16 March 2020

Raven Property Group Limited ("Raven" or the "Company" or the "Group")

Results for the year ended 31 December 2019

The Board of Raven Property Group release results for the year ended 31 December 2019.

Highlights

- Net operating income up 7% to £126.5million (2018: £118.3million)
- Underlying earnings increase by 116% to £43.2million (2018: £20.0million) and IFRS earnings to £46.0million (2018: loss of £120.7million)
- Basic earnings per share 8.16p (2018: loss per share 18.81p)
- Diluted Net Asset Value per share 75p (2018: 48p)
- Occupancy today 92%
- Investment property valuation £1.34billion (2018: £1.18billion)
- Cash balances today of £104.4million

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CEO Glyn Hirsch said "We are very proud of these excellent results which demonstrate the potential of our business. Understandably given recent events our focus is now on managing the business through this volatile period."

Enquiries

Raven Property Group Limited Anton Bilton Glyn Hirsch	Tel: + 44 (0) 1481 712955
Novella Communications Tim Robertson Fergus Young	Tel: +44 (0) 203 151 7008
N+1 Singer Corporate Finance - James Maxwell / James Moat Sales - Alan Geeves / James Waterlow	Tel: +44 (0) 20 7496 3000
Numis Securities Limited Alex Ham / Jamie Loughborough / Alasdair Abram	Tel: + 44 (0) 207 260 1000
Renaissance Capital (South Africa) Yvette Labuschagne	Tel: +27 (11) 750 1448
Renaissance Capital (Moscow) David Pipia	Tel: + 7 495 258 7770
Ravenscroft Emma Ozanne	Tel: + 44 (0) 1481 729100

About Raven Property Group

Raven was founded in 2005 to invest in class A warehouse complexes in Russia and lease to Russian and International tenants. Its Ordinary Shares, preference shares and warrants are listed on the Main Market of the London Stock Exchange and admitted to the Official List of the UK Listing Authority and the Official List of The International Stock Exchange ("TISE"). Its Ordinary Shares also have a secondary listing on the main board of the Johannesburg Stock Exchange and the Moscow Stock Exchange. Its convertible preference shares are admitted to the Official List of TISE and to trading on the SETSqx market of the London Stock Exchange. The Group operates out of offices in Guernsey, Cyprus and Moscow and has an investment portfolio of circa 1.9 million square metres of Grade "A" warehouses in Moscow, St Petersburg, Rostov-on-Don, Novosibirsk and Nizhny Novgorod and 49,000 square metres of commercial office space in St Petersburg. For further information visit the Company's website: www.theravenpropertygroup.com

Chairman's Message

I am pleased to report that, in the 12 months to 31 December 2019, we have enjoyed a strengthening in all aspects of our business. High average occupancy, improving asset valuations, increasing market rents, reducing Central Bank rates and stable average Rouble exchange rates in 2019 have all contributed to improved results.

Together, they have supported an increase in underlying earnings to £43.2million (2018:£20.0million), a significant swing in IFRS earnings to £46.0 million (2018: loss of £120.7million) and a jump in basic net asset value per share from 48p at the end of 2018 to 76p at 31 December 2019.

As you will read in this Annual Report, the executive team focus in the last 12 months has been diverted to deal with shareholder issues. We have purchased and contracted to purchase 38% of our ordinary shares from our two largest institutional holders. It has been a distracting and stressful period for our senior executive team, but the enhancements are well worth the effort and I'd like to congratulate them all on their determination to secure these transactions.

As I write, the issues with Coronavirus are on all personal and business agendas. This has now been exacerbated by the oil price crash and the impact that has had on Rouble exchange rates. We have agreed an extension to the back stop date to acquire our shares from Invesco as a direct consequence of this. We have yet to see any tangible effect on our trading operations but we are progressing with caution.

As we continue with our Board succession planning, I am sorry to say that Christopher Sherwell will be stepping down as a non executive director at the AGM. Christopher has been an exemplary Senior Independent Director and Chair of the Remuneration Committee and will be missed. We are actively searching for new members of the non executive team and hope to make an announcement soon.

All in all, a good year but with mixed emotions on the loss of two long term shareholders and supporters of the Company and we will continue into 2020 with a cautious approach given the wider issues in play today.

Sir Richard Jewson
Chairman
15 March 2020

Strategic Report

Chief Executive's Report

Dear Shareholders,

The normal process for producing these statements involves an early discussion draft some weeks ahead of the results date. This draft gets fine tuned up to the announcement date but rarely changes much. This year external events have meant two redrafts, one for coronavirus and the second following the oil price collapse.

2019 was a very good year although not in the way we originally planned. Our market continued to improve. Vacancy rates in the market are down, rents are up and Russian Central Bank ("CBR") rates continued to fall. This is now impacting positively on a business with no exposure to Dollar debt and only 15% of our space now with Dollar pegged leases. The continuation of this Dollar income is benefitting us during this current period of market and currency turmoil.

E-commerce has arrived and is an expanding force in our market. E-commerce tenants now occupy 6% (2018: 3%) of our portfolio and we expect this increase to continue.

Due to completely non-related circumstances in the fund management industry, 2019 was an extraordinary year for the company. Shareholder liquidity issues meant we were offered the opportunity to purchase 38% of our ordinary shares from two large institutional investors, Woodford Investment Management ("WIM") and Invesco Asset Management Limited ("IAML"), at a near 50% discount to net asset value per share. We completed the purchase of 16% in 2019 including all of WIM's holding, and have contracted to purchase the remainder from IAML, together with their holding of preference and convertible preference shares, before 31 July 2020, subject to certain shareholder approvals. Although this has led to a diversion of our cash resources away from property acquisitions it is an opportunity too good to miss.

The announcement of the share buy backs did have an impact on share price performance and we had seen an improvement prior to the recent market sell off. We hope that when markets return to normal, this will again have a positive effect on price performance.

Net asset value per share at 31 December 2019 increased to 76p (2018: 48p) following the year end valuations and the prospects were looking very good from here prior to the Coronavirus outbreak.

At today's date we have £104.4million in cash.

We are yet to see any immediate impact on our operating business due to the Coronavirus situation but we have delayed the acquisition of IAML's various shareholdings until we can see some stability returning. As with the majority of international businesses we have implemented a number of preventative measures, stopping all non essential travel, increasing the use of our VCU facilities, monitoring of all staff that do travel and implementing back up plans for working remotely. The mayor of Moscow has also introduced strict rules for companies. This covers the monitoring of employees, including mandatory temperature tests each day, and he has also introduced isolation periods for travellers from numerous countries arriving in Moscow which only reinforces our own travel restrictions.

We know that the Russian economy is heavily influenced by the oil market. Recent movements have impaired external sentiment but at this early stage our day to day business of renting warehouses has not been affected.

Inevitably the Coronavirus and a volatile oil market will lead us to adopt a more financially cautious approach which is a frustration given the positive trends we were seeing across all aspects of our business.

Despite an excellent 2019 current market turbulence necessitates a cautious approach to distributions particularly given our tender offers which are sensitive to market movements . With that in mind we intend to make a final distribution of 2.25p per share which amounts to 3.5p for the year. However the timing and structure of this distribution will be determined at a later date when market volatility has calmed down.

Finally, I and my colleagues, delight in congratulating our Chairman, Sir Richard Jewson, on being awarded his knighthood during the year. An honour highly reflective of a man marrying great integrity and compassion with strong leadership. Bravo Sir Richard.

Glyn Hirsch
Chief Executive Officer
15 March 2020

Purpose and Culture

The original purpose of our business in 2005 was to act as a conduit for international funds into an underdeveloped and undersupplied logistics property market in Russia at an exciting time of expansion and opportunity for the country. The nascent business encapsulated the entrepreneurial spirit of a small group of pioneers entering a new, untapped market. That spirit remains in the business today and underpins our culture. This has allowed us to be dynamic and quick in reacting to the many obstacles that we have been presented with, from the global crisis of 2009, through international sanctions to the shock of the oil price collapse and Rouble float at the end of 2014.

Today, we have 179 employees in three countries. We have a management team that promotes our entrepreneurial and meritocratic spirit with integrity and openness. The growth of the business also brings the requirement to professionalise, the need for a robust internal control framework and appropriate systems and procedures. The last year has seen a focus on all of these areas, from the introduction of an internal audit function to a review of all internal procedures and IT systems to improve integration.

Our Cyprus Board have run two forums for all senior management this year, to discuss the way the business is managed and controlled. This is fostering a better flow of information and understanding of the control environment amongst employees. It has also precipitated a number of initiatives that are being implemented, covering areas such as data management, IT integration and group structure. At the outset of those meetings however, was a reminder not to lose sight of that original entrepreneurial spirit.

Business Model and Strategy

Our strategy of holding an investment portfolio of Grade A logistics warehouses in Russia for the long term, with the aim of producing rental income that delivers progressive distributions to our shareholders has not changed. The market remains fragmented with a number of developers and single asset owners as our main competitors. Until recently, there had not been an investment property competitor with a sole focus on the logistics market. However, with market fundamentals improving and logistics seen as a key property sector globally, interest in portfolio building does seem to be on the agenda for some international funds.

Having built our infrastructure and with a strong team of property, finance and legal specialists we do believe we have a strong competitive advantage but with such an immature property investment market we would welcome additional players in the sector. It could only benefit the market and support further growth in property valuations.

We have acquired our investment portfolio, typically with yields of between 11% and 14% and have bank financing costs across the Group of 6.52%. The majority of our operating business is Rouble denominated, with a small number of legacy US Dollar pegged leases remaining and secured debt of Rouble and Euro denomination. We intend to continue our move to Rouble denominated debt in the coming year.

At the year end, US Dollar leases accounted for 16% of the Gross Lettable Area ("GLA") of our warehouse portfolio (2018: 26%). Our office portfolio now has no currency exposure (2018: Euro 20%; US Dollar 9%). The majority of leases are "triple net" meaning property operating expenses are recharged to tenants, leakage of cost only occurring on vacant space.

The Group's secured banking facilities are 57.6% (2018: 31.1%) Rouble denominated, 42.4% (2018: 34.8%) Euro and we now have no US Dollar liabilities (2018: 34.1%). Debt amortisation is weighted toward the Euro element of our financing facilities to reduce the foreign exchange exposure over the facility term.

Other than our St Petersburg office portfolio, each of the secured facilities sits in a special purpose vehicle ("SPV") structure to minimise recourse to the overall portfolio. At the year end, asset specific debt represented 50.1% loan to value (2018: 54.1%).

Our average letting size by tenant is 8,722sqm (2018: 9,000sqm). We do not have one tenant with more than 9% (2018: 8%) of our portfolio's GLA and the top ten tenants, including Roslogistics, account for 43% (2018: 42%) of our portfolio in GLA terms and 49% (2018: 53%) in income terms.

Key Performance Indicators ("KPIs")

Occupancy levels and average Rouble rents achieved are our primary operating focus. Our measure of average Rouble rents incorporates the running rent for all parts of a lease: the indexed dry warehouse rent; mezzanine; related office space; ancillary items such as parking; and "rentalised" tenant improvements on high specification space.

We also aim to refinance at least our secured debt amortisation each year, which approximates to a four year refinancing cycle for each asset.

The ability to distribute to ordinary shareholders from cash covered underlying earnings and operating cash flows after interest remains our focus when determining distribution policy.

All of the above underpin financial targets set for annual bonus incentives.

Portfolio Review

Leasing and maturities

Warehouse	Moscow	St Petersburg	Regions
Space ('000sqm)	1,333 (70%)	273 (15%)	287 (15%)
NOI (£m)	85.2 (77%)	9.4 (9%)	15.5 (14%)
Office	**Moscow**	**St Petersburg**	**Regions**
Space ('000sqm)	-	49 (100%)	-
NOI (£m)	-	7.7 (100%)	-

During a year without acquisitions we have focussed on maintaining occupancy, investing in our properties for the long term and positioning ourselves to benefit from the upswing in tenant demand and rents. Occupancy began and ended the year at 90% but has improved since the year end and now stands at 92% with a further 2% covered by letters of intent ("LOIs").

'000sqm	2019	2020	2021	2022	2023-2032	**Total**
Maturity profile at 1 January 2019	255	265	359	237	616	**1 732**
Renegotiated and extended	(111)	(46)	(33)	(25)	(66)	**(281)**
Maturity profile of lease extensions	5	18	1	57	200	**281**
Vacated/terminated	(154)	(26)	(21)	(5)	(6)	**(212)**
New Lettings	5	28	11	5	176	**225**
Maturity profile at 31 December 2019	**-**	**239**	**317**	**269**	**920**	**1 745**

280,700sqm of existing leases have been renegotiated and extended in the financial year and 225,500sqm of new leases signed. Significant new lettings include 11,500sqm to Inditex, 14,400sqm to Diageo and 19,200sqm for IKEA. A number of major tenants have also increased their space with us including Bacardi taking an extra 17,100sqm, Pernod Ricard 9,300sqm and Cotton Club 11,500sqm.

Space vacated on maturity, breaks exercised and early terminations totalled 212,200sqm during the year. Vacant warehouse space at the year end totalled 195,000sqm and the office portfolio had only 3,000sqm of vacancy. There are potential breaks in the portfolio of 189,000sqm in 2020 and 241,000sqm in 2021. We currently expect tenants who occupy only circa 19,000sqm and 29,750sqm to exercise their breaks and vacate in 2020 and 2021 respectively.

Since the year end we have signed a further 104,000sqm of deals of which 63,000sqm were new lettings and 41,000sqm were renewals or extensions. We currently have 218,000sqm of LOIs for renewals, extensions or expansions and 31,000sqm of new lettings.

Our leasing strategy remains one of attracting the best tenants for the long term whilst keeping a diversified tenant mix across sectors and business types. We also target tenants who require significant capital investment into their premises and seek to "rentalise" these improvements over the term of the lease, creating enhanced returns.

Across the portfolio we are implementing a number of initiatives to reduce our energy consumption and use more sustainable sources of energy. In 2019, as part of our rolling capital maintenance programme, we have completed the replacement of roof membranes and associated insulation on 89,000sqm of buildings and also replaced outdated lights in 53,000sqm of our portfolio, installing LED fittings. Both of these measures have reduced energy consumption. At Noginsk in Moscow, our electricity is now supplied from a sustainable source (hydro electricity) and we intend to roll this out to other properties where appropriate. In Rostov, in the south of Russia, we are currently evaluating an option to create a Solar Power Plant to generate electricity for our property in the city, and subject to obtaining any necessary permits will start these works during 2020.

At the year end, 16% (2018: 26%) of our warehouse GLA had US Dollar denominated leases with an average warehouse rental level of $158 per sqm (2018: $148 per sqm) and a weighted average term to maturity of 1.9 years (2018: 2.1 years). Rouble denominated leases account for 71% (2018: 61%) of our total warehouse space with an average warehouse rent of Roubles 4,922 per sqm (2018: 4,900 per sqm) and weighted average term to maturity of 4.1 years (2018: 4.5 years). Rouble leases have an average minimum annual indexation of 5.7% (2018: 5.9%).

Currency exposure of warehouse space	USD	RUB	EUR	Vacant	Total
	sqm '000	sqm '000	sqm '000	sqm '000	sqm '000
	300	1,348	50	195	1,893
% of total	*16%*	*71%*	*3%*	*10%*	*100%*

Currency exposure of NOI	USD	RUB	EUR	Total
% of total	*28%*	*68%*	*4%*	*100%*

Investment Portfolio

Moscow

We have ten warehouse projects in Moscow totalling 1.3million sqm with 87% (2018: 88%) of space let at the year end.

Warehouse complex	Space ('000 sqm)	2019 NOI (£m)	Year end Occupancy
Sever	254	13.0	92%
Pushkino	214	13.2	96%
Istra	206	17.9	98%
Noginsk	204	17.5	86%
Klimovsk	158	12.2	93%
Krekshino	118	7.3	41%
Nova Riga	68	1.5	70%
Lobnya	52	0.7*	88%
Sholokhovo	45	1.4	100%
Southern	14	0.5	80%

*Excludes space let to Roslogistics

Occupancy in Moscow year on year remained broadly flat, but this hides the fact that one of our largest leases expired in June releasing 91,300sqm of space at Krekshino. At that point we took the opportunity to invest in the property undertaking some technical improvements and a cosmetic refurbishment. At the date of writing only 21,000sqm remains vacant with new tenants including Diageo, Wildberries and Ball Corp with one LOI on a further 5,600sqm. Currently we only have 116,800sqm available for rent in Moscow, although this will rise in the second half when Itella returns a further 65,000sqm to us at Pushkino. We are already in discussions with a number of prospective tenants to relet this space.

St Petersburg and Regions

Warehouse complex	Space ('000sqm)	2019 NOI (£m)	Year end occupancy
St Petersburg			
Shushary	148	4.6*	100%
Gorigo	88	3.0	95%
Pulkovo	37	1.8	85%
Regions			
Novosibirsk	121	6.2*	97%
Rostov	102	5.0*	93%
Nizhny Novgorod	64	4.3	100%

*Excludes space let to Roslogistics

Warehouse occupancy in the regional markets of St Petersburg, Rostov and Novosibirsk has remained strong and we have increased rents in all locations. The lack of supply in the market generally means we could see further rental increases in 2020.

Tenant Mix

Warehouse Tenant Type	Distribution	Retail	Manufacturing	Third Party Logistics operators	E-commerce	Other
Space (‘000sqm)	307 (18%)	521 (31%)	270 (16%)	526 (31%)	70 (4%)	4 (0%)

Our tenant mix has remained diverse during the year. The proportion of space leased to the e-commerce sector increased to 4% at the year end and is 6% today. The influence of e-commerce on the letting market still remains small compared to other European markets but it is growing.

Office Portfolio

Rents have continued to improve in St Petersburg where our office portfolio is situated. This has allowed us to virtually fully relet Primium where the sole tenant's lease expired in the summer. New occupiers include Tele2 and PIK as well as YIT, the original occupier, retaining 27% of the building. Since acquisition we had benefitted from a very high Euro rent and this has now re-based down to the market rental level, although the rents we have achieved are 20% above the ERV at the date of purchase. The picture at Kellerman is very similar with the last hard currency lease coming to an end last year. It is now 87% let with LOIs on a further 3%. The office portfolio is now entirely let in Roubles.

Office	Space ('000sqm)	NOI (£m)	Occupancy
St Petersburg			
Kellerman	22	3.3	87%
Constanta	16	2.1	100%
Primium	11	2.3	96%

Portfolio Yields

Use/Year		Moscow (%)	St Petersburg (%)	Regions (%)
Warehouse				
	2018	10.75-12.60	12.30-12.50	12.25-12.50
	2019	10.80-12.10	12.10-12.30	11.80-12.30
Office				
	2018	-	12.00–12.25	-
	2019	-	11.75-12.00	-

The investment properties and additional phases of existing projects were valued by Jones Lang LaSalle ("JLL") at the year end, in accordance with the RICS Valuation and Appraisal guidelines, and are carried at a market value of £1.4billion (see notes 11 & 12 to the financial statements). This has resulted in a net profit on revaluation of £46.6million in portfolio value during the year. In Rouble terms the value of the properties has increased by 4.2%.

JLL reduced both the cap and discount rate inputs during the second half of the year by 25 basis points, reflecting the improving market, CBR rates and market evidence. JLL still quote a range of yields across all sectors to reflect the difference in quality of assets, leases and differing currencies. The figures in the table above are the discount rates applied to the cash flows from the properties. These are derived from the prime cap rates that JLL publish adjusted for individual property factors.

The property investment market improved in 2019 with the total value of transactions increasing by 41% to $4.1billion. Domestic buyers remain the largest part of the market with western capital almost non existent, foreign investment instead coming from China and the Middle East.

Land Bank

	Location	Property/Warehouse Complex	Land plot size (ha)
Additional phases of completed property	Moscow	Noginsk	26
		Nova Riga	25
		Lobnya	6
	Regions	Rostov-On-Don	27
		Nizhny Novgorod	22
Land bank	Regions	Omsk	19
		Omsk 2	9
		Nizhny Novgorod	44
Total			**178**

In Moscow, after some delays caused by changes in the planning system we have now renewed our construction permit at Nova Riga, and could start to build out up to 75,000sqm if we secure a sizeable prelet.

The Market

In our main market of Grade A warehouses in Moscow where we hold 70.5% of our portfolio, demand has remained strong and market vacancy has reduced to circa 4%. In real terms this means there is only circa 500,000sqm of space available in the market. At last year's take up levels this amounts to only five months supply. The robust level of demand and limited new supply has forced rents upwards and we are generally seeing average rents of Rub4,000 per sqm in Moscow and the Moscow region. There are variations in different sub markets, with the range of rents being from Rub3,500-Rub4,250, however the vast majority are now above Rub4,000 per sqm. In St Petersburg and our two regional hubs of Rostov and Novosibirsk rental levels are broadly the same as in Moscow.

In 2019, 1.1million sqm of warehouse space was delivered. This is the highest volume since 2016 and 7% higher than in 2018. Only 21% of new supply was speculative, the majority being build to suit or pre-leased, one third of the level of two years ago. Overall take-up amounted to 1.3million sqm which was the driving factor in reducing vacancy. Demand was strongest from the retail, logistics and manufacturing businesses which accounted for 35%, 28% and 18% respectively. E-commerce companies continued to expand, and although their share of take up was down in the year this can partly be explained by the very high level of take up in 2018.

For the coming year it is estimated that a further 918,000sqm will be delivered and take up will be circa 1.2milllion sqm. Of the space under construction 352,000sqm or 38% is pre committed as build to suit for lease or sale, leaving 566,000sqm of speculative space coming to the market. Construction costs have increased by approximately 5% during the year and may continue to rise as a result of Rouble weakness.

Investment volumes in the year increased to $4.1billion, with 67% of this in Moscow. Over 74% of all deals were funded by Russian capital, and only 7% of the total capital or $290million went into the warehouse sector. JLL predict prime yields in the range of 10.50-12.00% for Moscow warehouses. We continue to look at a number of new acquisition ideas in our preferred sector of Grade A warehouses and would have made acquisitions in 2019, if the opportunity to buy back our ordinary shares had not arisen.

Tenant demand has started the year very strongly and we are now 92% let. What the medium term effects of the Coronavirus will be are as yet unknown, but we are well placed with high occupancy, a diversified tenant mix and with little vacancy in the broader market. In a favourable scenario where the effect of Coronavirus is muted then 2020 should be another year of high occupancy and rising rents. Even though the CBR reduced rates by 1.75% in 2019, cap rates have only fallen by 25 basis points so we expect there to be further positive movement in cap rates as the cost of borrowing falls. As we have said before, in any other European market yields would be considerably lower than we see today and in the medium to long term the relative high yields and low rents should attract more capital.

Finance Review

Increased occupancy and a stronger Rouble have supported our income and profitability in the year. Improving asset valuations have also given a boost to IFRS earnings. Our net asset vale per share has benefitted from a stronger year end Rouble, property valuation uplifts and the purchase and cancellation of 99 million ordinary shares at a discount to net asset value per share in the year.

Income Statement

We assess our ability to make covered distributions with reference to underlying earnings and operating cash flows after interest. The former also allows a comparison of operating results before mark to market valuation movements. The reconciliation between underlying and IFRS earnings is given in note 9 to the accounts.

Underlying Earnings (Adjusted non IFRS measure)	**2019** **£'000**	**2018** **£'000**
Net rental and related income	126,504	118,285
Administrative expenses	(23,130)	(22,714)
Share based payments	(4,927)	-
Foreign exchange gains/(losses)	27,462	(2,480)
Share of profits of joint ventures	792	1,630
Operating profit	126,701	94,721
Net finance charge	(72,966)	(68,510)
Underlying profit before tax	53,735	26,211
Tax	(10,510)	(6,197)
Underlying profit after tax	43,225	20,014
Basic underlying earnings per share	7.67p	3.12p

Net rental and related income benefits from a full year of income from acquisitions completed in 2018. The average Rouble/Sterling rate of 82.6 (2018: 83.7) has had minimal effect on translating the income statement to presentation currency. The stronger year end Rouble/Euro exchange rate of 69.3 (2018: 79.3) results in an unrealised profit on foreign exchange when our Russian subsidiaries account for their Euro debt liability.

Underlying Administrative Expenses

Underlying administrative expenses increase as a result of bonus provisions. The 2019 results include £1.2million paid in relation to 2018 performance but also carry an accrual for 2019 bonuses of £1.3million together with an estimate of share based bonus payments of £4.6million, therefore accounting for the impact of two years.

Underlying Net Finance Charge

Our underlying interest expense increases as acquisitions completed towards the end of 2018 were refinanced in the year. Interest receivable dropped on lower average cash balances following the use of funds to acquire the company's ordinary shares and on reducing CBR rates.

IFRS Earnings	2019 £'000	2018 £'000
Net rental and related income	126,504	118,285
Administrative expenses	(25,433)	(25,150)
Share based payments and other long term incentives	(5,468)	(2,853)
Foreign exchange (loss)/profits	27,462	(2,480)
Share of profits of joint ventures	792	1,630
Profit on disposal of joint ventures	490	-
Operating profit	124,347	89,432
Profit/(loss) on revaluation	48,271	(121,009)
Net finance charge	(107,559)	(83,311)
IFRS (loss)/profit before tax	65,059	(114,888)
Tax	(19,041)	(5,793)
IFRS profit/(loss) after tax	46,018	(120,681)

The principal movements between underlying earnings and IFRS earnings relate to mark to market changes, with a profit on revaluation of investment properties of £48.3million (2018: loss of £121.0million) and the write down of the value of CBR rate caps of £20.4million (2018: £4.6million) being the largest. The latter a factor of the CBR monetary easing over the year, interest rates dropping from 7.75% at 1 January 2019 to 6% today.

Taxation

Tax paid increases in line with increased profits. The largest element of the charge for the year relates to deferred taxes with a reduction in deferred tax losses and a charge for the gain in revaluation compared to the depreciated cost of our assets in the Russian operating companies.

Investment Properties

Investment Properties and Investment Properties Under Construction	2019 £m	2018 £m
Investment properties	1,338	1,175
Investment properties under construction	34	31
	1,372	1,206

The carrying value of our investment property and investment property under construction benefits from both improving valuations and a stronger Rouble. Revaluation gains of £46.6million have been recognised in the year on the back of improving yields and ERVs. The stronger year end Rouble/Sterling rate of 81.15 compared to 88.35 at 31 December 2018 also adds £108.8million on the retranslation of the opening balances to Sterling.

Debtors and Creditors

Debtors	2019 £'000	2018 £'000
Other receivables (non current)	3,414	15,535
Derivative financial instruments	2,621	21,953
Trade and other receivables	41,595	43,658

Non current asset movements in the year relate principally to financing. Other receivables reduce as restricted cash of £12million retained for repayment of a loan was discharged early in the year. As noted above, the carrying value of interest rate caps on our Rouble debt reduced significantly as CBR rates fell, reflected in the change in derivative financial instruments' carrying value.

Points of note in trade and other receivables include the recovery of a VAT asset of £4million which arose on the acquisition of the Sever asset in 2018 and the inclusion of deferred consideration of £3million in other receivables on the sale of the Coln JV.

Creditors	2019 £'000	2018 £'000
Trade and other payables	51,691	66,192
Other payables (non current)	18,623	17,797

The largest movement in trade and other payables relates to the payment of £12million of deferred consideration on the Sever acquisition in the year. Advanced rentals drop in the year on the loss of NLC at Krekshino. Other payables increase with the inclusion of the 2019 bonus provision as explained above.

Cash and Debt

Cash flow Summary	2019 £'000	2018 £'000
Net cash generated from operating activities	93,100	96,086
Net cash used in investing activities	(16,196)	(72,203)
Net cash used in financing activities	(80,062)	(139,827)
Net decrease in cash and cash equivalents	(3,158)	(115,944)
Effect of foreign exchange rate changes	(2,154)	(7,743)
Decrease in cash	(5,312)	(123,687)
Closing cash and cash equivalents	68,138	73,450

Cash flows for the year were relatively neutral, the main investment in the period being the buy back of our ordinary shares, costing £53.3million in total, matched by net debt financing of £50.9million after debt amortisation of £22.7million. £3.65million was received as the first tranche consideration on the sale of our share in the Coln joint venture, with a further £3million payable later this year.

Bank Debt	2019 £m	2018 £m
Fixed rate debt	-	-
Debt hedged with caps	545	543
	545	543
Unhedged debt	145	106
	690	649
Unamortised loan origination costs and accrued interest	(7)	(6)
Total debt	683	643
Weighted average cost of debt	6.52%	7.69%
Weighted average term to maturity	4.7	4.0

The currency profile of secured debt at 31 December 2019 was:

	$ million	€ million	RUB million
31 December 2019	-	341.8	32,238.6
31 December 2018	276.7	247.3	17,523.4

The debt maturity profile at the year end is:

	2020	2021	2022	2023	2024	2025	2026
Debt maturing (£m)	32.7	7.5	-	119.9	411.1	39.7	78.4
Percentage maturing	5%	1%	-	17%	60%	6%	11%
Number of facilities	2	1	-	2	9	1	1

The Group has now converted all US Dollar debt to a mixture of Rouble and Euro facilities and extended terms on the majority of facilities. There are five facilities of Euro only totalling €126.1million, one facility of Rouble only and ten facilities with a Rouble/Euro mix. The amortisation profile of the mixed facilities is weighted towards the Euro element to reduce foreign exchange risk over the term of the facility. It is the intention to convert the Euro only facilities into a Rouble/Euro mix during this year, continuing to increase our Rouble debt weighting. At the year end Rouble debt accounted for 57.6% (2018: 31.1%) of secured facilities and Euro 42.4% (2018: 34.8%).

The weighted cost of debt reduced during the year as CBR rates fell. The majority of our facilities are hedged with interest rate caps. Of the unhedged amount £78.4million relates to debt drawn late in December 2019 which was subsequently hedged with interest caps in January this year. The remainder relates to the near term maturities which are in the process of being extended and two Euro facilities where hedging is only required if EURIBOR exceeds 100 basis points.

Net Asset Value

Net asset value per share has increased from 48p at 31 December 2018 to 76p at 31 December 2019. The 2018 figure was depressed by a weak Rouble at the balance sheet date. 2019 increases on a stronger Rouble, investment property valuation gain and the accretive impact of buying ordinary shares at a significant discount to net asset value per share during the year.

Subsidiaries

In December 2019 we completed on the sale of our share in the Coln Park joint venture for a total consideration of £6.65million. £4million was received in December 2019, including the repayment of a loan of £0.35million, with the £3million balance payable by December 2020. This gave a small profit on sale of £0.5million.

Roslogistics has continued to trade at a similar level to 2018. We expect it to reduce its let space during the year but maintain profitability levels.

Risk Report

Risk Appetite

The 2019 financial year saw a marked improvement in our sector with market rents increasing, vacancy dropping and property valuations improving. We have now extinguished all of our US Dollar liabilities and asset secured debt is currently a Rouble/Euro mix, reducing our foreign exchange balance sheet risk. If favourable terms for Rouble secured facilities continue then we will further reduce our exposure to Euro financing in the current year.

As we stated in last year's Risk Report, we intended to continue with our acquisition driven growth strategy in the current year but instead have been distracted by some unforeseen developments.

The most significant risk we were presented with in 2019 was a significant overhang in our ordinary shares as firstly WIM and then latterly, IAML, two of our largest shareholders, faced liquidity issues. We diverted funds we had earmarked for property acquisitions to purchase WIM's ordinary shares in August 2019 and subsequently contracted to purchase IAML's. We have secured a credit committee approved financing line for the IAML transaction.

However, we now have the Coronavirus situation and the subsequent oil price collapse. Given the uncertainty surrounding the potential impact this may have on our business we have temporarily reduced our risk appetite. The immediate effect of this is a decision to maintain our current liquidity levels and postpone the IAML share buy back until we have a better understanding of the fall out, if any, from the crisis. Already we have seen a fall in oil prices precipitating a weakening of the Rouble. In a worst case scenario, this could lead to a suspension of investment decisions by our tenants, a disruption in supply chains impacting on the demand for new warehouse space and potential defaults by existing tenants whose businesses are affected most. However, given the experience the business had in 2015 and 2016 following the last oil price collapse we have adapted our balance sheet to reduce the impact of market shocks such as this and we believe we are in a significantly stronger position than we were during that period.

For now though, other than the Rouble weakening, we are not seeing any impact on our operations but we will proceed with caution.

The principal risk factors that follow reflect our opinion of how they have changed in 2019 and how the oil price volatility may impact on our business. The impact of Coronavirus on our local market is as yet unknown.

We are also cognisant of our responsibility for our impact on the environment and sustainability. We are looking at a number of potential projects at the moment. These range from introducing greater energy efficiency in our buildings as part of our rolling capital expenditure programme, through managing international travel with greater use of VCU technology and carbon offsets to the assessment of the impact of building a solar panel farm and the introduction of bee hives at one of our regional asset sites.

Risk Management and Internal Controls

Risk assessment is built into the Group's operating model and performed throughout the organisation as part of day to day operations. The Board is ultimately responsible for the management of risk and regularly carries out a robust assessment of the principal risks and uncertainties affecting the business, including new and emerging risks, discusses how these may impact on operations, performance and solvency and what mitigating actions, if any, can be taken. The Audit Committee is responsible for ensuring that the internal control procedures are robust and that risk management processes are appropriate. A fuller explanation of the process is given in the Audit Committee Report.

Our Cypriot holding company board has been working with our other jurisdictions reviewing and codifying the group's internal control infrastructure and has overseen the first year of our internal audit function. The weekly operational committee meetings for each department within the Group allow operational and management information to flow through the Group's risk matrix in a timely manner.

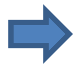
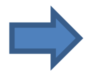
The risk management process is designed to identify, evaluate and mitigate any significant risk the Group faces. The process aims to manage rather than eliminate risks and can only provide reasonable and not absolute assurance. The Risk Committee has met four times during the year and reports are also reviewed by the Audit Committee. The Cypriot Board have reported to the Audit Committee on progress made with their internal control procedures with and without the internal auditors in attendance.

No significant failings or weaknesses in the internal control and risk assessment procedures have been identified during the year.

Principal Risks and Uncertainties

We have set out in the following tables the principal risks and uncertainties that face our business, our view on how those risks have changed during the year and a description of how we mitigate or manage those risks. We have also annotated those risks that have been considered as part of the viability assessment.

Political and Economic Risk

Risk	**Impact**	**Mitigation**	**Change in 2019**
Oil and Gas dependent economy ***(Viability Statement Risk)*** Oil price volatility leads to a weakening of the Rouble.	The weak Rouble increases the cost of servicing Euro debt and puts pressure on banking covenants. A low oil price dampens infrastructure spending which leads to a drop in consumer demand. This in turn impairs demand for warehouse space and a contraction in demand from existing tenants.	As the majority of our financing is Rouble denominated our banking covenants are less sensitive to the servicing of the Euro element of our debt. The amortisation profile of our facilities is weighted towards the Euro element of the facility to reduce the foreign exchange risk over the term of the loans. With little or no speculative development in the market and low vacancy levels research indicates that the warehouse sector should be resilient in the short to medium term.	
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 return to a declining 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 the Russian economy. We have adapted our business model to secure our position in the market including extinguishing all US Dollar liabilities. However, the risk of increased sanctions remains.	

Financial Risk

Risk	**Impact**	**Mitigation**	**Change in 2019**
Foreign Exchange ***(Viability Statement Risk)*** At the year end 42% of secured debt was denominated in Euros and all of our preference shares in Sterling.	A weakening of the Rouble against those foreign currencies reduces our ability to service debt and preference share coupons and reduces our profitability.	We have significantly reduced our exposure to foreign currency secured debt facilities and will continue to do so. As noted above, bank covenants are now less sensitive to the servicing of the Euro element of facilities. The improvement in our secured debt foreign exchange risk benefits the servicing of our preference shares as the overall foreign exchange risk of subordinated debt reduces. However, the recent weakening of the Rouble does increase this risk in the current year.	

Interest rates ***(Viability Statement Risk)*** Increases in Central Bank rates and financing benchmarks.	The cost of debt increases and Group profitability and debt service cover reduce.	We are operating in a low or reducing interest rate environment for Euro and Rouble facilities. Our variable cost of debt is hedged with the use of caps with terms matching the debt maturity profile.	
Share Buy Backs ***(Viability Statement Risk)*** We have purchased 16.5% of our ordinary shares in the year and contracted to purchase a further 28.5% in the current year.	We reduce our equity base and increase group gearing.	The overhang of ordinary shares has been impeding share performance and the acquisitions are NAV per share enhancing. Our gearing levels are more an indicator of low asset valuations. The increase in values over the past 12 months partly compensates for the impact of last year's buy backs on our gearing levels.	**NEW**

Property Investment

Risk	**Impact**	**Mitigation**	**Change in 2019**
Acquisitions ***(Viability Statement Risk)*** We operate in an immature investment market where legacy issues are common with Russian acquisitions.	Legacy issues may erode earnings enhancement and integration into our existing systems may involve excessive management resource.	We have a strong senior management team in both our Cyprus and Moscow offices with international and Russian experience in real estate acquisitions. External advisors undertake full detailed due diligence on any acquisition projects.	
Leases ***(Viability Statement Risk)*** Market practice increasingly incorporates lease break requirements and landlord fit-out obligations.	This can lead to uncertainty of on going annualised income due to lease break clauses. There is additional landlord risk attached to the delivery of tenant fit-out requirements.	We have a proactive property management team and continued open dialogue with tenants. We have a dedicated project management resource assigned to construction and fit-out obligations under leases. Market conditions are improving with rents increasing and vacancy dropping. Lease breaks are less likely to be exercised in this market and tenants are signing longer leases on new lettings given the lack of available space.	
Capital Expenditure ***(Viability Statement Risk)*** As 75% of our warehouse portfolio was built between 2007 and 2009 some elements of the buildings require replacement or modernisation.	Properties become less attractive to prospective tenants or lower rental values are achieved.	We have put in place a rolling five year capital expenditure programme to maintain our properties at a Grade A level. These works should protect and potentially enhance levels of rent achievable.	

Russian Domestic Risk

Risk	Impact	Mitigation	Change in 2019
Legal Framework The legal framework in Russia continues to develop, with new and proposed laws regularly being introduced.	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.	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 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, beneficial ownership of cross border cash flows and capital gains tax.	Tax treaties may be renegotiated and new legislation or clarification of existing practice may increase the Group's tax expense.	Our business is a significant contributor to inward investment in the Russian logistics sector. Our structure has developed to deal with the commercial risks of operating in Russia rather than to take advantage of tax benefits. Management and control is exerted as appropriate in each jurisdiction and the skills and experience of staff in each office reflect that commercial requirement. Ultimately, Russia remains a relatively low tax jurisdiction with 20% Corporation tax.	

Personnel Risks

Risk	Impact	Mitigation	Change in 2019
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 where available; Employees have regular appraisals and documented development plans and targets; and We are continually addressing succession issues where they arise.	

Change key

Increased risk in the period

Stable risk in the period

Decreased risk in the period

Signed for and on behalf of the Board

Colin Smith
Director
15 March 2020

Directors' Responsibility Statement

The Statement of Directors' Responsibilities below has been prepared in connection with the Company's full Annual Report and Accounts for the year ended 31 December 2019.

The Board confirms to the best of its knowledge:

The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole;

The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

The Annual Report and Accounts, taken as a whole, are fair balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 15 March 2020 and is signed on its behalf by:

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

GROUP INCOME STATEMENT
For the year ended 31 December 2019

	Notes	2019 Underlying earnings £'000	2019 Capital and other £'000	2019 Total £'000	2018 Underlying earnings £'000	2018 Capital and other £'000	2018 Total £'000
Gross revenue	4 / 5	175,373	-	175,373	162,639	-	162,639
Property operating expenditure and cost of sales		(48,869)	-	(48,869)	(44,354)	-	(44,354)
Net rental and related income		**126,504**	**-**	**126,504**	**118,285**	**-**	**118,285**
Administrative expenses	4 / 6	(23,130)	(2,303)	(25,433)	(22,714)	(2,436)	(25,150)
Share-based payments and other long term incentives	31	(4,927)	(541)	(5,468)	-	(2,853)	(2,853)
Foreign currency profits / (losses)		27,462	-	27,462	(2,480)	-	(2,480)
Operating expenditure		**(595)**	**(2,844)**	**(3,439)**	**(25,194)**	**(5,289)**	**(30,483)**
Share of profits of joint ventures	15	792	-	792	1,630	-	1,630
Profit on disposal of joint ventures	15	-	490	490	-	-	-
Operating profit / (loss) before profits and losses on investment property		**126,701**	**(2,354)**	**124,347**	**94,721**	**(5,289)**	**89,432**
Unrealised profit / (loss) on revaluation of investment property	11	-	47,820	47,820	-	(121,764)	(121,764)
Unrealised profit on revaluation of investment property under construction	12	-	451	451	-	755	755
Operating profit / (loss)	4	**126,701**	**45,917**	**172,618**	**94,721**	**(126,298)**	**(31,577)**
Finance income	7	2,011	-	2,011	3,286	1,583	4,869
Finance expense	7	(74,977)	(34,593)	(109,570)	(71,796)	(16,384)	(88,180)
Profit / (loss) before tax		**53,735**	**11,324**	**65,059**	**26,211**	**(141,099)**	**(114,888)**
Tax	8	(10,510)	(8,531)	(19,041)	(6,197)	404	(5,793)
Profit / (loss) for the year		**43,225**	**2,793**	**46,018**	**20,014**	**(140,695)**	**(120,681)**
Earnings per share:	9						
Basic (pence)				8.16			(18.81)
Diluted (pence)				7.50			(18.81)
Underlying earnings per share:	9						
Basic (pence)		7.67			3.12		
Diluted (pence)		6.35			3.08		

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. Further details of the allocation of items between the supplementary columns are given in note 9.

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.

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019 £'000	2018 £'000
Profit /(loss) for the year	**46,018**	**(120,681)**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	77,018	49,854
Total comprehensive income for the year, net of tax	**123,036**	**(70,827)**

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.

GROUP BALANCE SHEET
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investment property	11	1,337,682	1,175,440
Investment property under construction	12	33,846	30,548
Plant and equipment		6,150	3,574
Investment in joint ventures	15	189	6,566
Other receivables	16	3,414	15,535
Derivative financial instruments	18	2,621	21,953
Deferred tax assets	25	24,290	24,405
		1,408,192	1,278,021
Current assets			
Inventory		358	356
Trade and other receivables	17	41,595	43,658
Derivative financial instruments	18	-	349
Cash and short term deposits	19	68,138	73,450
		110,091	117,813
Total assets		**1,518,283**	**1,395,834**
Current liabilities			
Trade and other payables	20	51,691	66,192
Derivative financial instruments	18	-	1
Interest bearing loans and borrowings	21	60,173	75,565
		111,864	141,758
Non-current liabilities			
Interest bearing loans and borrowings	21	623,168	567,865
Preference shares	22	110,324	109,271
Convertible preference shares	23	217,482	206,116
Other payables	24	18,623	17,797
Deferred tax liabilities	25	71,024	57,400
		1,040,621	958,449
Total liabilities		**1,152,485**	**1,100,207**
Net assets		**365,798**	**295,627**
Equity			
Share capital	26	4,898	6,233
Share premium		51,463	103,144
Warrants	27	-	98
Own shares held	28	(4,582)	(5,965)
Convertible preference shares	23	11,212	11,212
Capital reserve		(234,519)	(281,001)
Translation reserve		28,188	(48,887)
Retained earnings		509,138	510,793
Total equity	29 / 30	**365,798**	**295,627**
Net asset value per share (pence):	30		
Basic		76	48
Diluted		75	48

The financial statements were approved by the Board of Directors on 15 March 2020 and signed on its behalf by:

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

The accompanying notes are an integral part of this statement.

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

For the year ended 31 December 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 2018		6,606	124,568	438	(3,652)	11,212	(166,494)	(98,741)	517,901	391,838
Loss for the year		-	-	-	-	-	-	-	(120,681)	(120,681)
Other comprehensive income		-	-	-	-	-	-	49,854	-	49,854
Total comprehensive income for the year		-	-	-	-	-	-	49,854	(120,681)	(70,827)
Warrants exercised	26 / 27	85	2,380	(340)	-	-	-	-	-	2,125
Own shares acquired	28	-	-	-	(4,235)	-	-	-	-	(4,235)
Own shares allocated	28	-	-	-	1,886	-	-	-	(934)	952
Ordinary shares cancelled	26 / 28	(458)	(23,804)	-	36	-	-	-	-	(24,226)
Transfer in respect of capital losses		-	-	-	-	-	(114,507)	-	114,507	-
At 31 December 2018		**6,233**	**103,144**	**98**	**(5,965)**	**11,212**	**(281,001)**	**(48,887)**	**510,793**	**295,627**
For the year ended 31 December 2019										
At 1 January 2019		6,233	103,144	98	(5,965)	11,212	(281,001)	(48,887)	510,793	295,627
On adoption of IFRS 16 Leases		-	-	-	-	-	-	57	(390)	(333)
Restated as at 1 January 2019		**6,233**	**103,144**	**98**	**(5,965)**	**11,212**	**(281,001)**	**(48,830)**	**510,403**	**295,294**
Profit for the year		-	-	-	-	-	-	-	46,018	46,018
Other comprehensive income		-	-	-	-	-	-	77,018	-	77,018
Total comprehensive income for the year		-	-	-	-	-	-	77,018	46,018	123,036
Warrants exercised	26 / 27	17	486	(69)	-	-	-	-	-	434
Warrants lapsed	27	-	-	(29)	-	-	-	-	29	-
Conversion of convertible preference shares	23 / 26	-	12	-	-	-	-	-	-	12
Own shares acquired	28	-	-	-	(106)	-	-	-	-	(106)
Own shares allocated	28	-	-	-	1,338	-	-	-	(830)	508
Ordinary shares cancelled	26 / 28	(1,352)	(52,179)	-	151	-	-	-	-	(53,380)
Transfer in respect of capital profits		-	-	-	-	-	46,482	-	(46,482)	-
At 31 December 2019		**4,898**	**51,463**	**-**	**(4,582)**	**11,212**	**(234,519)**	**28,188**	**509,138**	**365,798**

The accompanying notes are an integral part of this statement.

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit / (loss) before tax		65,059	(114,888)
Adjustments for:			
Depreciation	6	1,782	811
Provision for bad debts	6	(2)	(58)
Loss on disposal of plant and equipment		19	-
Share of profits of joint ventures	15	(792)	(1,630)
Profit on disposal of joint ventures	15	(490)	-
Finance income	7	(2,011)	(4,869)
Finance expense	7	109,570	88,180
(Profit) / loss on revaluation of investment property	11	(47,820)	121,764
Profit on revaluation of investment property under construction	12	(451)	(755)
Foreign exchange (profits) / losses		(27,462)	2,480
Non-cash element of share-based payments and other long term incentives	31	5,468	2,853
		102,870	93,888
Changes in operating working capital			
Decrease in operating receivables		4,491	8,212
Increase in other operating current assets		(2)	(43)
Decrease in operating payables		(6,152)	(1,627)
		101,207	100,430
Receipts from joint ventures	15	1,043	3,000
Tax paid		(9,150)	(7,344)
Net cash generated from operating activities		**93,100**	**96,086**
Cash flows from investing activities			
Payments for property improvements		(11,939)	(8,611)
Refund of VAT on acquisition of investment property		3,920	12,754
Acquisition of subsidiaries	38	(169)	(33,826)
Cash acquired with subsidiaries	38	-	1,235
Acquisition of investment property / payment of deferred consideration on acquisition of investment property	11	(11,924)	(44,054)
Loans granted		(101)	(194)
Loans repaid		447	34
Purchase of plant and equipment		(2,140)	(2,262)
Proceeds on disposal of plant and equipment		113	-
Investment in joint ventures	15	(13)	(533)
Proceeds on disposal of joint ventures	15	3,650	-
Interest received		1,960	3,254
Net cash used in investing activities		**(16,196)**	**(72,203)**
Cash flows from financing activities			
Proceeds from long term borrowings		357,966	155,628
Repayment of long term borrowings		(284,431)	(153,152)
Loan amortisation		(22,652)	(23,279)
Bank borrowing costs paid		(54,689)	(50,000)
Exercise of warrants	26 / 27	434	2,125
Ordinary shares purchased	26 / 28	(53,310)	(28,258)
Dividends paid on preference shares		(11,285)	(11,327)
Dividends paid on convertible preference shares		(12,486)	(12,716)
Proceeds from disposal of derivative financial instruments		3,259	-
Premium paid for derivative financial instruments		(2,868)	(18,848)
Net cash used in financing activities		**(80,062)**	**(139,827)**
Net decrease in cash and cash equivalents		(3,158)	(115,944)
Opening cash and cash equivalents		73,450	197,137
Effect of foreign exchange rate changes		(2,154)	(7,743)
Closing cash and cash equivalents	19	**68,138**	**73,450**

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. General information

Raven Property Group Limited (the "Company") and its subsidiaries (together the "Group") is a property investment group specialising in commercial real estate in Russia.

The Company is incorporated and domiciled in Guernsey under the provisions of the Companies (Guernsey) Law, 2008. The Company's registered office is at La Vieille Cour, La Plaiderie, St Peter Port, Guernsey GY1 6EH.

The audited financial statements of the Group for the year ended 31 December 2019 were authorised by the Board for issue on 15 March 2020.

2. Accounting policies

Basis of preparation

The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, section 244, not to prepare company financial statements as group financial statements have been prepared for both current and prior periods. The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted in the preparation of the group financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowings are described in the Financial Review and the notes to these 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 financial statements.

Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("IFRS") and the Companies (Guernsey) Law, 2008.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for new standards adopted. The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2019. The Group applies for the first time, IFRS 16 Leases and IFRIC Interpretation 23 Uncertainty over Income Tax Treatments.

IFRS 16 has been adopted using the modified retrospective method for the Group's office leases and elected to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and lease contracts for which the underlying asset is of low value. The "right of use assets" are included within plant and equipment and the "lease liabilities" in other payables. The Group has assessed the impact of IFRS 16 and concluded it does not have a material impact as it only affects the leases for the Group's three administrative offices and lessor accounting has not materially changed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments addresses the accounting for income taxes when treatments involve uncertainty that affects the application of IAS 12. As set out in note 3, the Group applies significant judgement in identifying uncertainties over income tax treatments. As the Group operates in a number of jurisdictions it has assessed each individually. Whilst the methodology used for assessing the provision has changed, it has not had a material impact on the financial statements.

The Group has assessed the impact of IFRS 16 and IFRIC 23 and concluded that they do not have a material impact on the financial performance or financial position of the Group or the disclosures made in its financial statements.

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. Of these the two thought to have a possible impact on the Group are:

Definition of Material - Amendments to IAS1 and IAS 8 (effective 1 January 2020)
The Conceptual Framework for Financial Reporting (effective 1 January 2020)

The Group has assessed the impact of these changes and does not expect them to significantly impact on the financial position or performance of the Group. There may, however, be changes to disclosures within the financial statements.

The standards, amendments or revisions are effective for annual periods beginning on or after the dates noted above.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and the special purpose vehicles ("SPVs") controlled by the Company, made up to 31 December each year. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with or ownership of the investee entity and has the ability to affect those returns through its power over the investee.

The Group has acquired investment properties through the purchase of SPVs. In the opinion of the Directors, these transactions did not meet the definition of a business combination as set out in IFRS 3 "Business Combinations". Accordingly the transactions have not been accounted for as an acquisition of a business and instead the financial statements reflect the substance of the transactions, which is considered to be the purchase of investment property and investment property under construction.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of entities acquired to bring the accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Joint ventures

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the activities require unanimous consent of the contracting parties for strategic financial and operating decisions.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying value of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Any premium paid for an interest in a joint venture above the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is determined as goodwill. Goodwill relating to a joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of joint ventures is shown on the face of the Income Statement within Operating Profit and represents the profit or loss after tax.

Revenue recognition

(a) Property investment
Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Rental increases calculated with reference to an underlying index and the resulting rental income ("contingent rents") are recognised in income as they are earned.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease, together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Income Statement as they arise.

(b) Roslogistics Logistics revenue, excluding value added tax, is recognised as services are provided.

(c) Raven Mount The sale of completed property and land is recognised on legal completion.

Taxation

The Company is a limited company registered in Guernsey, Channel Islands, and is exempt from taxation. The Group is liable to Russian, Cypriot and UK tax arising on the results of its Russian, Cypriot and UK operations.

The tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit (or loss) as reported in the Income Statement because it excludes items of income and expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(b) Tax provisions
Management periodically evaluate positions taken in the Group's tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The resulting provision for uncertain tax positions is recorded within current tax payable (see note 20).

(c) Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) Value added tax
Revenue, expenditure, assets and liabilities are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expenditure item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables, as appropriate, in the Balance Sheet.

Investment property and investment property under construction

Investment property comprises completed property and property under construction held to earn rentals or for capital appreciation or both. Investment property comprises both freehold and leasehold land and buildings.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. The Directors assess the fair value of investment property based on independent valuations carried out by their appointed property valuers or on independent valuations prepared for banking purposes. The Group has appointed Jones Lang LaSalle as property valuers to prepare valuations on a semi-annual basis. Valuations are undertaken in accordance with appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation - Global Standards, 2017 (the "Red Book"). These are internationally accepted standards of valuation. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement in the period in which they arise. For the purposes of these financial statements, in order to avoid double counting, the assessed fair value is reduced by the present value of any tenant incentives and contracted rent uplifts that are spread over the lease term and increased by the carrying amount of any liability under a head lease that has been recognised in the Balance Sheet.

Borrowing costs that are directly attributable to the construction of investment property are included in the cost of the property from the date of commencement of construction until construction is completed.

Leasing (as lessors)

Leases where the Group does not transfer substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. All of the Group's properties are leased under operating leases and are included in investment property in the Balance Sheet.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending upon the purpose for which the asset was acquired.

(a) Fair value through profit or loss
This category comprises only in-the-money derivatives (see financial liabilities policy for out-of-the-money derivatives), which are carried at fair value with changes in the fair value recognised in the Income Statement in finance income or finance expense.

(b) Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the case of the Group, loans and receivables comprise trade and other receivables, loans, security deposits, restricted cash and cash and short term deposits.

Loans and receivables are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for Expected Credit Loss ("ECL"). The Group assesses on a forward looking basis the ECL for its financial assets measured at amortised cost. The Group measures the ECL and recognises a credit loss allowance at each reporting date.

Cash and short term deposits include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

The Group classifies its financial liabilities into one of the categories listed below.

(a) Fair value through profit or loss
This category comprises only out-of-the-money derivatives, which are carried at fair value with changes in the fair value recognised in the Income Statement in finance income or finance expense.

(b) Other financial liabilities
Other financial liabilities include interest bearing loans, trade payables (including rent deposits and retentions under construction contracts), preference shares, convertible preference shares and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recorded at fair value and subsequently carried at amortised cost using the effective interest rate method.

Interest bearing loans, convertible preference shares and preference shares are initially recorded at fair value net of direct issue costs and subsequently carried at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Income Statement using the effective interest rate method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group considers the convertible preference shares to be a compound financial instrument, that is they have a liability and equity component. On the issue of convertible preference shares the fair value of the liability component is determined and the balance of the proceeds of issue is deemed to be equity. The Group's other equity instruments are its ordinary shares and warrants.

Own shares held

Own equity instruments which are acquired are recognised at cost and deducted from equity. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in retained earnings.

Share-based payments and other long term incentives

The Group rewards its key management and other senior employees by a variety of means many of which are settled by ordinary, preference shares or convertible preference shares of the Company.

Awards linked to or that may be settled by ordinary shares
The share component of the 2016 Retention Scheme may be settled in any of the Company's listed securities, including ordinary shares, and as a consequence falls within the scope of IFRS 2 Share-based payments. The instalments have been settled by preference shares and convertible preference shares and therefore are cash-settled transactions. The cost of cash-settled transactions is recognised as an expense over the vesting period, measured by reference to the fair value of the corresponding liability, which is recognised on the Balance Sheet. The liability is remeasured at fair value at each balance sheet date until settlement, with changes in the fair value recognised in the Income Statement. Also, to the extent the Five Year Performance Plan vests in March 2023, the resulting entitlements will be settled in ordinary shares and thus will fall within the scope of IFRS 2.

Awards not linked to or settled by ordinary shares
These awards are accounted for in accordance with IAS 19 Employee Benefits whereby the Group estimates the cost of awards using the projected unit credit method, which involves estimating the future value of the preference shares or convertible preference shares, as appropriate, at the vesting date and the probability of the awards vesting. The resulting expense is charged to the Income Statement over the performance period and the liability is remeasured at each Balance Sheet date.

The cash component of the 2016 Retention Scheme has been accounted for in this way.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the Company the directors consider this to be Sterling. The group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Non-monetary assets and liabilities are translated using exchange rates at the date of the initial transaction or when their fair values are reassessed.

(c) On consolidation
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each Balance Sheet are translated at the closing rate at the date of the Balance Sheet;
(ii) income and expenditure for each Income Statement are translated at the average exchange rate prevailing in the period unless this does not approximate to the rates ruling at the dates of the transactions in which case they are translated at the transaction date rates; and
(iii) all resulting exchange differences are recognised in Other Comprehensive Income.

The exchange differences arising from the translation of the net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign entity is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

	2019	2018
Balance Sheet		
- Roubles	81.1460	88.3524
- United States Dollar	1.3108	1.2736
- Euro	1.1703	1.1142

	2019	2018
Income Statement *		
- Roubles	82.6282	83.6890
- United States Dollar	1.2765	1.3350
- Euro	1.1398	1.1304

* These are the average rates for the twelve months ended 31 December 2018 and 2019, 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.

Dividends

Dividends to the Company's ordinary shareholders are recognised when they become legally payable. In the case of interim dividends, this is when declared by the directors. In the case of final dividends, this is when they are approved by the shareholders at an AGM.

3. Critical accounting estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Judgements other than estimates

In the process of applying the Group's accounting policies the following are considered to have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Acquisitions
Properties can be acquired through the corporate acquisition of a subsidiary company. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for the acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and the extent of ancillary services provided by the subsidiary.

When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax liabilities are recognised.

(b) Recognition of deferred tax assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Estimates

(a) Valuation of investment property and investment property under construction
The best evidence of fair value are current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable, fair value estimates. In making its estimation the Group considers information from a variety of sources and engages external, professional advisers to carry out third party valuations of its properties. The external valuations are completed in accordance with appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation - Global Standards, 2017 (the "Red Book"). These are internationally accepted standards of valuation and are consistent with the requirements of IFRS 13. In our market, where transactional activity is minimal, the valuers are required to use a greater degree of estimation or judgement than in a market where comparable transactions are more readily available.

The significant methods and assumptions used in estimating the fair value of investment property and investment property under construction are set out in note 13, along with detail of the sensitivities of the valuations to changes in the key inputs.

(b) Income tax
As part of the process of preparing its financial statements, the Group is required to estimate the provision for income tax in each of the jurisdictions in which it operates. This process involves an estimation of the actual current tax exposure, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Balance Sheet.

Russian tax legislation is subject to varying interpretations and changes, which may occur frequently. New legislation and clarifications have been introduced over recent years, but it remains unclear as to how these will be applied in practice. The interpretation of the legislation that the Group adopts for its transactions and activities may be challenged by the relevant regional and federal authorities from time to time. Additionally, there may be inconsistent interpretation of tax regulations by each local authority, creating uncertainties in the correct application of the taxation regulations in Russia. Fiscal periods remain open to review by the authorities for the three calendar years preceding the years of review and in some circumstances may cover a longer period. Additionally, there have been instances where new tax regulations have been applied retrospectively. The level of tax reviews and court activity is increasing. The Group is, and has been, subject to tax reviews which are worked through with the relevant authorities to resolve.

The Group, in making its tax provision judgements, is confident that an appropriate level of management and control is exerted in each of the jurisdictions in which it operates, all companies are tax resident in their relevant jurisdictions and are the beneficial owners of any income they receive. Local management use their in house tax knowledge and previous experience as well as independent professional experts when assessing tax risks and the resultant provisions required. For the current year, the Group has specifically reviewed the potential impact that new regulations may have on its financing arrangements and the provision reflects the expected value method of calculation. It is reasonably possible that outcomes within the next financial year are different from the assumptions made and could require an adjustment to the carrying amount of the provision.

4. Segmental information

The Group has three reportable segments, which are managed and report independently to the Board. These comprise:

Property Investment - acquire or 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, with payment typically due within 10 to 45 days of invoicing; 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, with payment typically due upon completion, though in some cases a deferral may be agreed.

Financial information relating to Property Investment is provided to the Board on a property by property basis. The information provided comprises gross rentals, operating costs, net operating income, revaluation gains and losses and where relevant the profit or loss on disposal of an investment property. The individual properties have similar economic characteristics and are considered to be a single reporting segment.

Information about Raven Mount provided to the Board comprises the gross sale proceeds, inventory cost of sales and gross profit, including the share of profits or losses of its joint venture.

Roslogistics is an independently managed business and the Board is presented with turnover, cost of sales and operating profits or losses after deduction of administrative expenses.

Administrative expenses and foreign currency gains or losses are reported to the Board by segment. Finance income and finance expense are not reported to the Board on a segment basis. Sales between segments are eliminated prior to the provision of financial information to the Board.

For the Balance Sheet, segmental information is provided in relation to investment property, inventory, cash balances and borrowings. Whilst segment liabilities include loans and borrowings, segment profit does not include the related finance costs. If such finance costs were included in segment profit or loss, the profit from Property Investment would have decreased by £56.0 million (2018: £51.1 million).

(a) Segmental information for the year ended and as at 31 December 2019

Year ended 31 December 2019	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Segment Total £'000	Central Overhead £'000	Total £'000
Gross revenue	158,547	16,663	163	175,373	-	175,373
Operating costs / cost of sales	(40,664)	(8,285)	80	(48,869)	-	(48,869)
Net rental and related income	**117,883**	**8,378**	**243**	**126,504**	**-**	**126,504**
Administrative expenses						
Running general & administration expenses	(15,584)	(1,997)	(406)	(17,987)	(5,143)	(23,130)
Abortive project costs	(521)	-	-	(521)	-	(521)
Depreciation	(1,417)	(364)	(1)	(1,782)	-	(1,782)
Share-based payments and other long term incentives	(815)	-	-	(815)	(4,653)	(5,468)
Foreign currency profits / (losses)	27,460	5	(3)	27,462	-	27,462
	127,006	**6,022**	**(167)**	**132,861**	**(9,796)**	**123,065**
Unrealised profit on revaluation of investment property	47,820	-	-	47,820	-	47,820
Unrealised profit on revaluation of investment property under construction	451	-	-	451	-	451
Share of profits of joint ventures	-	(213)	1,005	792	-	792
Profit on disposal of joint ventures	-	-	490	490	-	490
Segment profit / (loss)	**175,277**	**5,809**	**1,328**	**182,414**	**(9,796)**	**172,618**
Finance income						2,011
Finance expense						(109,570)
Profit before tax						**65,059**

As at 31 December 2019	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Total £'000
Assets				
Investment property	1,337,682	-	-	1,337,682
Investment property under construction	33,846	-	-	33,846
Investment in joint ventures	-	189	-	189
Inventory	-	-	358	358
Cash and short term deposits	62,449	1,069	4,620	68,138
Segment assets	1,433,977	1,258	4,978	1,440,213
Other non-current assets				36,475
Other current assets				41,595
Total assets				1,518,283
Segment liabilities				
Interest bearing loans and borrowings	683,341	-	-	683,341
Capital expenditure				
Corporate acquisitions	169	-	-	169
Other acquisition	11,924	-	-	11,924
Property improvements	11,939	-	-	11,939
	24,032	-	-	24,032

(b) Segmental information for the year ended and as at 31 December 2018

Year ended 31 December 2018	**Property Investment £'000**	**Roslogistics £'000**	**Raven Mount £'000**	**Segment Total £'000**	**Central Overhead £'000**	**Total £'000**
Gross revenue	146,106	16,402	131	162,639	-	162,639
Operating costs / cost of sales	(36,322)	(8,278)	246	(44,354)	-	(44,354)
Net rental and related income	**109,784**	**8,124**	**377**	**118,285**	**-**	**118,285**
Administrative expenses						
Running general & administration expenses	(14,535)	(1,989)	(419)	(16,943)	(5,771)	(22,714)
Abortive project costs	(1,625)	-	-	(1,625)	-	(1,625)
Depreciation	(491)	(318)	(2)	(811)	-	(811)
Share-based payments and other long term incentives	(350)	-	-	(350)	(2,503)	(2,853)
Foreign currency (losses) / profits	(2,483)	3	-	(2,480)	-	(2,480)
	90,300	**5,820**	**(44)**	**96,076**	**(8,274)**	**87,802**
Unrealised loss on revaluation of investment property	(121,764)	-	-	(121,764)	-	(121,764)
Unrealised profit on revaluation of investment property under construction	755	-	-	755	-	755
Share of profits of joint ventures	-	-	1,630	1,630	-	1,630
Segment (loss) / profit	**(30,709)**	**5,820**	**1,586**	**(23,303)**	**(8,274)**	**(31,577)**
Finance income						4,869
Finance expense						(88,180)
Loss before tax						**(114,888)**

As at 31 December 2018	**Property Investment £'000**	**Roslogistics £'000**	**Raven Mount £'000**	**Total £'000**
Assets				
Investment property	1,175,440	-	-	1,175,440
Investment property under construction	30,548	-	-	30,548
Investment in joint ventures	-	369	6,197	6,566
Inventory	-	-	356	356
Cash and short term deposits	69,605	1,358	2,487	73,450
Segment assets	1,275,593	1,727	9,040	1,286,360
Other non-current assets				65,467
Other current assets				44,007
Total assets				1,395,834
Segment liabilities				
Interest bearing loans and borrowings	643,430	-	-	643,430
Capital expenditure				
Corporate acquisitions	33,249	-	-	33,249
Other acquisition	27,239	-	-	27,239
Property improvements	2,741	-	-	2,741
	63,229	-	-	63,229

5. Gross revenue

	2019 £'000	**2018 £'000**
Rental and related income	158,547	146,106
Proceeds from the sale of inventory property	163	131
Logistics	16,663	16,402
	175,373	162,639

The Group's leases typically include annual rental increases ("contingent rents") based on a consumer price index in Russia, Europe or the USA, which are recognised in income as they arise. Contingent rents, being amounts recorded in excess of minimum contracted increases, are included in rental income for the year amounted £139k (2018: £12k).

Details of the Group's contracted future minimum lease receivables are detailed in note 36.

In 2019 there were no single customers accounting for more than 10% of Group revenues. In 2018 the Group recognised revenue of £19 million from a single tenant of the property investment segment that amounted to more than 10% of Group revenue.

6. Administrative expenses

(a) Total administrative expenses

	2019 £'000	2018 £'000
Employment costs	13,615	12,079
Directors' remuneration	2,523	2,900
Bad debts	(2)	(58)
Office running costs and insurance	2,480	3,261
Travel costs	1,164	1,321
Auditors' remuneration	671	596
Legal and professional	2,416	2,070
Loss on disposal of plant and equipment	19	-
Abortive project costs	521	1,625
Depreciation	1,782	811
Registrar costs and other administrative expenses	244	545
	25,433	25,150

(b) Fees for audit and other services provided by the Group's auditor

	2019 £'000	2018 £'000
Audit services	532	461
Audit related assurance services	50	50
	582	511
Other fees:		
Taxation services	89	47
Other services	-	38
	89	85
Total fees	671	596

In 2018 the Group engaged Ernst & Young LLP to undertake due diligence in respect of the investment property acquisitions in the year, incurring £103k of fees, which were included in the cost of the relevant investment property and a further £537k incurred in respect of aborted projects. There were no equivalent fees for 2019.

Ernst & Young LLP also provide audit and taxation services for various SPVs that form part of the property operating costs. Charges for the audit of SPVs in the year amounted to £132k (2018: £265k) and the fees for taxation services were £93k (2018: £147k).

7. Finance income and expense

	2019 £'000	2018 £'000
Finance income		
Total interest income on financial assets not at fair value through profit or loss		
Income from cash and short term deposits	1,960	3,254
Interest receivable from joint ventures	51	32
Other finance income		
Change in fair value of open interest rate derivative financial instruments	-	1,583
Finance income	2,011	4,869
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	55,956	51,092
Interest expense on preference shares	12,338	12,335
Interest expense on convertible preference shares	19,731	19,963
Other interest expense	1,153	-
Total interest expense on financial liabilities not at fair value through profit or loss	89,178	83,390
Change in fair value of open forward currency derivative financial instruments	20	83
Change in fair value of open interest rate derivative financial instruments	20,372	4,566
Change in fair value of foreign currency embedded derivatives	-	141
Finance expense	109,570	88,180

Included in the interest expense on loans and borrowings is £6.59 million (2018: £3.93 million) relating to amortisation of costs incurred in originating the loans. Included in the interest expense on preference shares is £0.36 million (2018: £0.42 million) relating to the accretion of premiums payable on redemption of preference shares and amortisation of costs incurred in issuing preference shares. Included in the interest expense on convertible preference shares is £6.95 million (2018: £6.95 million) relating to the accretion of premiums payable on redemption and amortisation of costs incurred in issuing the convertible preference shares of £0.30 million (2018: £0.30 million).

8. Tax

	2019 £'000	2018 £'000
The tax expense for the year comprises:		
Current taxation	8,210	5,731
Deferred taxation (note 25)		
On the origination and reversal of temporary differences	10,766	72
On unrealised foreign exchange movements in loans	65	(10)
Tax charge	19,041	5,793

The charge for the year can be reconciled to the loss per the Income Statement as follows:

	2019 £'000	2018 £'000
Profit / (loss) before tax	65,059	(114,888)
Tax at the Russian corporate tax rate of 20%	13,012	(22,978)
Tax effect of financing arrangements	1,326	(1,964)
Tax effect of fair value movement on open interest rate derivative financial instruments	3,743	327
Tax effect of non deductible preference share coupon	6,414	6,460
Tax effect of foreign exchange movements	(4,480)	(2,186)
Movement in provision for uncertain tax positions	(543)	(1,924)
Tax effect of other income not subject to tax and non-deductible expenses	4,625	4,983
Tax effect of property depreciation on revaluations	(7,422)	17,179
Tax on dividends and other inter company gains	2,423	2,571
Movement on previously unprovided deferred tax assets	(57)	3,325
	19,041	5,793

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. In accordance with its accounting policy, the Group is required to estimate its provision for uncertain tax positions and the movement in the provision is reflected above. Other income and expenditure not subject to tax arises in Guernsey.

9. 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, depreciation and amortisation of loan origination costs (as these represent non-cash expenses that do not affect the ability to declare covered distributions); and material non-recurring items, together with any related tax.

The Group is also required to report Headline earnings per share as required by the listing requirements of the Johannesburg Stock Exchange.

The calculation of basic and diluted earnings per share is based on the following data:	2019		2018	
	£'000	£'000	£'000	£'000
Earnings				
Net profit / (loss) for the year prepared under IFRS		**46,018**		**(120,681)**
Adjustments to arrive at underlying earnings:				
Administrative expenses				
Depreciation (note 6a)	1,782		811	
Abortive project costs (note 6a)	521		1,625	
		2,303		2,436
Share-based payments and other long term incentives (note 31b)		541		2,853
Profit on disposal of joint ventures		(490)		-
Unrealised (profit) / loss on revaluation of investment property		(47,820)		121,764
Unrealised profit on revaluation of investment property under construction		(451)		(755)
Finance income				
Change in fair value of open interest rate derivative financial instruments (note 7)		-		(1,583)
Finance expense				
Change in fair value of open forward currency derivative financial instruments (note 7)	20		83	
Change in fair value of open interest rate derivative financial instruments (note 7)	20,372		4,566	
Change in fair value of foreign currency embedded derivatives (note 7)	-		141	
Premium on redemption of preference shares and amortisation of issue costs (note 22)	362		417	
Premium on redemption of convertible preference shares and amortisation of issue costs (note 23)	7,245		7,246	
Amortisation of loan origination costs (note 7)	6,594		3,931	
		34,593		16,384
Tax				
Movement on deferred tax arising on depreciation and revaluation of investment property	8,547		(619)	
Tax on unrealised foreign exchange movements in loans	(16)		215	
		8,531		(404)
Underlying earnings		**43,225**		**20,014**

Calculation of Headline earnings	**2019 £'000**	**2018 £'000**
Net profit / (loss) for the year prepared under IFRS	46,018	(120,681)
Adjustments to arrive at Headline earnings:		
Unrealised (profit) / loss on revaluation of investment property	(47,820)	121,764
Unrealised profit on revaluation of investment property under construction	(451)	(755)
Movement on deferred tax arising on revaluation of investment property	2,280	(6,502)
Headline earnings	**27**	**(6,174)**

IFRS	**Earnings £'000**	**2019 Weighted average shares No. '000**	**EPS Pence**	**Earnings £'000**	**2018 Weighted average shares No. '000**	**EPS Pence**
Basic	46,018	563,890	8.16	(120,681)	641,588	(18.81)
Effect of dilutive potential ordinary shares:						
Warrants (note 27)	-	236		-	-	
LTIP (note 31)	-	103		-	-	
2016 Retention Scheme (note 31)	-	2,349		-	-	
Five Year Performance Plan (note 31)	-	-		-	-	
Convertible preference shares (note 23)	19,731	310,090		-	-	
Diluted	65,749	876,668	7.50	(120,681)	641,588	(18.81)

Underlying earnings	Earnings £'000	2019 Weighted average shares No. '000	EPS Pence	Earnings £'000	2018 Weighted average shares No. '000	EPS Pence
Basic	43,225	563,890	7.67	20,014	641,588	3.12
Effect of dilutive potential ordinary shares:						
Warrants (note 27)	-	236		-	2,641	
LTIP (note 31)	-	103		-	612	
2016 Retention Scheme (note 31)	-	2,349		-	4,535	
Five Year Performance Plan (note 31)	-	-		-	-	
Convertible preference shares (note 23)	12,486	310,090		-	-	
Diluted	55,711	876,668	6.35	20,014	649,376	3.08

Headline earnings	Earnings £'000	2019 Weighted average shares No. '000	EPS Pence	Earnings £'000	2018 Weighted average shares No. '000	EPS Pence
Basic	27	563,890	0.00	(6,174)	641,588	(0.96)
Effect of dilutive potential ordinary shares:						
Warrants (note 27)	-	236		-	-	
LTIP (note 31)	-	103		-	-	
2016 Retention Scheme (note 31)	-	2,349		-	-	
Five Year Performance Plan (note 31)	-	-		-	-	
Convertible preference shares (note 23)	-	-		-	-	
Diluted	27	566,578	0.00	(6,174)	641,588	(0.96)

In 2018, the finance expense relating to the convertible preference shares was greater than IFRS, underlying and headline basic earnings per share and thus the convertible preference shares were not dilutive. This was not the case in the current year and thus the convertible preference shares are dilutive for IFRS and underlying earnings per share.

10. Ordinary dividends

In the place of a final dividend for 2018 the Company implemented a tender offer buy back of ordinary shares on the basis of 2 in every 51 shares held at a tender price of 45 pence per share, the equivalent of a final dividend of 1.75 pence per share. Instead of an interim dividend for 2019 the Company implemented a tender offer buy back of ordinary shares on the basis of 1 in every 44 shares at a tender price of 55 pence per share, the equivalent of a dividend of 1.25 pence per share.

11. 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	2019 Total £'000
Market value at 1 January 2019	840,613	147,978	144,843	60,402	1,193,836
Property improvements	4,214	751	3,115	274	8,354
Unrealised profit / (loss) on revaluation	25,771	10,104	10,532	(304)	46,103
On translation to presentation currency	74,728	13,157	12,870	5,414	106,169
Market value at 31 December 2019	**945,326**	**171,990**	**171,360**	**65,786**	**1,354,462**
Tenant incentives and contracted rent uplift balances	(12,031)	(3,792)	(1,167)	(1,011)	(18,001)
Head lease obligations (note 24)	1,221	-	-	-	1,221
Carrying value at 31 December 2019	**934,516**	**168,198**	**170,193**	**64,775**	**1,337,682**
Revaluation movement in the year ended 31 December 2019					
Gross revaluation	25,771	10,104	10,532	(304)	46,103
Movement on tenant incentives and contracted rent uplift balances	1,643	254	89	(535)	1,451
Less impact of translation to presentation currency	179	(44)	97	34	266
Revaluation reported in the Income Statement	**27,593**	**10,314**	**10,718**	**(805)**	**47,820**

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**	**2018** **Total** **£'000**
Market value at 1 January 2018	854,288	144,910	117,871	60,682	1,177,751
Corporate acquisition (note 38)	-	-	30,805	-	30,805
Other acquisition	27,239	-	-	-	27,239
Property improvements	1,430	293	504	514	2,741
Unrealised loss on revaluation	(97,641)	(6,468)	(10,795)	(4,686)	(119,590)
On translation to presentation currency	55,297	9,243	6,458	3,892	74,890
Market value at 31 December 2018	**840,613**	**147,978**	**144,843**	**60,402**	**1,193,836**
Tenant incentives and contracted rent uplift balances	(13,674)	(4,046)	(1,256)	(476)	(19,452)
Head lease obligations (note 24)	1,056	-	-	-	1,056
Carrying value at 31 December 2018	**827,995**	**143,932**	**143,587**	**59,926**	**1,175,440**
Revaluation movement in the year ended 31 December 2018					
Gross revaluation	(97,641)	(6,468)	(10,795)	(4,686)	(119,590)
Movement on tenant incentives and contracted rent uplift balances	41	203	8	(70)	182
Less impact of translation to presentation currency	(1,626)	(532)	(150)	(48)	(2,356)
Revaluation reported in the Income Statement	**(99,226)**	**(6,797)**	**(10,937)**	**(4,804)**	**(121,764)**

*Classified in accordance with the fair value hierarchy, see note 35. There were no transfers between fair value hierarchy in 2018 or 2019.

During 2018 the Group acquired two new investment properties. As a corporate acquisition it acquired Volga Logistics Park (see note 38) and, as a direct purchase of real estate, it acquired a further phase of Logopark Sever.

At 31 December 2019 the Group has pledged investment property with a value of £1,345 million (2018: £1,153 million) to secure banking facilities granted to the Group (see note 21).

12. Investment property under construction

Asset class Location Fair value hierarchy *	**Assets under construction** **Moscow** **Level 3** **£'000**	**Regions** **Level 3** **£'000**	**Sub-total** **£'000**	**Land Bank** **Regions** **Level 3** **£'000**	**2019** **Total** **£'000**
Market value at 1 January 2019	19,342	8,335	**27,677**	2,537	**30,214**
Costs incurred	138	44	**182**	-	**182**
On translation to presentation currency	1,721	740	**2,461**	177	**2,638**
Unrealised profit on revaluation	424	27	**451**	-	**451**
Market value at 31 December 2019	**21,625**	**9,146**	**30,771**	**2,714**	**33,485**
Head lease obligations (note 24)	361	-	**361**	-	**361**
Carrying value at 31 December 2019	**21,986**	**9,146**	**31,132**	**2,714**	**33,846**

Asset class Location Fair value hierarchy *	**Assets under construction** **Moscow** **Level 3** **£'000**	**Regions** **Level 3** **£'000**	**Sub-total** **£'000**	**Land Bank** **Regions** **Level 3** **£'000**	**2018** **Total** **£'000**
Market value at 1 January 2018	19,736	5,618	**25,354**	2,873	**28,227**
Costs incurred	18	10	**28**	-	**28**
Corporate acquisition (note 38)	-	2,444	**2,444**	-	**2,444**
On translation to presentation currency	(268)	(636)	**(904)**	(336)	**(1,240)**
Unrealised (loss) / profit on revaluation	(144)	899	**755**	-	**755**
Market value at 31 December 2018	**19,342**	**8,335**	**27,677**	**2,537**	**30,214**
Head lease obligations (note 24)	334	-	**334**	-	**334**
Carrying value at 31 December 2018	**19,676**	**8,335**	**28,011**	**2,537**	**30,548**

*Classified in accordance with the fair value hierarchy, see note 35. There were no transfers between fair value hierarchy in 2018 or 2019.

No borrowing costs were capitalised in the year (2018: £nil).

At 31 December 2019 the Group has pledged investment property under construction with a value of £30.8 million (2018: £25.3 million) to secure banking facilities granted to the Group (see note 21).

13. Investment property and investment property under construction - Valuation

It is the Group's policy to carry investment property and investment property under construction at fair value in accordance with IFRS 13 "Fair Value Measurement" and IAS 40 "Investment Property":
- investment property consists of the completed, income producing, portfolio; and
- investment property under construction consists of potential development projects and land bank.

The latter is sub-categorised as:
- assets under construction - current development projects and the value of land on additional phases of existing investment property; and
- land bank - land held for potential development.

For the purposes of IFRS 13 disclosure, we have analysed these categories by the geographical market they are located in being Moscow, St Petersburg and the Regions (the other Russian regional cities). These form distinct markets for valuation purposes as the fundamentals differ in each.

The fair value of the Group's investment property and assets under construction at 31 December 2019 has been arrived at on the basis of market valuations carried out by Jones Lang Lasalle ("JLL"), external valuers to the Group. JLL have consented to the use of their name in these financial statements.

The Group's land bank in the Regions is valued by the Directors.

Valuation process

The Group has four qualified RICS members on the management team, one of whom was a former Chairman of RICS in Russia and the CIS. Three have relevant valuation and market experience and are actively involved in the valuation process. They also regularly meet with agents and consultants to obtain additional market information.

The effectiveness and independence of the external valuers is reviewed each year. The criteria considered include market knowledge, reputation, independence and professional standards. The Audit Committee also meets the external valuers at least once a year. The Group's management team have determined that the external valuers are experienced in the Russian market and acts as an "External Valuer" as defined in the RICS Valuation - Global Standards, 2017.

The Group has continued to use the income capitalisation approach in assessing its opinion of value based on a discounted cash flow methodology in line with in market practice internationally and in Russia, and is accepted practice under RICS Valuation - Global Standards, 2017. The RICS Valuation - Global Standards, 2017 are internationally accepted standards of valuation and are consistent with the principles of IFRS 13.

For investment properties and assets under construction, the executive team members consult with the external valuers and the valuers then determine:
- whether a property's fair value can be reliably determined;
- which valuation method should be applied for each asset; and
- the assumptions made for unobservable inputs that are used in valuation methods.

The land bank is valued by the Directors. The process followed includes site inspections, meetings with local real estate experts, comparison to any local land sale information and comparison to transactions in other regional cities including those where the Group has income producing assets. Updated acquisition appraisals and any indication of value for alternative use are also considered.

Valuations are prepared on a biannual basis. At each valuation date the executive team members review the information prepared by the property department for valuation purposes being submitted to the external valuers. Each property valuation is then reviewed and discussed with the external valuers in detail and adjustments made as necessary.

The executive management also present the valuation results to the Audit Committee and hold discussions with the Group's auditors. Both the Audit Committee and the auditors also have discussions with the external valuers.

Valuation assumptions and key inputs

Class of property	Carrying amount 2019 £'000	Carrying amount 2018 £'000	Valuation technique	Input	Range 2019	Range 2018
Completed investment property						
Moscow - Logistics	934,516	827,995	Discounted cash flow	ERV per sqm	Rub 3,700 to Rub 4,500	Rub 3,500 to Rub 3,800
				ERV growth	5.00% to 7.00%	4.00% to 7.00%
				Discount rate	10.80% to 12.10%	10.75% to 12.60%
				Exit cap rate	10.25% to 11.25%	10.50% to 11.50%
				Vacancy rate	1% to 59%	1% to 50%
				Passing rent per sqm	$100 to $174	$113 to $170
				Passing rent per sqm	Rub 3,150 to Rub 8,999	Rub 3,000 to Rub 12,315
				Passing rent per sqm	€122	€118
St Petersburg - Logistics	168,198	143,932	Discounted cash flow	ERV per sqm	Rub 3,900 to Rub 4,150	Rub 3,800
				ERV growth	5.00% to 7.00%	6.00%
				Discount rate	12.10% to 12.30%	12.30% to 12.50%
				Exit cap rate	11.50%	11.75%
				Vacancy rate	1% to 15%	0% to 29%
				Passing rent per sqm	$111 to $137	$109 to $133
				Passing rent per sqm	Rub 3,276 to Rub 5,628	Rub 2,456 to Rub 5,260
Regional - Logistics	170,193	143,587	Discounted cash flow	ERV per sqm	Rub 3,800 to Rub 4,200	Rub 3,800
				ERV growth	5.00% to 7.00%	6.00%
				Discount rate	11.80% to 12.30%	12.25% to 12.50%
				Exit cap rate	11.50%	11.75%
				Vacancy rate	0% to 10%	0% to 9%
				Passing rent per sqm	$143	$107 to $138
				Passing rent per sqm	Rub 3,850 to Rub 21,153	Rub 3,750 to Rub 7,300
				Passing rent per sqm	-	€88
St Petersburg - Office	64,775	59,926	Discounted cash flow	ERV per sqm	Rub 11,789 to Rub 12,491	Rub 10,976 to Rub 12,366
				ERV growth	2.00% to 4.00%	2.00% to 4.00%
				Discount rate	11.75% to 12.00%	12.00% to 12.25%
				Exit cap rate	11.00% to 12.00%	11.25% to 12.25%
				Vacancy rate	0% to 13%	1% to 8%
				Passing rent per sqm	-	$408
				Passing rent per sqm	-	€410 to €413
				Passing rent per sqm	Rub 7,596 to Rub 18,319	Rub 4,384 to Rub 17,570

Other key information	Description	Range 2019	Range 2018
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	2 to 15 years	1 to 14 years
	Outstanding costs (£'000)	1,262	2,290
St Petersburg - Logistics	Land plot ratio	48% - 57%	48% - 57%
	Age of building	5 to 11 years	4 to 10 years
	Outstanding costs (£'000)	97	282
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	10 years	9 years
	Outstanding costs (£'000)	663	363
St Petersburg - Office	Land plot ratio	148% to 496%	148% to 496%
	Age of building	11 to 13 years	10 to 12 years
	Outstanding costs (£'000)	57	23

Investment property under construction	Carrying amount 2019 £'000	2018 £'000	Valuation technique	Input	Range 2019	2018
Moscow - Logistics	21,986	19,676	Comparable	Value per ha	Rub 19.5m - Rub 33.8m	Rub 17.9m - Rub 33.6m
Regional - Logistics	9,146	8,335	Comparable	Value per ha	Rub 9.5m - Rub 20.6m	Rub 9.7m - Rub 20.6m

The fair value of investment property is determined using the income capitalisation method where a property's fair value is estimated based on the present value of net cash flows generated from each property, plus the reversionary value based on the final year's income capitalised using an all-risks exit yield. Allowance is made for a potential letting void and an assessment is made of the estimated rental value on re-letting (ERV). These elements are determined based on current market conditions and values.

Assets under construction (development projects) are valued on a residual value basis using the future anticipated costs to complete construction, a provision for letting costs, a letting void period and an assessment of ERV, which is capitalised at the prevailing market yield. Depending on the status of the development, and how much of development process has been completed an allowance will also be made for developer's profit. There were no active development projects at 31 December 2019 or 2018.

Assets under construction (additional phases of existing sites) are valued on a comparable basis. The value of the land plots (as shown above) is estimated based on comparable transactions in the same market. This approach is based on the principle that a buyer will not pay more for an asset than it will cost to buy a comparable substitute property. The unit of comparison applied is the price per square metre.

All of the above valuations are completed by JLL.

The land bank is valued by the Directors using the comparable basis.

Sensitivity analysis of significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolio of investment property are:
- ERV;
- ERV growth;
- Void period on re-letting;
- Discount rate;
- Exit capitalisation yield; and
- Specific to property under development: construction costs, letting void, construction period and development profit.

Further significant increases (or decreases) in any of the main inputs to the valuation, being discount rate, exit capitalisation yield, ERV (per sqm p.a.), ERV growth and letting void, would result in a significantly lower (or higher) fair value measurement.

14. Investment in subsidiary undertakings

The principal subsidiary undertakings of Raven Property Group Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership interest 2019	2018
Raven Russia Holdings Cyprus Limited	Cyprus	100%	100%
Dorfin Limited	Cyprus	100%	100%
Roslogistics Holdings (Russia) Limited	Cyprus	100%	100%
Raven Mount Group Limited	England	100%	100%
Raven Russia Property Advisors Limited	England	100%	100%
Raven Russia (Service Company) Limited	Guernsey	100%	100%
Avalon Logistics Company LLC	Russia	100%	100%
Delta LLC	Russia	100%	100%
EG Logistics LLC	Russia	100%	100%
Fenix LLC	Russia	100%	100%
Gorigo LLC	Russia	100%	100%
Kstovo Industrial Park 1 LLC	Russia	100%	100%
CJSC Kulon Development	Russia	100%	100%
CJSC Kulon Istra	Russia	100%	100%
Kulon Spb LLC	Russia	100%	100%
League LLC	Russia	100%	100%
Logopark Don LLC	Russia	100%	100%
Logopark Ob LLC	Russia	100%	100%
CJSC Noginsk Vostok	Russia	100%	100%
Pervomayskay Zarya LLC	Russia	100%	100%
Petroestate LLC	Russia	100%	100%
Primium LLC	Russia	100%	100%
Resource Economia LLC	Russia	100%	100%
Sever Estate LLC	Russia	100%	100%
Soyuz-Invest LLC	Russia	100%	100%
CJSC Toros	Russia	100%	100%

The Group's investment property and investment property under construction are held by its subsidiary undertakings.

15. Investment in joint ventures

The principal joint ventures of the Group are as follows:

Name	Country of incorporation	Proportion of ownership interest	
		2019	2018
Coln Park LLP	England	-	50%
Coln Park Construction LLP	England	-	50%
Ruconnect Holding Cyprus Limited	Cyprus	40%	40%

Coln Park LLP and Coln Park Construction LLP were the entities through which the Group undertook its second home development activity in the UK. In addition, the Group had a number of other small joint ventures primarily associated with the second home development activity. The Group's interest in each joint venture has been accounted for using the equity method. None of the Group's joint ventures are individually material. In December 2019 the Group sold its interest in the Coln Park LLP and Coln Park Construction LLP to its joint venture partner for £6.65 million, giving rise to a profit on disposal of £0.49 million.

Summarised aggregated financial information of the joint ventures, prepared under IFRS, and a reconciliation with the carrying amount of the investments in the consolidated financial statements are set out below:

Summarised Balance Sheet	**2019 £'000**	**2018 £'000**
Non-current assets	432	3,634
Inventory	-	3,425
Cash and short term deposits	159	3,597
Other current assets	348	1,874
Current liabilities	(595)	(3,659)
Non-current liabilities	(486)	(3,051)
Net assets	**(142)**	**5,820**
Investment in joint ventures		
Goodwill on acquisition	246	3,694
Share of net (liabilities) / assets	(57)	2,872
Carrying value	**189**	**6,566**
Carrying value at 1 January	6,566	7,380
Investment in the year	13	533
Share of total comprehensive income for the year	792	1,630
Share of distributions paid	(1,043)	(3,000)
Disposals	(6,160)	-
On translation to presentation currency	21	23
Carrying value at 31 December	**189**	**6,566**

Summarised Statement of comprehensive income	**2019 £'000**	**2018 £'000**
Gross revenue	19,158	27,708
Cost of sales	(15,326)	(22,329)
Administrative expenses	(1,983)	(2,017)
Finance expense	(258)	(216)
Profit before tax	**1,591**	**3,146**
Tax	(25)	20
Profit for the year	**1,566**	**3,166**
Other comprehensive income	(88)	53
Total comprehensive income	**1,478**	**3,219**
Group's share of total comprehensive income for the year	**792**	**1,630**

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2019 and 2018. The joint ventures cannot distribute their profits until they obtain the consent from the joint venture partners.

The Group charged its joint ventures £167k (2018: £244k) for services rendered to them during the year, of which £67k (2018: £81k) was included in receivables at the balance sheet date. The joint ventures recharged certain costs back to Group that for the year amounted to £29k (2018: £51k) of which £4k (2018: £7k) was included in payables at the balance date. The Group has advanced loans to its joint ventures of £306k (2018: £491k) generating interest income of £52k (2018: £32k).

16. Other receivables

	2019 £'000	2018 £'000
Loans receivable	67	676
Restricted cash	-	12,249
VAT recoverable	3,059	2,538
Prepayments and other receivables	288	72
	3,414	15,535

VAT recoverable arises from the payment of value added tax on construction or purchase of investment property, which will be recovered through the offset of VAT paid on future revenue receipts or repayment direct from the taxation authority. VAT recoverable has been split between current and non-current assets based on the Group's assessment of when recovery will occur.

17. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	26,475	27,803
Prepayments	3,608	3,524
Restricted cash	3,026	1,792
VAT recoverable	2,651	7,084
Loans receivable	345	-
Other receivables	3,158	317
Tax recoverable	2,332	3,138
	41,595	43,658

18. Derivative financial instruments

	2019 £'000	2018 £'000
Interest rate derivative financial instruments		
Non-current assets	2,621	21,953
Current assets	-	329
Forward currency derivative financial instruments		
Current assets	-	20
Foreign currency embedded derivatives		
Current liabilities	-	(1)

The Group has entered into a series of interest rate derivative financial instruments to manage the interest rate and resulting cash flow exposure from the Group's banking facilities. At 31 December 2019 the instruments have a notional value of £545 million (2018: £543 million) and a weighted average capped rate of 5.36% (2018: 3.90%).

At 31 December 2019 the Group did not hold any forward currency derivative financial instruments nor any embedded derivatives incorporated into leases.

19. Cash and short term deposits

	2019 £'000	2018 £'000
Cash at bank and on call	46,008	45,153
Short term deposits	22,130	28,297
	68,138	73,450

Cash at bank and on call attracts variable interest rates, whilst short term deposits attract fixed rates but mature and re-price over a short period of time. The weighted average interest rate at the balance sheet date is 4.65% (2018: 5.50%).

20. Trade and other payables

	2019 £'000	2018 £'000
Trade and other payables	6,847	4,900
Construction payables	2,232	2,958
Advanced rentals and rent deposits	15,343	20,840
Deferred consideration on property acquisitions	-	12,197
Other payables	5,162	4,392
Current tax payable	7,418	8,081
Other tax payable	14,131	12,806
Head leases (note 24)	21	18
Other lease liabilities (note 24)	537	-
	51,691	66,192

21. Interest bearing loans and borrowings

	2019 £'000	2018 £'000
Bank loans		
Loans due for settlement within 12 months	60,173	75,565
Loans due for settlement after 12 months	623,168	567,865
	683,341	643,430

	2019 £'000	2018 £'000
The Group's borrowings have the following maturity profile:		
On demand or within one year	60,173	75,565
In the second year	28,656	20,730
In the third to fifth years	497,578	333,862
After five years	96,934	213,273
	683,341	643,430

The amounts above include unamortised loan origination costs of £6.8 million (2018: £7.1 million) and interest accruals of £0.9 million (2018: £1.3 million).

The Group's interest bearing loans and borrowings have a weighted average interest rate of 6.52% (2018: 7.69%) and a weighted average term to maturity of 4.7 years (2018: 4.0 years).

The interest rates shown above are the weighted average cost, including the relevant benchmark rate, as at the Balance Sheet dates.

There have been a number of changes to the Group's financing arrangements in the year. The Group drew down €129.1 million and Rub 19.9 billion on new and existing debt facilities, repaying $100.8 million, €184.5 million and Rub 4.8 billion of existing debt. In addition existing facilities of $185.3 million, €26.6 million and Rub 6.0 billion were extended and / or converted to facilities of €191.6 million and Rub 6.0 billion.

As at 31 December 2019 the Group had interest rate hedges for £545 million of borrowings (2018: £543 million) capped at a weighted average rate of 5.36% (2018: 3.90%) for a weighted average of 4.4 years (2018: 4.0 years). None of the Group's borrowings have fixed interest rates (2018: £nil).

22. Preference shares

	2019 £'000	2018 £'000
Issued share capital:		
At 1 January	109,271	108,263
Premium on redemption of preference shares and amortisation of issue costs	362	417
Scrip dividends	691	591
At 31 December	110,324	109,271

	2019 Number	2018 Number
Issued share capital:		
At 1 January	99,556,534	99,143,192
Scrip dividends	511,684	413,342
At 31 December	100,068,218	99,556,534
Shares in issue	100,125,086	99,613,402
Held by the Company's Employee Benefit Trusts	(56,868)	(56,868)
At 31 December	100,068,218	99,556,534

The preference shares entitle the holders to a cumulative annual dividend of 12 pence per share.

The Company has entered into a conditional contract to purchase 38,936,295 preference shares for 115p per share from Invesco Asset Management Limited (acting as agent for its underlying funds). The purchase is conditional on shareholder approval and the completion of the Company's purchase of ordinary shares from the same investors (see note 26). The contract has a long stop date to complete of 31 July 2020.

23. Convertible preference shares

	2019 £'000	2018 £'000
Issued share capital:		
At 1 January	206,116	198,870
Reissued in the year	4,132	-
Converted to ordinary shares (note 26)	(11)	-
Premium on redemption of preference shares and amortisation of issue costs	7,245	7,246
At 31 December	217,482	206,116

	2019 Number	2018 Number
Issued share capital:		
At 1 January	192,388,886	192,388,886
Reissued in the year	3,552,907	-
Converted to ordinary shares (note 26)	(12,146)	-
At 31 December	195,929,647	192,388,886
Shares in issue	198,176,868	198,189,014
Held by the Company's Employee Benefit Trust	(2,247,221)	(5,800,128)
At 31 December	195,929,647	192,388,886

The convertible preference shares entitle the holders to a cumulative annual dividend of 6.5 pence per share and are redeemable by the Company on 6 July 2026 at £1.35 per share. The convertible preference shares are convertible to ordinary shares at the holder's request at any time prior to redemption at a rate that is currently 1.517 ordinary shares for each convertible preference share.

The Company has entered into a conditional contract to purchase 42,118,860 convertible shares for 92.5p per share from Invesco Asset Management Limited (acting as agent for its underlying funds). The purchase is conditional on shareholder approval and the completion of the Company's purchase of ordinary shares from the same investors (see note 26). The contract has a long stop date to complete of 31 July 2020.

In applying its accounting policies the Group has determined that the convertible preference shares are a compound financial instrument in that it has a liability component and an equity component. The Group has determined the fair value of the liability component, which is reflected above, and the residual amount of the fair value of the consideration received on issue is equity. The fair value of the liability component has been calculated using a discounted cash flow model.

24. Other payables

	2019 £'000	2018 £'000
Rent deposits	15,779	16,425
Head leases	1,561	1,372
Other lease liabilities	1,283	-
	18,623	17,797

The Group has leasehold properties that it classifies as investment property and investment property under construction. Minimum lease payments due over the remaining term of the leases totalled £4.4 million (2018: £3.9 million). The carrying value of the liability is shown above and in note 20 as head leases and totalled £1.6 million (2018: £1.4 million).

The Group leases its administrative offices and has minimum lease payments due over the remaining term of the leases totalling £2.3 million. The carrying value of the liability is shown above and in note 20 as other lease liabilities and totalled £1.5 million.

25. Deferred tax

(a) Deferred tax assets	Tax losses £'000	Other £'000	Total £'000
Balance at 1 January 2018	24,751	860	25,611
On translation to presentation currency	(2,852)	(40)	(2,892)
Credit / (charge) for the year	237	(41)	196
On acquisition (note 38)	1,490	-	1,490
Balance at 31 December 2018	23,626	779	24,405
On translation to presentation currency	1,968	69	2,037
(Charge) / credit for the year	(2,511)	359	(2,152)
Balance at 31 December 2019	23,083	1,207	24,290

The Group has tax losses in Russia of £268 million (2018: £265 million) and tax losses in the UK of £49 million (2018: £53 million) for which deferred tax assets have not been recognised. The losses in the UK do not have an expiry date. The losses in Russia can also be carried forward indefinitely, however there is a restriction on the use of losses in that taxable profits cannot be reduced by more than 50% in any one year.

(b) Deferred tax liabilities	Accelerated tax allowances £'000	Revaluation of investment property £'000	Total £'000
Balance at 1 January 2018	36,397	23,448	59,845
On translation to presentation currency	(4,161)	1,458	(2,703)
Charge / (credit) for the year	6,760	(6,502)	258
Balance at 31 December 2018	38,996	18,404	57,400
On translation to presentation currency	3,286	1,659	4,945
Charge for the year	6,399	2,280	8,679
Balance at 31 December 2019	48,681	22,343	71,024

26. Share capital

	2019 £'000	2018 £'000
Issued share capital:		
At 1 January	6,233	6,606
Issued in the year for cash on warrant exercises (note 27)	17	85
On conversion of convertible preference shares (note 23)	-	-
Repurchased and cancelled in the year by tender offer	(361)	(458)
Repurchased and cancelled in the year on purchase from WIM / IAM (note 33)	(991)	-
At 31 December	4,898	6,233

	2019 Number	2018 Number
Issued share capital:		
At 1 January	623,269,434	660,571,843
Issued in the year for cash on warrant exercises (note 27)	1,734,577	8,500,126
On conversion of convertible preference shares (note 23)	18,425	-
Repurchased and cancelled in the year by tender offer	(36,131,442)	(45,802,535)
Repurchased and cancelled in the year on purchase from WIM / IAM (note 33)	(99,144,978)	-
At 31 December	489,746,016	623,269,434

Details of own shares held are given in note 28.

The Company has entered into a conditional contract to purchase 139,678,106 ordinary shares for 36p per share from Invesco Asset Management Limited (acting as agent for its underlying funds). The purchase is conditional on shareholder approval and the contract has a long stop date to complete of 31 July 2020.

27. Warrants

	2019 £'000	2018 £'000
At 1 January	98	438
Exercised in the year (note 26)	(69)	(340)
Lapsed in the year	(29)	-
At 31 December	-	98

	2019 Number	2018 Number
At 1 January	2,448,226	10,948,352
Exercised in the year (note 26)	(1,734,577)	(8,500,126)
Lapsed in the year	(713,649)	-
At 31 December	-	2,448,226

The Company had issued warrants, which entitled each holder to subscribe for ordinary shares in the Company at an exercise price of 25 pence per share. The warrants expired on 25 March 2019.

28. Own shares held

	2019 £'000	2018 £'000
At 1 January	(5,965)	(3,652)
Acquired under a tender offer	-	(4,160)
Other acquisitions	(106)	(75)
Allocation to satisfy Annual Performance Incentives / other staff bonuses (note 31)	647	1,278
Cancelled	151	36
Allocation to satisfy LTIP options exercised (note 31a)	691	608
At 31 December	(4,582)	(5,965)

	2019 Number	2018 Number
At 1 January	10,760,656	5,150,122
Acquired under a tender offer	-	8,000,000
Other acquisitions	253,679	173,958
Allocation to satisfy Annual Performance Incentives / other staff bonuses (note 31)	(876,000)	(1,704,000)
Cancelled	(298,039)	(48,613)
Allocation to satisfy LTIP options exercised (note 31a)	(922,110)	(810,811)
At 31 December	8,918,186	10,760,656

Allocations to satisfy LTIP options exercised are transfers by the Company's Employee Benefit Trusts upon the exercise of fully vested options. The amounts shown for share movements are net of the Trustees' participation in tender offers during the period from grant to exercise. Details of outstanding LTIP options, which are vested but unexercised, are given in note 31a.

29. Equity

The following describes the nature and purpose of each component within equity:

Component	*Description and purpose*
Share capital	The amount subscribed for ordinary share capital at nominal value.
Share premium	The amount subscribed for ordinary share capital in excess of the nominal value.
Warrants	The consideration attributed to the subscription of warrants less associated costs of issuance.
Own shares held	The cost to the Company of acquiring the own shares held by the Company and its subsidiary undertakings or Employee Benefit Trusts.
Convertible preference shares	The amount subscribed for convertible preference shares which the Directors consider to be Equity.
Capital reserve	The amount of any capital profits and losses, including gains and losses on the disposal of investment properties (after taxation), increases and decreases in the fair value of investment properties held at each period end, foreign exchange profits and losses on capital items, profits and losses on forward currency financial instruments relating to capital items and deferred taxation on the increase in fair value of investment properties.
Translation reserve	The amount of any gains or losses arising on the retranslation of net assets of overseas operations.
Retained earnings	The amount of any profit or loss for the year after payment of dividend, together with the amount of any equity-settled share-based payments, and the transfer of capital items described above. Retained earnings also includes distributable reserves created when in 2005 and 2006 the Company applied to the Royal Court of Guernsey to cancel its share premium at that time and create a reserve which is distributable

30. Net asset value per share

	2019 Number	2018 Number
Number of ordinary shares (note 26)	489,746,016	623,269,434
Less own shares held (note 28)	(8,918,186)	(10,760,656)
	480,827,830	612,508,778

	Net asset value £'000	2019 Ordinary shares No. '000	Net asset value per share Pence	Net asset value £'000	2018 Ordinary shares No. '000	Net asset value per share Pence
Net asset value per share	365,798	480,828	76	295,627	612,509	48
Effect of dilutive potential ordinary shares:						
Convertible preference shares (note 23)	217,482	297,225		-	-	
Warrants (note 27)	-	-		612	2,448	
LTIP (Note 31)	-	-		266	1,062	
2016 Retention Scheme (note 31)	-	-		2,095	4,998	
Five Year Performance Plan (note 31)	-	-		-	-	
Fully diluted net asset value per share	583,280	778,053	75	298,600	621,017	48

At 31 December 2018, the balance sheet carrying value of the liability portion of the convertible preference shares divided by the number of ordinary shares that would be issued on their conversion was greater than the NAV per share and thus the convertible preference shares were not dilutive.

The number of potential ordinary shares is the total number of ordinary shares assuming the exercise of all potential ordinary shares less those not expected to vest.

31. Share-based payments and other long term incentives

The Group has utilised a number of different share schemes to reward and incentivise the Group's executives and senior staff. The two active schemes are the Annual Performance Incentive and the Five Year Performance Plan. All other schemes have now ended and the final amounts vested. Details of these are provided below to the extent there was a vesting or exercise of rights in 2018 or 2019.

Annual Performance Incentive ("API")
The API is an annual bonus payable in cash or listed securities of the Company, based on performance targets set annually. The maximum amount payable to an individual is capped at 50% of basic salary if paid in cash or 175% of basic salary if paid in the Company's listed securities, which are required to be held for three years. As a condition of the scheme there was no API payable for 2018. An accrual has been made for the 2019 API and it assumes that it will be settled in ordinary shares of the Company.

Five Year Performance Plan ("FYPP")
The FYPP is a long term incentive scheme which is open to the executive directors and other senior managers. The scheme allows each participant to invest into the FYPP a number of list securities in the Company that they hold. All securities invested in the FYPP must continue to be retained by the participant until 31 March 2023. On 31 March 2023, based on annual compound total shareholder return ("TSR") calculations, the participants will be entitled to receive up to three times the initial prescribed value of the securities in the FYPP. Vested entitlements will be settled in the Company's ordinary shares, with a value based on the average price of the Company's ordinary shares for March 2023.

The performance period for the FYPP runs from 31 March 2018 to 31 March 2023. Below an annual compound equivalent TSR of 4% the FYPP will lapse, at an annual compound TSR of 12% the FYPP will vest in full and a sliding scale will apply for a TSR between 4% and 12%.

Investments with an initial prescribed value totalling £11.9 million have been made into the FYPP out of a maximum of £12 million. The Company's TSR for the performance period to date is less than the minimum threshold for vesting and thus no provision has been made for ordinary shares that may ultimately vest in March 2023.

Long Term Incentive Plan ("LTIP")
The LTIP options related to performance criteria for the period 24 March 2009 to 24 March 2014. The options had an exercise price of 25p per option and vested in full. The last remaining options were exercised in the year.

2016 Retention Scheme
During 2016 the Group terminated an incentive scheme, the Combined Bonus and Long Term Incentive Scheme 2015, and the Company's shareholders approved the introduction of the 2016 Retention Scheme. Awards under the 2016 Retention Scheme were made to the executive directors of the Company and two senior managers of the Group. The awards entitled the participants to three equal payments each equivalent to150% of their basic salary. The final instalment was paid on 31 March 2019. The sole condition for each instalment was the continuing employment of the individual at the relevant payment date. In respect of the final instalment, and as a condition to be eligible to participate in the FYPP, payment was made entirely in the Company's convertible preference shares, based on the average price prior to 31 March 2019. As a consequence the Company's EBT transferred 3,552,907 convertible preference shares in respect of the third and final instalment.

(a) Movement in LTIP options

	2019 No of options	Weighted average exercise price	2018 No of options	Weighted average exercise price
Outstanding at the beginning of the period	1,062,162	25p	1,872,973	25p
Exercised during the year				
- LTIP	(1,062,162)		(810,811)	
Outstanding at the end of the period	-	-p	1,062,162	25p

(b) Income Statement charge for the year	2019 £'000	2018 £'000
2016 Retention scheme	541	2,103
Other staff bonuses	664	-
Annual Performance Incentive 2019	4,263	-
Annual Performance Incentive 2018	-	-
Annual Performance Incentive 2017	-	750
Five Year Performance Plan	-	-
	5,468	2,853
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	4,927	750
Convertible preference shares / preference shares (IFRS 2 expense)	541	2,103
Cash	-	-
	5,468	2,853

Of the IFRS 2 expense for the year £4.6 million (2018: £2.1 million) is included in current liabilities.

Certain bonuses awarded to employees below executive level for performance in 2018 were settled in ordinary shares of the Company.

32. Capital commitments

The Group had no significant capital commitments at 31 December 2018 and 2019.

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Further disclosures concerning transactions with the Company's directors are made in the Remuneration Report and note 6. There are no loan balances with directors.

Remuneration of Directors and other key management personnel	2019 £'000	2018 £'000
Short term employee benefits	3,579	4,247
Post employment benefits	229	224
Share-based payments and other long term incentives	4,805	2,853
	8,613	7,324

On 20 August 2019 the Company acquired 72,144,978 ordinary shares from Woodford Investment Management Limited and 17,000,000 ordinary shares from Invesco Asset Management Limited, in each case acting on behalf of certain underlying funds, at a price of 36 pence per share in cash. These are related party transactions, as defined by the UKLA's Listing Rules and were approved by the Company's ordinary shareholders at a general meeting. On 25 October 2019 the Company acquired a further 10,000,000 ordinary shares from Invesco Asset Management Limited at a price of 40 pence per share in cash. This second acquisition from Invesco Asset Management Limited constitutes a smaller related party transaction under the UKLA’s Listing Rules.

34. Financial instruments - risk management

The Group's activities expose it to a variety of financial risks in relation to the financial instruments it uses: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group has the following financial instruments on its balance sheet: loans receivable, restricted cash, trade receivables, cash and short term deposits, trade and other payables, interest bearing loans and borrowings, preference shares, convertible preference shares and derivative financial instruments.

Risk management parameters are established by the Board and overseen by management in conjunction with professional advisers. Reports are provided to the Board weekly basis and also when changes in risk parameters are required.

(a) Market risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from a variety of currency exposures, primarily with respect to Euro, Sterling and US Dollar against the predominate functional currency of its subsidiaries of Roubles. Foreign exchange risk arises from future commercial transactions (including lease receivables), recognised monetary assets and liabilities and net investments in foreign entities.

The majority of the Group's transactions are denominated in Roubles. The functional currency of the Company is Sterling, which is also the presentation currency of the Group. The analysis that follows considers the impact of these currencies on the Group.

Rouble

The majority of the Group's transactions in Russia are undertaken in Roubles. The Group's debt profile however is a mix of currencies and a weakening in the Rouble exchange rate can put pressure on the Group's ability to service foreign currency debt facilities. This risk has reduced over the last year as the Group moves to a greater proportion of Rouble denominated debt.

A weak Rouble also has an impact on reported earnings per share and net asset value per share when translated to the Group's presentation currency of Sterling.

Sterling

The Group's exposure to Sterling relates to the Company's preference shares, convertible preference shares and ordinary shares, together with head office administrative expenses. As the presentation currency of the Group, there will also be foreign currency movements through the Group's translation reserve when retranslating opening balances on consolidation.

Euro

The Group has exposure to Euro debt facilities and a small number of Euro pegged leases. As noted above, a weak Rouble may reduce the Group's ability to service that debt. A weak Rouble will however increase Rouble income on Euro pegged leases.

US Dollar

Currency risk to US Dollars is now significantly reduced as the Group moves away from US Dollar debt facilities. There are no US Dollar facilities as at 31 December 2019. The Group still has a proportion of its leases pegged to the US Dollar and these will mature over the next two years. A weakening Rouble relative to the US Dollar will generate increased Rouble income on US Dollar pegged leases.

Accounting standards require disclosure of monetary assets and liabilities that are denominated in currencies different from the functional currency of the specific subsidiary or entity in the Group. These are set out in the tables below.

As at 31 December 2019	**Rouble £'000**	**Euro £'000**	**US Dollar £'000**	**Sterling £'000**	**ZAR £'000**
Non-current assets					
Restricted cash	-	-	-	-	-
Derivative financial instruments	-	274	41	-	-
	-	274	41	-	-
Current assets					
Rent receivable	-	-	1,673	-	-
Restricted cash	-	701	-	-	-
Derivative financial instruments	-	-	-	-	-
Other current receivables	-	564	1	26	-
Cash and short term deposits	261	5,121	445	252	75
	261	6,386	2,119	278	75
Non-current liabilities					
Interest bearing loans and borrowings	-	163,003	-	-	-
Rent deposits	-	-	6,171	-	-
	-	163,003	6,171	-	-
Current liabilities					
Interest bearing loans and borrowings	-	38,612	-	-	-
Rent deposits	-	64	4,984	-	-
Other payables	60	721	-	105	-
	60	39,397	4,984	105	-

As at 31 December 2018	**Rouble £'000**	**Euro £'000**	**US Dollar £'000**	**Sterling £'000**	**ZAR £'000**
Non-current assets					
Restricted cash	-	-	630	-	-
Derivative financial instruments	7,236	4,782	-	-	-
	7,236	4,782	630	-	-
Current assets					
Rent receivable	-	1	2,476	-	-
Restricted cash	-	-	1,006	-	-
Derivative financial instruments	-	-	20	-	-
Other current receivables	15	971	84	37	-
Cash and short term deposits	8,835	3,236	984	26	100
	8,850	4,208	4,570	63	100
Non-current liabilities					
Interest bearing loans and borrowings	122,717	95,821	-	-	-
Rent deposits	-	-	9,935	-	-
	122,717	95,821	9,935	-	-
Current liabilities					
Interest bearing loans and borrowings	27,250	27,122	-	-	-
Rent deposits	-	88	5,799	-	-
Other payables	68	436	40	349	-
	27,318	27,646	5,839	349	-

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated, for example a change in interest rate and a change in foreign currency exchange rates. The Group principally manages foreign currency risk on a project by project basis.

The table below shows the impact on profits if US Dollar, Euro, Rouble or Sterling weakened or strengthened by 10% against the functional currency of the specific subsidiary or entity in the Group, with all other variables in each case remaining constant, then:

Post tax profit or loss would change by:	**2019 £'000**	**2018 £'000**
US Dollar	899	1,104
Russian Rouble	20	13,395
Sterling	17	28
Euro	19,574	11,699
ZAR	8	-

The Group's interest rate risk arises from its long-term borrowings (note 21), preference shares (note 22) and convertible preference shares (note 23). Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at a fixed rate expose the Group to fair value risk. The Group's cash flow and fair value risk is reviewed monthly by the Board. The cash flow and fair value risk is approved monthly by the Board.

The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an on-going basis to verify that the maximum potential impact is within the parameters expected by management. Formal reporting to the Board on cash flows is made on a monthly basis.

To date the Group has sought to fix its exposure to interest rate risk on borrowings through fixed rate debt facilities, the use of a variety of interest rate derivatives and the issue of preference shares and convertible preference shares at a fixed coupon. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an accumulated unrealised loss of £20.0 million at 31 December 2019 (2018: loss of £5.1 million).

We have diversified our debt exposure and, hence, interest rate exposure. The Group is no longer exposed to US LIBOR and instead is sensitive to EURIBOR and Central Bank of Russia Key rate movements. Sensitivity to all benchmark rates is presented in the table below.

	2019		**2018**	
	Increase 100 bps £'000	**Decrease 100 bps £'000**	**Increase 100 bps £'000**	**Decrease 100 bps £'000**
US LIBOR	-	-	(81)	344
EURIBOR	(1,774)	399	(1,499)	-
Central Bank of Russia Key rate	(3,496)	3,673	(704)	1,680

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on their contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are cash and short term deposits and trade receivables.

Cash and short term deposits are placed with a variety of financial institutions in order to spread the counterparty risk and in accordance with limits approved by the Board. The Group considers the credit rating of its counterparties when assessing whether a particular financial institution is suitable. Deposits and liquidity requirements are considered by management weekly.

The Group reviews the creditworthiness of potential tenants prior to entering into a lease. Based on this assessment the Group will require a cash deposit or guarantee as collateral for the tenant's obligations under the lease. The collateral typically represents three months rent but may be shorter or longer as required. The Group has a relatively large number of different tenants and as disclosed in note 5 there is only a single tenant that accounts for in excess of 10% of Group revenue.

Taking these factors into account and having examined the Group's historical credit loss ratio, the risk to the Group of individual tenant default is considered low. An allowance for impairment of trade receivables is made with reference to the Group's assessment of expected credit loss or where there is objective evidence that the Group will not be able to collect all amounts due. Details of the movements in provision for impairment of trade receivables is provided in the table below.

	2019 £'000	2018 £'000
At 1 January	2,880	3,416
Effect of foreign exchange rate changes	191	(240)
Charge for the year	(2)	-
Utilised in the year	(41)	(238)
Unused amounts reversed	-	(58)
At 31 December	3,028	2,880

At 31 December 2019 there were no significant amounts of unimpaired trade receivables that were past due for collection (2018: £ nil).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board and its advisers seek to have appropriate credit facilities in place on a project by project basis, either from available cash resources or from bank facilities.

Management monitor the Group's liquidity position on a daily basis and formal liquidity reports are issued from all jurisdictions on a weekly basis and are reviewed monthly by the Board, along with cash flow forecasts. A summary table with maturity of financial liabilities is presented below.

All amounts shown are gross undiscounted cash flows.

Financial liabilities As at 31 December 2019	**Total £'000**	**Current £'000**	**Year 2 £'000**	**Years 3 to 5 £'000**	**Years 6 to 10 £'000**
Interest bearing loans and borrowings	888,461	103,473	69,390	608,344	107,254
Preference shares	120,082	12,008	12,008	36,025	60,041
Convertible preference shares	347,284	12,735	12,735	38,206	283,608
Head leases	1,253	132	132	328	661
Other lease liabilities	2,000	659	227	577	537
Trade and other payables	24,941	9,162	2,606	9,346	3,827
	1,384,021	**138,169**	**97,098**	**692,826**	**455,928**
As at 31 December 2018					
Interest bearing loans and borrowings	814,184	124,230	64,568	401,318	224,068
Preference shares	119,537	11,954	11,954	35,861	59,768
Convertible preference shares	353,514	12,505	12,505	37,516	290,988
Derivative financial instruments	1	1	-	-	-
Head leases	1,150	115	115	345	575
Trade and other payables	28,927	12,503	5,396	8,147	2,881
	1,317,313	**161,308**	**94,538**	**483,187**	**578,280**

Details of the interest rates applicable to the Group's long term borrowings and preference shares are given in notes 21 and 22. The Group is subject to interest costs in perpetuity in respect of preference shares, which have no contractual maturity date. The table above does not show cash flows beyond 10 years.

The Group monitors its risk to a shortage of funds by forecasting cash flow requirements for future years. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short term borrowing facilities, bank loans and equity fund raisings.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments in the financial statements.

	2019		**2018**	
	Carrying Value £'000	**Fair Value £'000**	**Carrying Value £'000**	**Fair Value £'000**
Non-current assets				
Loans receivable	67	63	676	627
Restricted cash	-	-	12,249	12,249
Derivative financial instruments	2,621	2,621	21,953	21,953
Current assets				
Trade receivables	26,475	26,475	27,803	27,803
Restricted cash	3,026	3,026	1,792	1,792
Other current receivables	3,653	3,653	907	907
Derivative financial instruments	-	-	349	349
Cash and short term deposits	68,138	68,138	73,450	73,450
Non-current liabilities				
Interest bearing loans and borrowings	623,168	632,014	567,865	561,076
Preference shares	110,324	131,590	109,271	130,494
Convertible preference shares	217,482	202,787	206,116	226,057
Derivative financial instruments	-	-	-	-
Rent deposits	15,779	12,403	16,425	13,130
Deferred consideration	-	-	-	-
Other payables	2,844	2,844	1,372	1,372
Current liabilities				
Interest bearing loans and borrowings	60,173	60,173	75,565	75,565
Derivative financial instruments	-	-	1	1
Rent deposits	6,364	6,364	7,242	7,242
Deferred consideration	-	-	12,197	12,197
Other payables	3,356	3,356	5,262	5,262

The fair values of loans receivable and borrowings have been calculated based on a discounted cash flow model using a discount rate based on the Group's weighted average cost of capital. The valuation technique falls within level 3 of the fair value hierarchy (see note 35 for definition). The fair value of short term deposits, other assets, trade and other receivables, trade and other payables is assumed to approximate to their book values. The fair value of preference shares and convertible preference shares are assumed to be their last quoted price on 31 December 2019, which is considered to be level 1 of the fair value hierarchy. The fair value of derivatives is determined by a model with market based inputs.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital risk management, the Directors consider both the ordinary and preference shares to be permanent capital of the Company, with similar rights as to cancellation.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, under take tender offers, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in its industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities but excluding provisions, head lease obligations and preference shares, which for capital risk management is considered to be capital rather than debt, less cash and short term deposits. Total capital is calculated as equity, as shown in the balance sheet, plus preference shares and net debt. Where the Group has a net cash position, the gearing ratio will be zero.

	2019 £'000	**2018 £'000**
Non-current liabilities	928,736	847,806
Current liabilities	111,843	141,740
Total borrowings	1,040,579	989,546
Less: cash and short term deposits	68,138	73,450
Less: restricted cash	3,026	14,041
Net debt	969,415	902,055
Equity	365,798	295,627
Preference shares	110,324	109,271
Total capital	1,445,537	1,306,953
Gearing ratio	67.06%	69.02%

35. Fair value measurement

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

As at 31 December 2019	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Value £'000**
Assets measured at fair value				
Investment property	-	-	1,337,682	1,337,682
Investment property under construction	-	-	33,846	33,846
Derivative financial instruments	-	2,621	-	2,621
Liabilities measured at fair value				
Derivative financial instruments	-	-	-	-
As at 31 December 2018				
Assets measured at fair value				
Investment property	-	-	1,175,440	1,175,440
Investment property under construction	-	-	30,548	30,548
Derivative financial instruments	-	22,302	-	22,302
Liabilities measured at fair value				
Derivative financial instruments	-	1	-	1

* 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.

There have been no transfers between level 1 and level 2 during the year or the prior year.

36. Operating lease arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases, which are discussed in detail in the Strategic Report and note 13. At the Balance Sheet date the Group had contracted with tenants for the following future minimum lease payments:-

	2019 £'000	2018 £'000
Within one year	109,769	124,107
In the second year	80,037	92,553
In the third to fifth year (inclusive)	117,758	133,265
After five years	65,218	66,757
	372,782	416,682

37. Reconciliation of liabilities arising from financing activities

Year ended 31 December 2019

	2018 £'000	Cash flows £'000	Non-cash changes Fair value £'000	Foreign exchange £'000	Other £'000	2019 £'000
Interest bearing loans and borrowings	643,430	33,943	-	(1,630)	7,630	683,373
Preference shares	109,271	-	-	-	1,053	110,324
Convertible preference shares	206,116	-	-	-	11,366	217,482
Derivative financial instruments	(22,302)	391	20,392	(1,102)	-	(2,621)
	936,515	34,334	20,392	(2,732)	20,049	1,008,558

Year ended 31 December 2018

	2017 £'000	Cash flows £'000	Non-cash changes Fair value £'000	Foreign exchange £'000	Other £'000	2018 £'000
Interest bearing loans and borrowings	626,242	(10,588)	-	24,282	3,494	643,430
Preference shares	108,263	-	-	-	1,008	109,271
Convertible preference shares	198,870	-	-	-	7,246	206,116
Derivative financial instruments	(6,040)	(18,848)	3,066	(480)	-	(22,302)
	927,335	(29,436)	3,066	23,802	11,748	936,515

Cash flows relating to interest bearing loans and borrowings comprise:	2019 £'000		2018 £'000	
Proceeds from long term borrowings		357,966		155,628
Repayment of long term borrowings	(284,431)		(153,152)	
Movements in restricted cash	(11,173)		13,056	
		(295,604)		(140,096)
Loan amortisation		(22,652)		(23,279)
Bank borrowing costs paid	(54,689)		(50,000)	
Add: Interest paid	48,922		47,159	
Loan origination costs incurred		(5,767)		(2,841)
		33,943		(10,588)

Other non-cash changes include amortisation of origination costs, movements in interest accruals, accretion of premiums payable on redemption of preference and convertible preference shares, scrip dividends and the reissue of convertible preference shares in the year to settle share-based payments.

38. Acquisitions

Acquisitions in the year
There were no acquisitions in the year.

Acquisitions in prior year
The Group made one corporate acquisition in the prior year, the purchase of Volga Logistics Park. The Group purchased the property by acquiring all of the issued share capital of the corporate vehicles that owned the property. In accordance with its accounting policy, the Group considered the acquisition assessing whether an integrated set of activities had been acquired in addition to the property. 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:

	2018 £'000
Non-current assets	
Investment property (note 11)	30,805
Investment property under construction (note 12)	2,444
Deferred tax assets (note 25a)	1,490
Current assets	
Trade and other receivables	642
Cash and short term deposits	1,235
Current liabilities	
Trade and other payables	(2,621)
	33,995
Discharged by:	
Cash consideration paid	32,958
Acquisition costs	868
Payable	169
	33,995