities			
Proceeds from long term borrowings		143,512	80,000
Repayment of and security on long term borrowings		(166,278)	(77,156)
Loan amortisation		(15,984)	(20,187)
Bank borrowing costs paid		(33,850)	(32,656)
Exercise of warrants		2,619	4,451
Ordinary shares purchased		(27,021)	237
Dividends paid on preference shares		(7,895)	(7,108)
Dividends paid on convertible preference shares		(8,836)	(4,502)
Premium paid for derivative financial instruments		(3,820)	(759)
Net cash used in financing activities		**(117,553)**	**(57,680)**
Net decrease in cash and cash equivalents		**(59,586)**	**(98,058)**
Opening cash and cash equivalents		266,666	198,621
Effect of foreign exchange rate changes		(8,985)	7,520
Closing cash and cash equivalents		**198,095**	**108,083**

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 2018

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 2017.

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 2017, except for the adoption of new standards that became effective on 1 January 2018. The Group applies for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

IFRS 15 does not affect the financial performance or financial position of the Group but it does require additional disclosures to be made. IFRS 15 does not apply to lease income, so the additional disclosures only relate to the Group's revenues generated by its Roslogistics and Raven Mount reporting segments and provide information as to how the nature, amount, timing and uncertainty of cash flows from these revenues are affected by economic factors. These disclosures are provided in note 2.

The Group has assessed the impact of IFRS 9 and concluded that it does not affect the financial performance or financial position of the Group or the disclosures made in its financial statements.

The Group has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective. The requirements of IFRS 16, which is effective from 1 January 2019, has been assessed and is not 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.

Foreign currency

On consolidation the results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency (United States Dollars) are translated into the presentation currency using the following rates:

	30 June 2018	31 December 2017
Balance Sheet		
- Roubles	62.75	57.60
- Sterling	1.32	1.35
- Euro	1.17	1.20

	30 June 2018	30 June 2017
Income Statement *		
- Roubles	59.35	57.99
- Sterling	1.38	1.26
- Euro	1.21	1.08

* These are the average rates for the six months ended 30 June 2017 and 2018, which are used unless this does not approximate the rates ruling at the dates of the relevant transactions in which case the item of income or expenditure is translated at the transaction date rate.

2. Segmental information

The Group has three reportable 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 - IFRS 15 revenue - services are provided to customers over time and invoiced at appropriate intervals in accordance with the relevant contract terms; and

Raven Mount - sale of residential property in the UK - IFRS 15 revenue - the transfer of land or property to the purchaser occurs on legal completion of the sale contract.

(a) Segmental information for the six months ended and as at 30 June 2018

For the six months ended 30 June 2018	**Property Investment $'000**	**Roslogistics $'000**	**Raven Mount $'000**	**Segment Total $'000**	**Central Overhead $'000**	**Total $'000**
Gross revenue	98,342	10,821	90	109,253	–	109,253
Operating costs / Cost of sales	(24,474)	(5,442)	(53)	(29,969)	–	(29,969)
Net operating income	**73,868**	**5,379**	**37**	**79,284**	**–**	**79,284**
Administrative expenses						
Running general and administration expenses	(10,561)	(1,458)	(332)	(12,351)	(4,533)	(16,884)
Aborted project costs	(1,764)	–	–	(1,764)	–	(1,764)
Depreciation	(294)	(215)	–	(509)	–	(509)
Share-based payments and other long term incentives	(241)	–	–	(241)	(2,236)	(2,477)
Foreign currency losses	(8,707)	(1)	–	(8,708)	–	(8,708)
	52,301	**3,705**	**(295)**	**55,711**	**(6,769)**	**48,942**
Unrealised loss on revaluation of investment property	(35,055)	–	–	(35,055)	–	(35,055)
Unrealised profit on revaluation of investment property under construction	606	–	–	606	–	606
Share of profits of joint ventures	–	–	204	204	–	204
Segment profit / (loss)	**17,852**	**3,705**	**(91)**	**21,466**	**(6,769)**	**14,697**
Finance income						8,049
Finance expense						(59,879)
Loss before tax						**(37,133)**

As at 30 June 2018	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,531,964	–	–	1,531,964
Investment property under construction	37,152	–	–	37,152
Investment in joint ventures	–	–	9,940	9,940
Inventory	–	–	415	415
Cash and short term deposits	194,885	381	2,829	198,095
Segment assets	**1,764,001**	**381**	**13,184**	**1,777,566**
Other non-current assets				73,301
Other current assets				58,663
Total assets				**1,909,530**
Segment liabilities				
Interest bearing loans and borrowings	824,286	–	–	824,286

For the six months ended 30 June 2018	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Capital expenditure				
Payments for property improvements	5,458	–	–	5,458
Payment of deferred consideration on acquisition of investment property	9,717	–	–	9,717
	15,175	**–**	**–**	**15,175**

(b) 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)
Aborted project costs	–	–	–	–	–	–
Depreciation	(362)	(228)	–	(590)	–	(590)
Share-based payments and other long term incentives	(396)	–	–	(396)	(1,831)	(2,227)
Foreign currency profits	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**

For the six months ended 30 June 2018	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Capital expenditure				
Corporate acquisitions	88,301	–	–	88,301
Property improvements	6,615	–	–	6,615
	94,916	**–**	**–**	**94,916**

(c) Segmental information as at 31 December 2017

	Property Investment $'000	Roslogistics $'000	Raven Mount $'000	Total $'000
Assets				
Investment property	1,568,126	–	–	1,568,126
Investment property under construction	38,411	–	–	38,411
Investment in joint ventures	–	–	9,983	9,983
Inventory	–	–	423	423
Cash and short term deposits	258,908	907	6,851	266,666
Segment assets	**1,865,445**	**907**	**17,257**	**1,883,609**
Other non-current assets				52,450
Other current assets				79,391
Total assets				**2,015,450**
Segment liabilities				
Interest bearing loans and borrowings	847,182	–	–	847,182

3. Administrative expenses

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Employment costs	9,481	7,023
Directors' remuneration	2,360	1,624
Bad debts	–	(201)
Office running costs and insurance	1,984	1,702
Travel costs	887	840
Auditors' remuneration	419	338
Aborted project costs	1,764	–
Legal and professional	1,546	1,087
Depreciation	509	590
Registrar costs and other administrative expenses	207	189
	19,157	**13,192**

4. Finance income and expense

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Finance income		
Total interest income on financial assets not at fair value through profit or loss		
Income from cash and short term deposits	2,199	2,951
Interest receivable from joint ventures	17	14
Other finance income		
Change in fair value of open interest rate derivative financial instruments	5,833	–
Change in fair value of foreign currency embedded derivatives	–	299
Finance income	**8,049**	**3,264**
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	35,032	31,777
Interest expense on preference shares	8,475	7,725
Interest expense on convertible preference shares	13,715	7,184
Total interest expense on financial liabilities not at fair value through profit or loss	57,222	46,686
Change in fair value of open forward currency derivative financial instruments	94	110
Change in fair value of foreign currency embedded derivatives	256	–
Change in fair value of open interest rate derivative financial instruments	2,307	1,760
Finance expense	**59,879**	**48,556**

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 2018 $'000	Six months ended 30 June 2017 $'000
(Loss) / profit before tax	(37,133)	25,962
Tax at the Russian corporate rate of 20%	(7,427)	5,192
Tax effect of financing arrangements	(2,097)	(2,818)
Tax effect of non deductible preference share coupon	4,438	2,982
Tax effect of foreign exchange movements	(7)	1,009
Movement in provision for uncertain tax positions	(406)	5,379
Tax effect of other income not subject to tax and non-deductible expenses	3,019	2,651
Tax effect of property depreciation on revaluations	3,057	2,283
Tax on dividends and other inter company gains	950	1,115
Movement on previously unprovided deferred tax assets	2,464	(1,012)
	3,991	**16,781**

The tax effect of financing arrangements reflects the impact of intra group funding in each jurisdiction. Foreign exchange movements on intra group financing are taxable or tax deductible in Russia but not in other jurisdictions. Other income and expenditure not subject to tax arises in Guernsey.

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 2018 $'000	Six months ended 30 June 2017 $'000
Earnings		
Net (loss) / profit for the period prepared under IFRS	**(41,124)**	**9,181**
Adjustments to arrive at underlying earnings:		
Depreciation	509	589
Aborted project costs	1,764	–
Share-based payments and other long term incentives	1,600	1,409
Unrealised loss / (profit) on revaluation of investment property	35,055	(13,343)
Unrealised (profit) / loss on revaluation of investment property under construction	(606)	1,730
Change in fair value of open forward currency derivative financial instruments	94	110
Change in fair value of open interest rate derivative financial instruments	(3,526)	1,760
Change in fair value of foreign currency embedded derivatives	256	(299)
Premium on redemption of preference shares and amortisation of issue costs	286	262
Premium on redemption of convertible preference shares and amortisation of issue costs	4,982	2,799
Amortisation of loan origination costs	3,336	3,332
Movement on deferred tax arising on depreciation and revaluation of investment property	368	7,919
Tax on unrealised foreign exchange movements in loans	183	50
Underlying earnings	**3,177**	**15,499**

IFRS	Six months ended 30 June 2018 Earnings $'000	Weighted average shares No.'000	EPS Cents	Six months ended 30 June 2017 Earnings $'000	Weighted average shares No.'000	EPS Cents
Basic	(41,124)	653,093	(6.30)	9,181	666,209	1.38
Effect of dilutive potential ordinary shares:						
Warrants (note 14)	–	–		–	10,082	
LTIP (note 17)	–	–		–	1,711	
2016 Retention scheme (note 17)	–	–		–	4,873	
Convertible preference shares (note 12)	–	–		–	–	
Diluted	**(41,124)**	**653,093**	**(6.30)**	**9,181**	**682,875**	**1.34**

Underlying earnings	Six months ended 30 June 2018 Earnings $'000	Weighted average shares No.'000	EPS Cents	Six months ended 30 June 2017 Earnings $'000	Weighted average shares No.'000	EPS Cents
Basic	3,177	653,093	0.49	15,499	666,209	2.33
Effect of dilutive potential ordinary shares:						
Warrants (note 14)	–	4,052		–	10,082	
LTIP (note 17)	–	777		–	1,711	
2016 Retention scheme (note 17)	–	3,584		–	4,873	
Convertible preference shares (note 12)	–	–		4,385	187,032	
Diluted	**3,177**	**661,506**	**0.48**	**19,884**	**869,907**	**2.29**

The finance expense for the period relating to the convertible preference shares is greater than IFRS basic earnings per share and underlying earnings per share and thus the convertible preference shares are not dilutive for either measure of fully diluted 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	30 June 2018 Total $'000
Market value at 1 January 2018	1,155,680	196,035	159,404	82,143	**1,593,262**
Property improvements	(2,720)	400	569	764	**(987)**
Unrealised (loss) / profit on revaluation	(24,537)	2,552	(4,231)	(8,976)	**(35,192)**
Market value at 30 June 2018	**1,128,423**	**198,987**	**155,742**	**73,931**	**1,557,083**
Tenant incentives and contracted rent uplift balances	(18,003)	(5,807)	(1,885)	(730)	**(26,425)**
Head lease obligations	1,306	–	–	–	**1,306**
Carrying value at 30 June 2018	**1,111,726**	**193,180**	**153,857**	**73,201**	**1,531,964**
Revaluation movement in the period ended 30 June 2018					
Gross revaluation	(24,537)	2,552	(4,231)	(8,976)	**(35,192)**
Effect of tenant incentives and contracted rent uplift balances	549	(58)	(174)	(180)	**137**
Revaluation reported in the Income Statement	**(23,988)**	**2,494**	**(4,405)**	**(9,156)**	**(35,055)**

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	31 December 2017 Total $'000
Market value at 1 January 2017	1,005,449	141,431	151,846	24,818	**1,323,544**
Corporate acquisitions	–	35,994	–	50,179	**86,173**
Other acquisition	122,730	–	–	–	**122,730**
Property improvements	11,155	1,738	3,081	312	**16,286**
Unrealised profit on revaluation	16,346	16,872	4,477	6,834	**44,529**
Market value at 31 December 2017	**1,155,680**	**196,035**	**159,404**	**82,143**	**1,593,262**
Tenant incentives and contracted rent uplift balances	(18,552)	(5,749)	(1,711)	(550)	**(26,562)**
Head lease obligations	1,426	–	–	–	**1,426**
Carrying value at 31 December 2017	**1,138,554**	**190,286**	**157,693**	**81,593**	**1,568,126**
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**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2017 or 2018.

At 30 June 2018 the Group has pledged investment property with a value of $1,546 million (31 December 2017: $1,435 million) to secure banking facilities granted to the Group (note 10).

8. Investment property under construction

Asset class	Assets under construction			Land bank		30 June
Location	Moscow	Regions		Regions		2018
Fair value hierarchy*	Level 3	Level 3	Sub-total	Level 3	Sub-total	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Market value at 1 January 2018	26,700	7,600	**34,300**	3,596	**3,596**	**37,896**
Costs incurred	(19)	3	**(16)**	–	**–**	**(16)**
Effect of foreign exchange rate changes	(934)	(557)	**(1,491)**	(314)	**(314)**	**(1,805)**
Unrealised profit on revaluation	53	553	**606**	–	**–**	**606**
Market value at 30 June 2018	**25,800**	**7,599**	**33,399**	**3,282**	**3,282**	**36,681**
Head lease obligations	471	–	**471**	–	**–**	**471**
Carrying value at 30 June 2018	**26,271**	**7,599**	**33,870**	**3,282**	**3,282**	**37,152**

Asset class	Assets under construction			Land bank		31 December
Location	Moscow	Regions		Regions		2017
Fair value hierarchy*	Level 3	Level 3	Sub-total	Level 3	Sub-total	Total
	$'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	57	12	**69**	–	**–**	**69**
Effect of foreign exchange rate changes	686	341	**1,027**	206	**206**	**1,233**
Unrealised loss on revaluation	(3,643)	(253)	**(3,896)**	(272)	**(272)**	**(4,168)**
Market value at 31 December 2017	**26,700**	**7,600**	**34,300**	**3,596**	**3,596**	**37,896**
Head lease obligations	515	–	**515**	–	**–**	**515**
Carrying value at 31 December 2017	**27,215**	**7,600**	**34,815**	**3,596**	**3,596**	**38,411**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2017 or 2018.

No borrowing costs were capitalised in the period (31 December 2017: $nil).

At 30 June 2018 the Group has pledged investment property under construction with a value of $33.4 million (31 December 2017: $34.3 million) to secure banking facilities granted to the Group (note 10).

9. Valuation assumptions and key inputs

Class of property	Carrying amount 30 June 2018 $'000	Carrying amount 31 December 2017 $'000	Valuation technique	Input	Range 30 June 2018	Range 31 December 2017
Completed investment property						
Moscow - Logistics	1,111,726	1,138,554	Income capitalisation	Long term ERV per sqm for existing tenants	Rub 4,895 to Rub 5,334	Rub 4,500 to Rub 4,896
				Short term ERV per sqm for vacant space	Rub 3,500 to Rub 3,800	Rub 3,500 to Rub 3,800
				Initial yield	2.2% to 17.1%	2.5% to 15.5%
				Equivalent yield	10.5% to 12.0%	10.5% to 12.0%
				Vacancy rate	1% to 61%	1% to 94%
				Passing rent per sqm	$113 to $166	$110 to $166
				Passing rent per sqm	Rub 3,000 to Rub 11,847	Rub 3,104 to Rub 11,847
St Petersburg - Logistics	193,180	190,286	Income capitalisation	Long term ERV per sqm for existing tenants	Rub 4,707 to Rub 5,021	Rub 4,320 to Rub 4,608
				Short term ERV per sqm for vacant space	Rub 3,800	Rub 3,800
				Initial yield	6.8% to 12.2%	6.0% to 13.4%
				Equivalent yield	11.7% to 11.8%	12.1% to 13.4%
				Vacancy rate	7% to 19%	3% to 19%
				Passing rent per sqm	$109 to $135	$69 to $140
				Passing rent per sqm	Rub 2,339 to Rub 5,260	Rub 2,339 to Rub 4,916
Regional - Logistics	153,857	157,693	Income capitalisation	Long term ERV per sqm for existing tenants	Rub 5,021	Rub 4,608
				Short term ERV per sqm for vacant space	Rub 3,800	Rub 3,800
				Initial yield	11.1% to 12.0%	9.0% to 11.3%
				Equivalent yield	11.6% to 11.7%	12.1% to 12.5%
				Vacancy rate	3% to 12%	6% to 27%
				Passing rent per sqm	$105 to $138	$104 to $133
				Passing rent per sqm	Rub 3,780 to Rub 4,549	Rub 3,720 to Rub 6,707
St Petersburg - Office	73,201	81,593	Income capitalisation	ERV per sqm	$159 to $197	$173 to $215
				Initial yield	12.0% to 27.5%	12.5% to 24.3%
				Equivalent yield	11.0% to 12.3%	11.0% to 12.3%
				Vacancy rate	0% to 2%	0% to 1%
				Passing rent per sqm	$366	$388
				Passing rent per sqm	Rub 8,004 to Rub 16,272	Rub 8,124 to Rub 16,271
				Passing rent per sqm	€390	€390

Other key information	Description	Range 30 June 2018	Range 31 December 2017
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	2 to 13 years	1 to 13 years
	Outstanding costs (US$'000)	2,980	9,436
St Petersburg - Logistics	Land plot ratio	48% - 57%	48% - 57%
	Age of building	3 to 9 years	3 to 9 years
	Outstanding costs (US$'000)	667	826
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	8 years	8 years
	Outstanding costs (US$'000)	545	154
St Petersburg - Office	Land plot ratio	148% to 496%	148% to 496%
	Age of building	9 to 11 years	9 to 11 years
	Outstanding costs (US$'000)	253	81

Investment property under construction	Carrying amount 30 June 2018 $'000	Carrying amount 31 December 2017 $'000	Valuation technique	Input	Range 30 June 2018	Range 31 December 2017
Moscow - Logistics	26,271	27,215	Comparable	Value per ha ($m)	$0.29 - $0.52	$0.32 - $0.53
Regional - Logistics	7,599	7,600	Comparable	Value per ha ($m)	$0.30	$0.30

10. Interest bearing loans and borrowings

Bank loans	30 June 2018 $'000	31 December 2017 $'000
Loans due for settlement within 12 months	43,202	106,697
Loans due for settlement after 12 months	781,084	740,485
	824,286	**847,182**
The Group's borrowings have the following maturity profile:		
On demand or within one year	43,202	106,697
In the second year	81,686	148,390
In the third to fifth years	437,097	383,582
After five years	262,301	208,513
	824,286	**847,182**

The amounts above include unamortised loan origination costs of $9.7 million (31 December 2017: $10.6 million) and interest accruals of $1.8 million (31 December 2017: $1.7 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 2018	Interest Rate	Maturity (years)	$'000
Secured on investment property and investment property under construction	7.49%	4.4	809,554
Unsecured facility of the Company	4.84%	2.9	14,732
			824,286
As at 31 December 2017			
Secured on investment property and investment property under construction	7.60%	4.5	832,405
Unsecured facility of the Company	8.90%	2.7	14,777
			847,182

The interest rates shown above are the weighted average cost, including US LIBOR (or equivalent benchmark rate as appropriate), as at the Balance Sheet dates.

11. Preference shares

	30 June 2018 $'000	31 December 2017 $'000
At 1 January	146,458	131,703
Purchased in the period / year	–	(112)
Re-issued in the period / year	–	961
Premium on redemption of preference shares and amortisation of issue costs	286	537
Scrip dividends	261	863
Effect of foreign exchange rate changes	(3,528)	12,506
At 30 June / 31 December	**143,477**	**146,458**

	30 June 2018 Number	31 December 2017 Number
At 1 January	99,143,192	98,265,327
Purchased in the period / year	–	(56,866)
Re-issued in the period / year	–	487,047
Scrip dividends	132,974	447,684
At 30 June / 31 December	**99,276,166**	**99,143,192**
Shares in issue	99,333,034	99,200,060
Held by the Company's Employee Benefit Trusts	(56,868)	(56,868)
At 30 June / 31 December	**99,276,166**	**99,143,192**

12. Convertible preference shares

	30 June 2018 $'000	31 December 2017 $'000
At 1 January	269,031	119,859
Issued in the period / year	–	130,290
Allocated to equity	–	(6,067)
Acquired by Company's Employee Benefit Trust	–	(3,888)
Reissued in the period / year	–	4,376
Converted to ordinary shares (note 13)	–	(331)
Premium on redemption of preference shares and amortisation of issue costs	4,982	7,448
Movement on accrual for preference dividends	–	22
Effect of foreign exchange rate changes	(6,660)	17,322
At 30 June / 31 December	**267,353**	**269,031**

	30 June 2018 Number	31 December 2017 Number
At 1 January	192,388,886	102,837,876
Issued in the period / year	–	89,766,361
Acquired by Company's Employee Benefit Trust	–	(2,631,578)
Reissued in the year	–	2,683,075
Converted to ordinary shares (note 13)	–	(266,848)
At 30 June / 31 December	**192,388,886**	**192,388,886**
Shares in issue	198,189,014	198,189,014
Held by the Company's Employee Benefit Trusts	(5,800,128)	(5,800,128)
At 30 June / 31 December	**192,388,886**	**192,388,886**

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

	30 June 2018 $'000	31 December 2017 $'000
At 1 January	12,479	12,578
Issued in the period / year for cash on warrant exercises	107	180
On conversion of convertible preference shares (note 12)	–	6
Repurchased and cancelled in the period / year	(417)	(285)
At 30 June / 31 December	**12,169**	**12,479**

	30 June 2018 Number	31 December 2017 Number
At 1 January	660,571,843	667,968,463
Issued in the period / year for cash on warrant exercises	7,853,348	13,946,387
On conversion of convertible preference shares (note 12)	–	474,722
Repurchased and cancelled in the period / year	(31,311,181)	(21,817,729)
At 30 June / 31 December	**637,114,010**	**660,571,843**

Of the authorised ordinary share capital of 1,500,000,000 at 30 June 2018 (31 December 2017: 1,500,000,000), 3.1 million (31 December 2017: 10.9 million) ordinary shares are reserved for warrants.

Details of own shares held are given in note 15.

Summary of ordinary share movements from tender offers in the period / year	30 June 2018 Number	31 December 2017 Number
Number of ordinary shares purchased	39,311,181	21,817,729
Retained as own shares (note 15)	(8,000,000)	–
Cancelled in the period / year	**31,311,181**	**21,817,729**

14. Warrants

	30 June 2018 $'000	31 December 2017 $'000
At 1 January	441	1,161
Exercised in the period / year	(255)	(720)
At 30 June / 31 December	**186**	**441**

	30 June 2018 Number	31 December 2017 Number
At 1 January	10,948,352	24,894,739
Exercised in the period / year	(7,853,348)	(13,946,387)
At 30 June / 31 December	**3,095,004**	**10,948,352**

15. Own shares held

	30 June 2018 $'000	31 December 2017 $'000
At 1 January	(5,742)	(7,449)
Acquired under tender offers	(5,536)	–
Acquisitions	(103)	(158)
Allocation to satisfy Annual Performance Incentive (note 17b)	2,049	–
Cancelled	22	47
Allocation to satisfy LTIP options exercised (note 17a)	975	1,818
At 30 June / 31 December	**(8,335)**	**(5,742)**

	30 June 2018 Number	31 December 2017 Number
At 1 January	5,150,122	6,444,080
Acquired under a tender offer	8,000,000	–
Other acquisitions	173,958	257,703
Allocation to satisfy Annual Performance Incentive (note 17b)	(1,704,000)	–
Cancelled	(18,398)	(39,472)
Allocation to satisfy LTIP options exercised (note 17a)	(810,811)	(1,512,189)
At 30 June / 31 December	**10,790,871**	**5,150,122**

Allocations are transfers by the Company's Employee Benefit Trusts to satisfy LTIP options exercised in the period and two of the 2017 Annual Performance Incentives. 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 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 2018 $'000	31 December 2017 $'000
Net asset value	**478,392**	**529,758**
Goodwill in joint venture	(4,599)	(4,712)
Unrealised foreign exchange profits on preference shares	(11,384)	(7,856)
Fair value of interest rate derivative financial instruments	(15,378)	(8,032)
Fair value of embedded derivatives	69	(186)
Fair value of foreign exchange derivative financial instruments	(46)	(140)
Adjusted net asset value	**447,054**	**508,832**

	30 June 2018 Number	31 December 2017 Number
Number of ordinary shares (note 13)	637,114,010	660,571,843
Less own shares held (note 15)	(10,790,871)	(5,150,122)
	626,323,139	**655,421,721**

	30 June 2018			31 December 2017		
IFRS	**Net asset value $'000**	**Ordinary shares No. '000**	**Net asset value per share Cents**	**Net asset value $'000**	**Ordinary shares No. '000**	**Net asset value per share Cents**
Net asset value per share	478,392	626,323	76	529,758	655,422	81
Effect of dilutive potential ordinary shares:						
Convertible preference shares (note 12)	–	–		269,031	338,412	
Warrants (note 14)	1,021	3,095		3,703	10,948	
LTIP (note 17)	351	1,062		633	1,873	
2016 Retention scheme (note 17)	2,219	4,912		1,714	4,616	
Fully diluted net asset value per share	**481,983**	**635,392**	**76**	**804,839**	**1,011,271**	**80**

Adjusted	30 June 2018 Net asset value $'000	30 June 2018 Ordinary shares No.'000	30 June 2018 Net asset value per share Cents	31 December 2017 Net asset value $'000	31 December 2017 Ordinary shares No.'000	31 December 2017 Net asset value per share Cents
Net asset value per share	447,054	626,323	71	508,832	655,422	78
Effect of dilutive potential ordinary shares:						
Convertible preference shares (note 12)	–	–		–	–	
Warrants (note 14)	1,021	3,095		3,703	10,948	
LTIP (note 17)	351	1,062		633	1,873	
2016 Retention scheme (note 17)	2,219	4,912		1,714	4,616	
Fully diluted net asset value per share	**450,645**	**635,392**	**71**	**514,882**	**672,859**	**77**

The carrying value of the convertible preference shares at 30 June 2018 (see note 12) when divided by the number of ordinary shares that would be issued on conversion, is greater than basic net asset value per share and thus the convertible preference shares are not dilutive at 30 June 2018.

17. Share-based payments and other long term incentives

(a) Movements in Executive Share Option Schemes	Six months ended 30 June 2018 No. of options	Six months ended 30 June 2018 Weighted average exercise price	Six months ended 30 June 2017 No. of options	Six months ended 30 June 2017 Weighted average exercise price
Outstanding at the beginning of the period	1,872,973	25p	3,872,973	25p
Exercised during the period				
– LTIP	(810,811)	25p	(1,000,000)	25p
Outstanding at the end of the period	**1,062,162**	**25p**	**2,872,973**	**25p**
Represented by				
– LTIP	1,062,162		2,872,973	
Exercisable at the end of the period	**1,062,162**	**25p**	**2,872,973**	**25p**

(b) Income statement charge for the period	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000
Five Year Performance Plan	–	–
Annual Performance Incentive	1,031	–
2016 Retention Scheme	1,446	2,227
	2,477	**2,227**
Satisfied by or to be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	1,031	–
Convertible preference shares (IFRS 2 expense)	569	1,409
Cash	877	818
	2,477	**2,227**

18. Ordinary dividends

The Company did not declare a final dividend for the year ended 31 December 2017 (2016: none) and instead implemented a tender offer buy back for ordinary shares on 1 June 2018 on the basis of 1 in every 17 shares held and a tender price of 52 pence per share, the equivalent of a final dividend of 3 pence per share. (2016: 1 in every 26 shares at 52p per share the equivalent of 2p 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 2018		31 December 2017	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Non-current assets				
Loans receivable	664	620	665	621
Security deposits	16,616	13,467	1,305	1,220
Derivative financial instruments	15,411	15,411	7,948	7,948
Current assets				
Trade receivables	41,644	41,644	44,315	44,315
Security deposits	1,332	1,332	–	–
Other current receivables	834	834	1,509	1,509
Derivative financial instruments	13	13	445	445
Cash and short term deposits	198,095	198,095	266,666	266,666
Non-current liabilities				
Interest bearing loans and borrowings	781,084	777,646	740,485	743,488
Preference shares	143,477	193,991	146,458	195,816
Convertible preference shares	267,353	303,545	269,031	317,521
Rent deposits	22,521	19,306	22,626	19,838
Deferred consideration on property acquisition	–	–	10,008	10,008
Other payables	1,769	1,769	1,932	1,932
Current liabilities				
Interest bearing loans and borrowings	43,202	43,202	106,697	106,697
Derivative financial instruments	69	69	35	35
Rent deposits	7,398	7,398	6,622	6,622
Deferred consideration on property acquisition	22,693	22,693	24,166	24,166
Other payables	1,874	1,874	17,455	17,455

Fair value hierarchy

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

As at 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Assets measured at fair value				
Investment property	–	–	1,531,964	**1,531,964**
Investment property under construction	–	–	37,152	**37,152**
Derivative financial instruments	–	15,424	–	**15,424**
Liabilities measured at fair value				
Derivative financial instruments	–	69	–	**69**
As at 31 December 2017				
Assets measured at fair value				
Investment property	–	–	1,568,126	**1,568,126**
Investment property under construction	–	–	38,411	**38,411**
Derivative financial instruments	–	8,393	–	**8,393**
Liabilities measured at fair value				
Derivative financial instruments	–	35	–	**35**

* 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. Subsequent events

On 10 August 2018 the Group entered into two agreements to purchase an extension to the Sever logistics park in Moscow for a consideration of Rub 2.45 billion. The agreements are conditional on the satisfaction of certain escrow arrangements and the acquisition is expected to complete in late September 2018.

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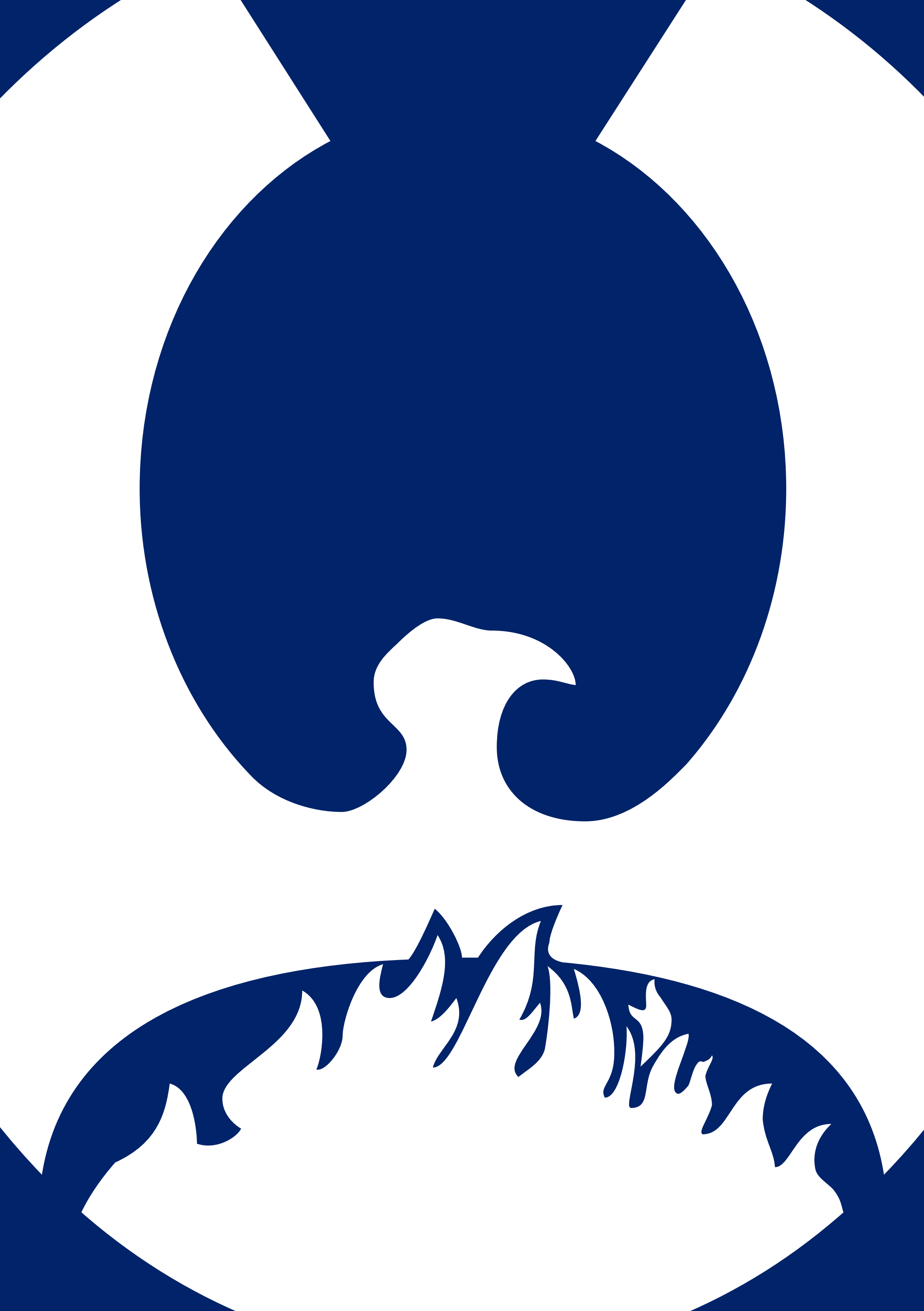

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