



RAVEN PROPERTY GROUP LIMITED

**Raven Property Group Limited
Corporate Governance Report**

Extracted from the 2018 Annual Report

CORPORATE GOVERNANCE

Chairman's introduction

I am pleased to present our corporate governance report for this year end. The Board continues to promote the appropriate governance culture for the Group and is readying itself for the updated governance code which will come into effect in the next financial year.

We have been joined on the Board by Michael Hough. Michael was appointed on 9 October 2018 and brings strong financial experience and knowledge of the Russian market. He will replace Stephen Coe as Chairman of the audit committee following this year's annual general meeting ("AGM") and Stephen will step down at that point. Stephen has sat on the Board since the inception of the Company back in 2005. He has been an invaluable member of the non executive team acting objectively, independently and providing challenge to the executive team in pursuit of the Group's strategy. I, along with the Board, wish Stephen all the best and thank him for his contribution.

Within the Corporate Governance section of the report, we set out how we have adopted and applied the principles of the 2016 edition of the UK Corporate Governance Code (the "Code"), how we operate as a Board, and along with the strategic report, our work in the past financial year. In the opinion of the Board, we are fully compliant with the principles of the Code save for B.1.1 which considers the non-executive directors' independence. As explained previously, as a Board we do not consider that tenure should, in itself, be a criterion by which independence is judged. Our reasons are explained in more detail below.

As a Board, we welcome the opportunity to discuss the business with our shareholders at road shows, investor and broker briefings and at our AGM.

Richard Jewson

17 March 2019

Statement of Compliance with the Code

Responsibility for governance matters lies with the Board. It is accountable to shareholders for the activities of the Group. The Board consider that the Company complies fully with the provisions of the Code, save for B.1.1 which sets out the requirements for Non Executive Directors to be considered independent from the Company. Stephen Coe, David Moore and Christopher Sherwell have each served as Non Executive Directors for more than nine years. The Board and the Nominations Committee have specifically considered their independence as in past years. The Board is still of the opinion that length of service is not necessarily a complete or accurate measure of a Director's independence, a view the Board feels is shared by our shareholders. In the Board's opinion, Stephen, David and Christopher continue to fulfil the requirements acting as independent directors and are part of the essential team with experience of the Group's operations and history over their term which is fundamental in assisting the executives in delivering the Group's strategy. As noted above, Stephen Coe will retire from the Board following this year's AGM. Further information on the work of the Nomination Committee is included within this report.

Copies of the Code are available to download free of charge from the Financial Reporting Council's website (www.frc.org.uk).

Leadership

The Board is responsible for achieving the Group's strategic objectives and creating value for shareholders through sustainable and continued performance. The Board has six scheduled meetings throughout the year as well as conference calls for specific matters as required. A committee of the Board comprising any two or more Directors meet on an ad hoc basis to consider transactional and related matters concerning the Company's business. During 2018, there were 18 such committee meetings. The Board's scheduled meetings are generally held in Guernsey at the Group's head office, however meetings may also be held in Russia or Cyprus to review the Group's operations and meet local management.

Matters reserved specifically for the Board's consideration form the basis of the scheduled meeting agendas. The main elements of this policy include Group strategy, material transactions, financial reporting, capital structure and dividend policy, corporate governance and internal controls and risk management. The table below sets out the activities of the Board during the year.

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	Key activities of the Board during 2018	Activities specific for the year
Q1	<ul style="list-style-type: none"> • Review of investment portfolio performance • Review of medium term forecasts and strategy • Approval of 2017 annual report • Approval of distribution to shareholders • Approval of principal risks and risk appetite 	<ul style="list-style-type: none"> • Policies and practices in relation to GDPR and Cyber Security
Q2	<ul style="list-style-type: none"> • Review of investment portfolio performance • Review of Q1 2018 reforecast • Review of investor feedback from investor/broker meetings following results • Review and consideration of strategy • Approval of notice of meeting for 2018's AGM 	<ul style="list-style-type: none"> • Consideration of acquisition program as part of the strategic review • Consideration of additional listings on the Johannesburg and Moscow Stock Exchanges • Consideration of an outsourced, Internal Audit function implemented by the Cypriot holding company
Q3	<ul style="list-style-type: none"> • Review of investment portfolio performance • Review of medium term forecasts and strategy • Approval of 2017 interim results • Approval of distribution to shareholders • Approval of principal risks • Review of Q2 2018 reforecast • Review of corporate and regulatory changes and reporting requirements • Review of AGM results 	<ul style="list-style-type: none"> • Consideration of acquisition program as part of the strategic review • Consideration of Michael Hough's appointment and Stephen Coe's retirement
Q4	<ul style="list-style-type: none"> • Review of investment portfolio performance • Review of Q3 2018 reforecast • Approval of 2019 Budget • Review of medium to longer term forecasts • Consideration of Board constitution, balance of skills and experience • Review of internal controls and risk environment • Review of investor feedback from investor/broker meetings following results • Review and consideration of strategy 	<ul style="list-style-type: none"> • Approval of Michael Hough's appointment • Approval of listings on the Johannesburg and Moscow Stock Exchanges • Review of investor feedback from South African and Moscow road shows

The Chairman is responsible for the continued smooth operations of the Board and ensures appropriate discussion, challenge and robust practices are integral in the Board's deliberations and activities. The Chief Executive is responsible for the implementation of the Group's strategy as agreed by the Board. Terms of reference for the Chairman and Chief Executive are set out in writing and reviewed as necessary. The Chief Executive, together with the Executive Directors, the Board of the Cypriot holding company and wider management team, is charged to deliver the strategic goals of the Group. The Non Executive Directors, assist the executive team in developing this strategy whilst providing a sounding board, challenge and rigour to the decisions of the Board.

Board composition

The Board contains nine directors, four Executive, four Non Executive and the Chairman, who was considered independent on appointment. Biographies for each of the Directors are included elsewhere in this Annual Report.

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The Board and its Committees

The Board has established Audit, Remuneration and Nominations Committees and delegated certain activities through their terms of reference. Terms of reference for each committee can be found on the Company's website (www.theravenpropertygroup.com). Together, the committees and the schedule of reserved matters assist the Board in discharging its duties effectively. The Board and its Committees have regular scheduled meetings. An overview of the activities of the Board and its Committees is contained within this report and that of the Audit and Remuneration Committees.

As well as the members of the Board and its Committees, other Board members, the Company's advisors and operational directors are invited to attend where appropriate to present on a particular matter at hand. Material and briefing papers are supplied in advance of any meeting to all attendees along with regular management information which is circulated to the Board throughout the year. Minutes of all Board and committee meetings are circulated to the Board. Should, in the rare occasion, a director be unable to attend a scheduled meeting, they have the opportunity to discuss matters with the chairman of the Board/committee or the Chief Executive. There is an open dialogue between the Chairman, Non Executive Directors, Executive Directors and senior management with regular informal meetings held outside of the scheduled Board meetings to discuss business matters. All Directors also have access to the Group's professional advisors should they be required.

Attendance at Board or Committee meetings during the year to 31 December 2018

(where 'N/A' is shown, the Director listed is not a member of the committee)

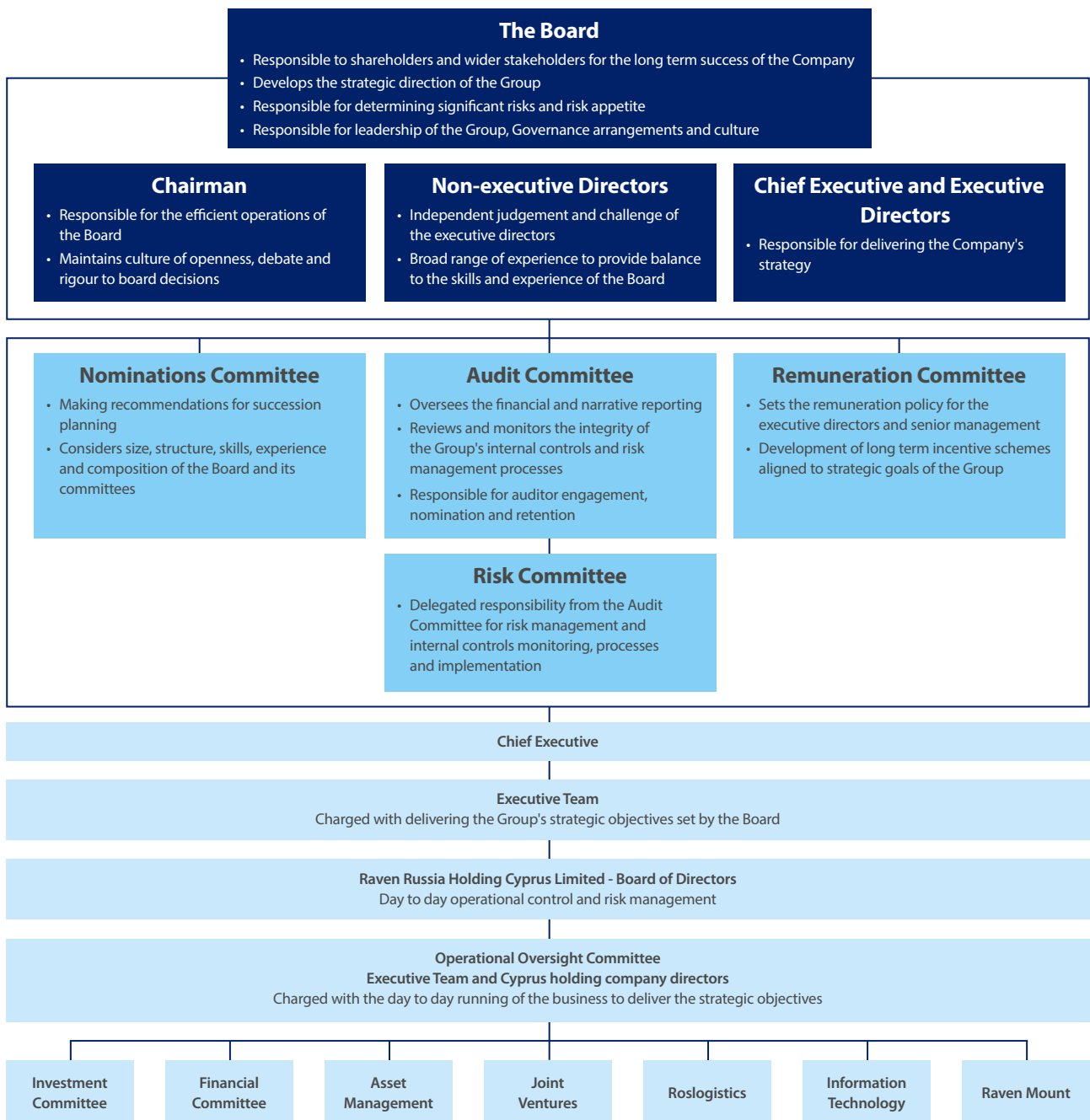
	Board	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson	6	N/A	1	1
A Bilton	6	N/A	1	N/A
G Hirsch	6	N/A	N/A	N/A
M Sinclair	6	N/A	N/A	N/A
C Smith	6	N/A	N/A	N/A
C Sherwell	6	3	1	1
S Coe	5	3	N/A	1
D Moore	6	3	N/A	1
M Hough*	1	1	N/A	N/A
No. of meetings during the year	6	3	1	1

*Michael Hough was appointed on 9 October 2018. There has been 1 Board and 1 Audit Committee meeting during 2018 since his appointment date

The structure of the Board, its Committees and group operational committees is set out below.

Each operational committee includes a member of the Executive Board, Cypriot board and senior management. Weekly meetings are held by each committee which then reports into an operational oversight committee. Members of the oversight committee include Executive Board members, senior managers who sit on the operational committees and the Cyprus holding company directors.

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Effectiveness

Board performance evaluation

The Board undertakes annual performance evaluations of its own and of its Committees' activities. These are led by the Chairman and where dealing with his own performance, by the Senior Independent Director.

The performance evaluations for the year ended 2018 were undertaken internally, which included group discussions and individual reviews of performance throughout the year. It was concluded that the performance of the Board, its Committees and individual Directors was effective and that the Board has the necessary balance of skills, expertise, independence and knowledge required to direct the business.

The Board and Nominations Committee consider the composition of the Board and its Committees with reference to the Group's needs and also the requirements of the Code and any regulations. In accordance with the Code, all Directors will be put forward for re-election at the AGM save for Stephen Coe who is stepping down this year as mentioned earlier. Having considered the balance of skills, expertise and performance of the Board, its committees and individual Directors, the Board recommends the reappointment of each Director standing for re-election at the forthcoming AGM.

The Nominations Committee

The Committee comprises Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman. Key tasks of the Committee include reviewing the size, structure and composition of the Board and its Committees to ensure appropriate skill, experience, diversity and independence, lead processes for new Board and senior management appointments, and finally to review the effectiveness of the Board and its committee structure in light of the requirements of the Group, Code and regulations.

Michael Hough joined the Board as a Non Executive Director during the year. Michael was interviewed for the position by the Chairman, Chief Executive and Executive Deputy Chairman prior to a proposal being put forward to the Nominations Committee for consideration. Following the Nominations Committee review, a recommendation for Michael's appointment was made to the Board. It is the intention that Michael will become Chairman of the Audit Committee following the AGM in 2019 when Stephen Coe will be stepping down.

Following Michael's appointment a detailed induction program was put in place so that he could become familiar with the Group and its operations. The process included a review of all key Group policies and management reporting framework. Over the coming months further meetings will be held with the Group's operating subsidiary Boards and local management in Cyprus and Russia.

The Committee have discussed the provisions of the new UK Corporate Governance code which was introduced in 2018 and will be reported on for the first time in next year's annual report. Succession planning for the Chairman and the remaining Non Executive Directors who have served for more than nine years is in the process of being reviewed. It is the intention of the Committee to report further on these plans within the 2019 annual report.

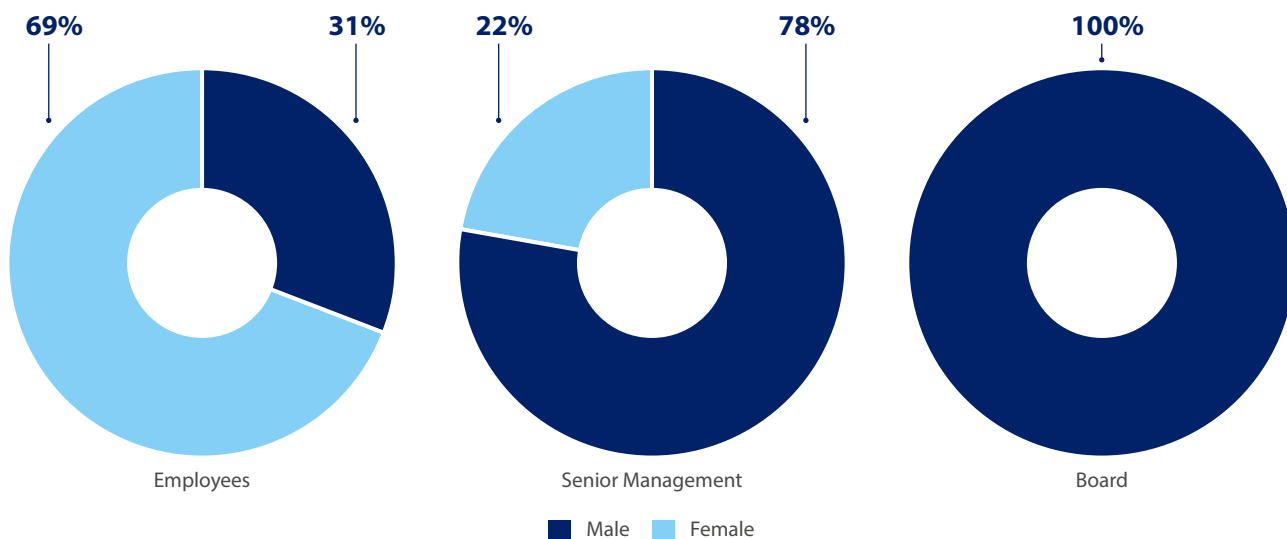
The Board's overriding aim is that the composition of the Board and its Committees are fit for purpose, with the correct constituents, balance of skills, knowledge, experience and diversity, not limited to gender. The Nominations Committee is charged with ensuring this requirement is observed with and where necessary will recommend changes. The Board recognises the importance of diversity, not only at Board level, but throughout the Group. Diversity is not a focus of one factor of differentiation, but many factors. Genuine diversity will only occur when no predetermined guidelines, rules or prejudices are imposed, giving a free reign to appointments solely on the merits of one individual over another for a particular role or situation.

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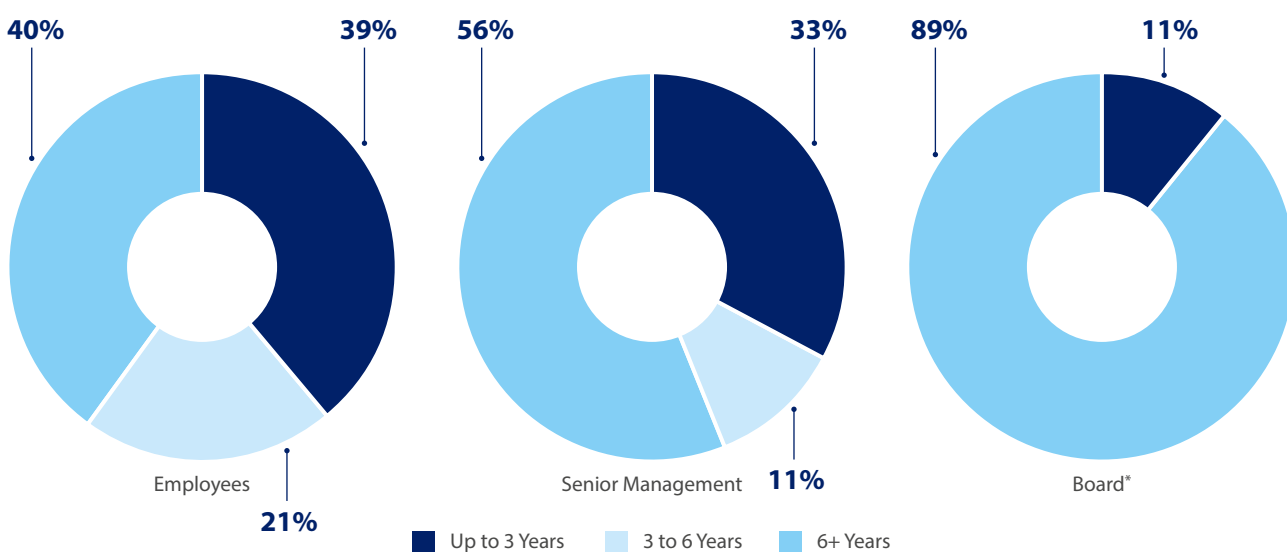
Diversity

The Nomination Committee consider the experience, background, age and tenure of each individual to contribute to the diversity of the Board, its Committees and the wider Group. Information about the diversity of the Group's workforce at 31 December 2018 is set out below.

Gender



Tenure



*Length of service for Board members is from date of appointment.

Engagement with Shareholders

The Board considers regular contact with our shareholders to be an important aspect of our corporate governance program. The Chief Executive, Executive Deputy Chairman and Chief Financial Officer perform regular road shows, investor and analysts briefings and shareholder meetings throughout the year. These generally occur after the annual and interim results are published but also when corporate actions, such as fund raisings, take place. During the year a number of meetings were held in South Africa and Moscow following our successful listings on the Johannesburg and Moscow Stock Exchanges.

The views of our major institutional shareholders are a key consideration in the development of the Group's strategy. We regularly canvass this group of investors on matters such as distributions, fund raising and remuneration policy. Their views are always taken into consideration prior to the implementation of any such policies.

In addition to face to face shareholder meetings the Group communicates with investors and wider stakeholders through its website. Results presentations, report and accounts, shareholder circulars as well as the Group's governance material is all published on the site. The AGM of the Company provides shareholders with the opportunity to meet the Board and discuss any matters of interest or concern. We would encourage all shareholders to engage with the Company directly where they have any concerns on governance matters rather than relying on proxy voting agencies which, in our experience, do little to understand the intricacies of the Group's operations and governance practices. The notice of the Company's AGM is included separately along with a form of proxy to lodge your votes.



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