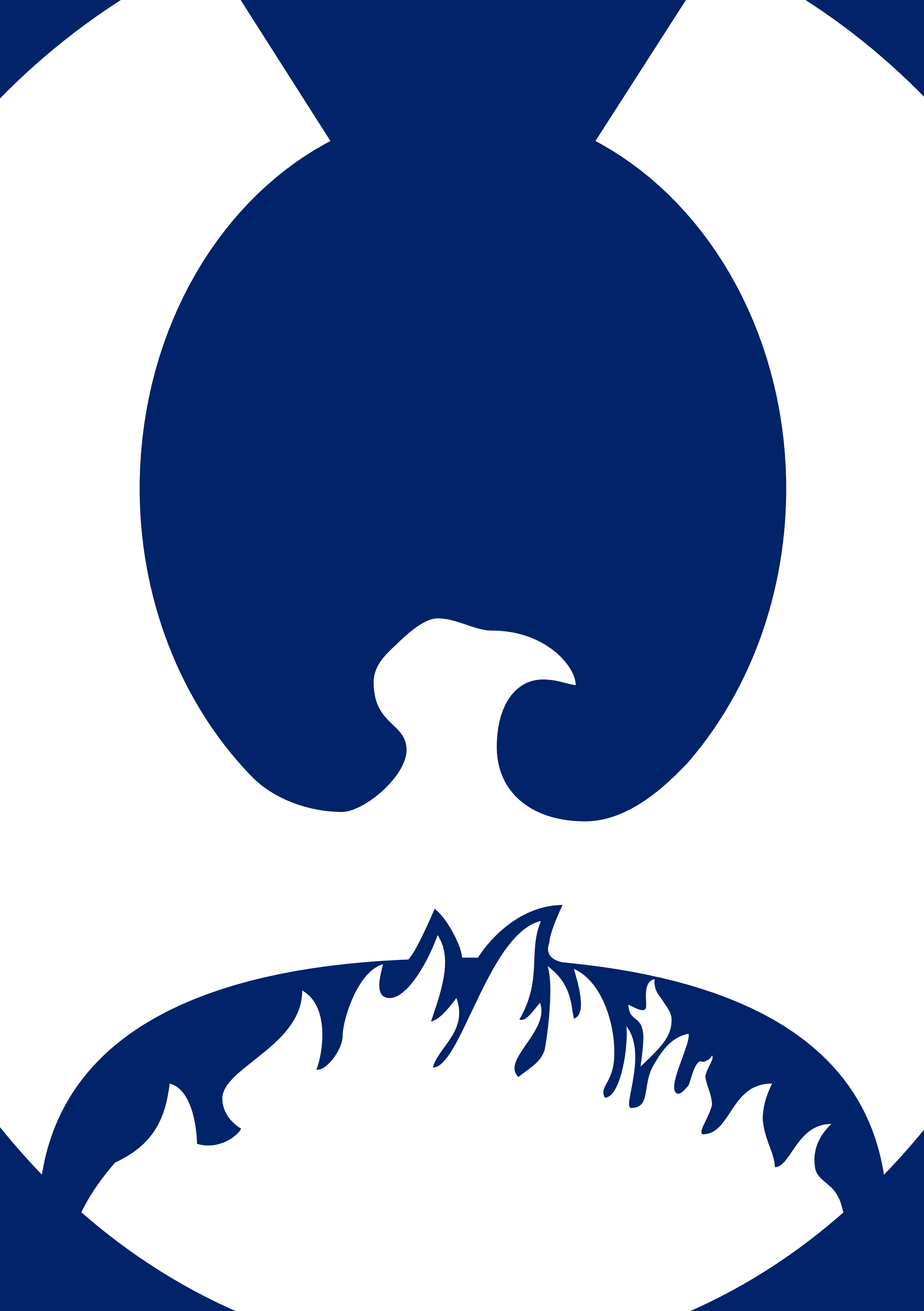
RAVEN PROPERTY GROUP LIMITED

2020 Interim Report



RAVEN PROPERTY GROUP LIMITED
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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HIGHLIGHTS

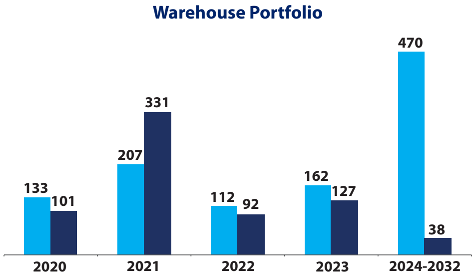
- Occupancy at 30 June 2020 increased to 93% (31 December 2019: 90%) with 142,000sqm of new lettings and 176,000sqm of maturity extensions in the period;
- Underlying earnings of £13.4 million (30 June 2019: £13.4 million) before unrealised foreign exchange movements;
- Unrealised foreign exchange losses of £23.8 million (30 June 2019: profit £18.9 million) on weaker Rouble;
- IFRS loss of £31.7 million (30 June 2019: profit £26.2 million) after these unrealised foreign exchange movements and loss on revaluation of £12.5 million (30 June 2019: profit £18.2 million);
- Cash balance of £85.0 million (31 December 2019: £68.1 million);
- Rouble value of investment property portfolio down by only 0.3% since 31 December 2019;
- Diluted net asset value per share of 58p (31 December 2019: 75p) on the weaker Rouble;
- Re-designation of convertible preference shares to complete on 30 September 2020; and
- Payment of final distribution for 2019 of 2.25p by way of tender offer buy back of 1 in 16 ordinary shares at 36p per share confirmed.

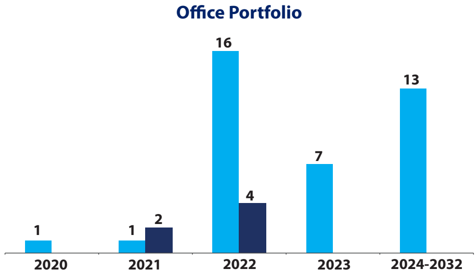
Glyn Hirsch CEO said, "It looks like global interest rates will stay low for some time and with reliable investment yields likely to become an increasingly scarce commodity, it is reasonable to expect high quality yielding assets to increase in value. We own a high quality portfolio of assets in the best real estate class in the world, with a fifteen year track record of reliable cash flows. These assets are currently valued on a yield of 11% with underlying income in Roubles and annual indexation of around 5%. Russia is not for everyone but on an objective financial analysis, it is one of the strongest and least leveraged economies in the world today. We look forward to the future with confidence."

Financial Summary

Income Statement for the 6 months ended:	30 June 2020	30 June 2019
Net rental and related income (£m)	59.6	64.3
Underlying earnings after tax and before unrealised foreign currency movements (£m)	13.4	13.4
Underlying (loss)/earnings after unrealised foreign exchange movements (£m)	(10.4)	32.4
Revaluation (deficit)/surplus (£m)	(12.5)	18.2
IFRS (loss)/earnings (£m)	(31.7)	26.2

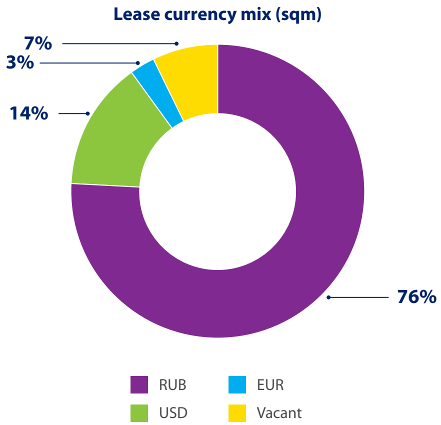
Balance Sheet at:	30 June 2020	31 December 2019
Investment property market value (£m)	1,297	1,388
Diluted NAV per share (pence)	58	75

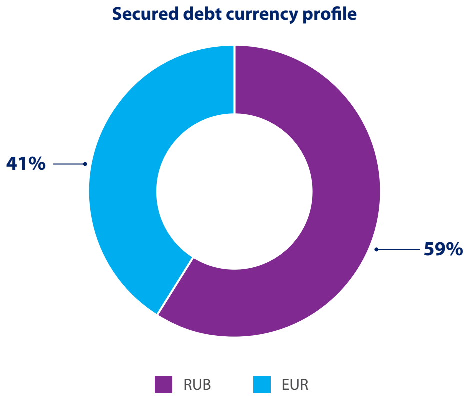




('000 sqm)

Lease expiries Lease breaks





CHAIRMAN'S MESSAGE

It is with a sense of déjà vu that I issue another foreword overshadowed by the influence of macro events. Since the crisis of 2009 we have had to deal with the impact of international sanctions, oil price crashes, currency devaluations and now the unprecedented impact of a global pandemic. As you will read later, our priority in recent months has been the safety and welfare of our staff, assisting tenants experiencing genuine cash flow problems and securing our own liquidity position.

We have been fortunate that our assets have continued in operation throughout the period of lockdown, logistics networks being an essential part of the supply chain, allowing supermarkets, their suppliers and e-commerce arms to continue to operate. The Russian government introduced compulsory rental deferral schemes, mostly targeted at the non-essential retail and hospitality industries, which have not had a significant impact on our portfolio, but we will continue to work with all tenants who have genuine difficulties in meeting rental payments.

The Russian national balance sheet appears to be in a significantly better position than was the case at the time of the last oil crash which precipitated the free float of the Rouble. Today, the government's national and external sovereign debt levels are one of the lowest globally and its financial reserves are at their highest levels. This should mean that it is well placed to support recovery.

The Group's underlying trading in the six months has been strong. Occupancy at the end of June was 93% with cash reserves of £85 million. We have no near term debt maturities today. However the weaker Rouble exchange rates have generated unrealised foreign exchange losses, reducing reported Sterling earnings and our net asset value per share.

On shareholder matters, the Board was pleased to report the approval for the re-designation of our convertible preference shares at the General Meeting on 31 July 2020. The re-designation to ordinary and preference shares will complete on 30 September 2020. However, the conditional agreement between the Company and Invesco for the purchase of Invesco's ordinary and preference shares has now lapsed, a victim of the uncertainty resulting from Covid-19. We will continue our dialogue with Invesco in the meantime and remain keen to find a solution to the perceived stock overhang. This may be by way of a syndication of the Company and its executive management acquiring Invesco's holding.

I am also pleased to report that the Nominations Committee intends to meet with two potential candidates for Non Executive Director positions when circumstances allow and we hope to make positive announcements on the Board composition later this year.

Given the performance of the Group through these difficult times I am pleased to confirm that we now intend to make the final distribution to ordinary shareholders for 2019. The amount, equivalent to 2.25p per share will be distributed by way of a tender offer of 1 in 16 shares at 36p per share.

Finally, I would like to extend my gratitude to the Group's employees for all of their continuing efforts in very difficult circumstances and I look forward to a time when we can celebrate their hard work together.

Sir Richard Jewson
Chairman
31 August 2020

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders

We are delighted with the Group's operating performance for the period. We have maintained a high level of occupancy and suffered minimal rental deferral. In the period we have completed 142,000sqm of new lettings and agreed prolongations on a significant amount of space where leases were due to expire in the short term.

Although we continue to trade through a difficult period we have seen an excellent level of rent payment and as in other countries, a shift to e-commerce has benefitted us too. We expect this trend to continue and are working actively with tenants to assist in their e-commerce requirements.

With the Central Bank of Russia key interest rate falling by 325 basis points since 30 June 2019 it's unsurprising that the Rouble valuation of our portfolio has remained stable and we remain optimistic that these falling rates, combined with the resilience of our sector globally, will lead to a re-rating in due course. Our balance sheet remains strong and we are actively looking for new investment opportunities.

The Sterling presentation of our results has been adversely affected by the weak Rouble but the majority of these losses are unrealised and can easily reverse.

As explained in our 2019 Annual Report we deferred the payment of the final distribution for 2019 due to the global uncertainty. We now feel it is appropriate to make this payment in recognition of the 2019 financial performance. Distribution will be by way of tender offer on the basis of 1 in 16 shares at 36p per share. No over allocation will be permitted. Our market is stabilising but we think it prudent that in relation to 2020 we will announce one distribution at the time of the issue of our annual results.

Our employees have made a tremendous effort during this difficult period and we thank them for that.

Property update

At 30 June 2020, our warehouse portfolio comprised 1.89 million sqm and our office portfolio, 49,000sqm of space. Average occupancy for the six months ran at 92% compared to 90% for the same period last year. At 30 June 2020, occupancy levels were 93%.

Warehouse Portfolio

New warehouse lettings in the six months to 30 June 2020 totalled 140,649sqm with a further 172,419sqm of existing leases renegotiated and extended, including the renewal of 76,000sqm to X5 Retail Group in Moscow and the simultaneous new letting to the same tenant of 25,000sqm, both for ten years. Tenants vacated 66,243sqm of space including one major tenant vacating 18,326sqm in March.

As at 30 June 2020 we had 141,896sqm of warehouse leases maturing in the second half of the year and 92,018sqm of potential lease breaks. Of those, we expect 121,076sqm of maturing tenants and 9,874sqm of breaks to vacate, including a large block of 66,275sqm in Pushkino, Moscow. We have already successfully re-let 43,693sqm of this space to Wildberries on a short term basis for e-commerce fulfilment.

Since the period end, in addition to the Wildberries lease, we have let a further 11,564sqm of vacant warehouse space and renegotiated and extended 9,403sqm of maturing leases. A further 17,309sqm of space is subject to letters of intent or lease renewal negotiations.

Rental levels for dry warehouse space remain in the region of Rouble 4,000 – Rouble 4,100 per sqm and demand appears to remain strong. Prime yields remain in the range 11% to 12%.

Currency Mix

Rouble denominated leases accounted for 76% (31 December 2019: 71%) of the total warehouse space at the period end and US Dollar leases 14% (31 December 2019: 16%). The average Rouble rent at 30 June 2020 was 4,833 per sqm (31 December 2019: 4,922 per sqm) and the average US Dollar rent was $160 per sqm (31 December 2019: $158 per sqm). Rouble denominated leases had a weighted average term to maturity of 4.2 years (31 December 2019: 4.1 years) and US Dollar leases 1.6 years (31 December 2019: 1.9 years).

Office Portfolio

Our St Petersburg office portfolio has performed extremely well given the impact of Covid-19 and during the first six months of 2020 we have let 1,169sqm of vacant space with maturities of 2,631sqm vacating, including a single tenant from 1,742sqm. Average Rouble rent at the period end was Roubles 14,641 per sqm (31 December 2019: 13,988 per sqm).

Since the period end, we have let 3,437sqm of vacant space in the office portfolio to one major tenant for 10 years. Occupancy now stands at 98%.

Finance Review

The Group's underlying Rouble trading has been strong in the first six months of the year. Occupancy increased to 93% (31 December 2019: 90%) and we continue the unwinding of our legacy US Dollar pegged leases. The Covid-19 pandemic has not had a significant impact on rental recovery, with over 99% of rents received in the first six months. The indirect impact of the pandemic on our results has been the effect of the oil price crash, leading to a weakening of the Rouble exchange rate over the period. This has been exacerbated by a strong Euro and a perceived heightened risk of US sanctions in the run up to US elections.

The weaker Rouble influences our results and our primary statements in a number of ways:

Income Statement

- In the income statement Rouble weakness causes an increased cost in the servicing of our Euro denominated debt and Sterling preference shares and an unrealised foreign exchange movement on the translation of balance sheet Euro debt in our Russian property owning subsidiaries; and
- On the translation to our Sterling presentation, a reduction in the Sterling equivalent of our Rouble income offset by a reduction in Rouble costs such as bank interest.

Balance Sheet

- The greatest impact on our results is the presentation translation of our Rouble denominated net assets to Sterling. This is principally the translation of our investment property value, net of related Rouble denominated debt, generating an exchange movement through our balance sheet reserves and volatility in our Sterling net asset value per share.

Net Rental and Related Income

Net rental and related income drops to £59.6 million in the six months (30 June 2019: £64.3 million). The continued unwinding of foreign currency leases, 17% of the portfolio now pegged to currency leases compared to 22% at 30 June 2019, accounting for roughly half of the decrease. The remainder is due to the weaker average Rouble exchange rate of 87.3 (30 June 2019: 84.5) in the six months when translating to Sterling presentation.

Administrative Expenses

Underlying administrative costs reduce to £10.0 million (30 June 2019: £11.4 million). This is driven by lower employment costs as there was no bonus expensed in the six months to 30 June 2020.

Net Finance Costs

Underlying net finance costs reduce to £32.7 million (30 June 2019: £35.9 million). As explained above, there will be some increase in the cost for servicing of Euro debt in the Russian subsidiaries but as the proportion of our Rouble denominated debt continues to increase, 59% at the period end (30 June 2019: 37%), this more than offsets the Euro impact. The Central Bank of Russia has reduced its key rate to the lowest level since the Soviet collapse, 4.25% today (30 June 2019: 7.5%) with expectations that this will continue to fall. We also have the positive impact on translating to Sterling.

Underlying Earnings

Underlying profit before tax and unrealised foreign exchange movements of £16.8 million (30 June 2019: £17.6 million) illustrates the reduction in overheads and interest cost offsetting the drop in net operating income. The unrealised foreign exchange loss in the period of £23.8 million (30 June 2019: profit of £18.9 million) represents the biggest swing in underlying results. As explained, the majority relates to the unrealised movement in the carrying value of our Euro debt in our Russian subsidiaries and moves us to an underlying loss before tax of £7.0 million (30 June 2019: profit of £36.6 million).

IFRS Earnings

We continue to use underlying earnings as the best comparative measure for the Group's results. The reconciliation between underlying and IFRS earnings is shown in note 6 to the Report. Principal differences relate to depreciation, unrealised movements in property valuations, mark to market of derivative instruments and the convertible preference share redemption premium. The IFRS loss before tax for the period is £26.7 million (30 June 2019: profit £33.6 million). In addition to the unrealised foreign exchange movements noted previously, the larger IFRS movements were a loss on the revaluation of investment property of £12.5 million (30 June 2019: gain of £18.2 million) and a finance expense of £6.5 million (30 June 2019: expense of £19.3 million). The finance expense includes the amortisation premium on our convertible preference shares of £3.6 million in each period and a loss on mark to market of derivative instruments of £1.7 million (30 June 2019: a loss of £13.9 million). The latter is a factor of the reducing Russian Central Bank key rate.

Taxation

The underlying tax charge of £3.4 million (30 June 2019: £4.2 million) principally relates to corporate tax due in our Russian subsidiaries and withholding tax payments. The IFRS tax charge of £5.1 million (30 June 2019: £7.4 million) also includes deferred tax movements in relation to the investment property valuations.

We are awaiting the release of the full text of the new double tax treaty signed between Russia and Cyprus and will assess the impact on the Group, if any, once we have had the opportunity to review this.

Earnings Per Share

The unrealised foreign exchange loss in the income statement swings our underlying basic earning per share to a loss of 2.16p for the period (30 June 2019: earnings of 5.31p) and the unrealised loss on revaluation of investment properties contributing to a basic IFRS loss per share of 6.59p (30 June 2019: earnings of 4.30p).

Investment Properties

Our investment property portfolio valuation has not moved significantly in Rouble terms since 31 December 2019, reducing by 0.30%. Together with property improvements of £8.8 million, the revaluation loss for the period is £16.2 million before accounting for tenant incentives. The largest movement on the property valuation is on translation to Sterling, the weaker Rouble closing exchange rate of 86.4 (31 December 2019: 81.2) contributing a reduction in Sterling asset value of £83.7 million. The investment property carrying value at 30 June 2020 is £1.25 billion (31 December 2019: £1.34 billion) and Investment property under construction £31.5 million (31 December 2019: £33.8 million).

Cash and Rent Recovery

We held the Sterling equivalent of £85.0 million at the period end (31 December 2019: £68.1 million). Due to the Covid-19 crisis, we had postponed any conditional cash outflows within our control, the largest being the final ordinary share distribution for 2019. Rent collection rates have remained high, over 99% of rents due being collected in the six months to 30 June 2020.

In July, 1.21% of rent was subject to deferral agreements and 0.12% given in discounts. All other rent due has been received. Deferrals in August dropped to 0.66% of rent due with a similar outcome on receipts expected. Contracted deferrals for the year total Roubles 119 million with Roubles 87.7 million of that to be collected before the end of the year.

Discounts given on the portfolio will total Roubles 22.8 million for the financial year.

Debt

Net proceeds from re-financings in the period totalled £20.5 million after loan amortisation of £16.2 million. £21.2 million of loans due within one year relate to one project where maturity has been extended for two years since the period end. The majority of the remainder of short term payments relate to standard loan amortisation.

We continue to focus on increasing the Rouble weighting of our debt which at 30 June 2020 was 59% Rouble (31 December 2019: 58%) and Euro 41% (31 December 2019: 42%). The weighted average term to maturity of loans was 4.3 years (31 December 2019: 4.7 years) and the weighted average interest rate in the six months 5.77% (30 June 2019: 7.39%).

The loan to value ratio on secured debt at 30 June 2020 was 54% (31 December 2019: 50%).

Net Asset Value

Diluted Net Asset Value per share at the period end is 58p (31 December 2019: 75p per share). The weak Sterling/Rouble exchange rate is the principal reason for the movement, a translation exchange loss of £54.8 million reducing reserves and the unrealised foreign exchange movement of £23.8 million reducing profit in the period.

Re-designation of Convertible Preference Shares

On 31 July 2020 shareholders approved the re-designation of the Company's convertible preference shares into a ratio of ordinary shares and preference shares. On 30 September 2020, up to 121,046,430 ordinary shares and 115,913,650 preference shares will be admitted to trading. The Company issued a prospectus for the admission of these new shares on 14 July 2020, a copy of which is available on the Company's website, which included a pro forma illustration of the effect of the re-designation on the Company's income statement and balance sheet.

Glyn Hirsch
Chief Executive Officer
31 August 2020

CORPORATE GOVERNANCE

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group and how these are mitigated or managed and our approach to risk appetite are set out in the Risk Report on pages 40 to 43 of the Annual Report for the year ended 31 December 2019.

Covid-19

The impact of the pandemic has tested a number of our key controls and has had direct and indirect implications for our business. Our priorities were, and continue to be, the well being of our employees, support for our tenants and stakeholders where required and cash flow management.

The most immediate challenge we faced was our ability to deal with the potential business interruption issues. Our Group structure and management oversight procedures have always been dependent on the remote operation of key controls, underpinned by the appropriate communication, security and support structures. These are used daily by the executive directors, senior management team and other key operational staff. Prior to official lock down, all business travel for the Group, both domestic and international, was cancelled and virtual meeting rooms for all of the operational committees introduced to facilitate home working. Members of the executive and key members of the senior management team had daily virtual meetings to monitor the situation and the wider senior management team met three times a week to ensure Group policies were being followed and adapted as the external environment changed. The various business committees met at least weekly as usual to deal with operational matters and the Risk Committee convened twice during lockdown to assess the changing risks and approve Group policy.

Our warehouse properties have remained in operation throughout the pandemic as a large proportion of our tenants serve the essential retail supply chains. We set up secure space within the sites for the small number of our staff who were required on site, with face to face meetings with tenants restricted. Our tenants also took the appropriate approach to their own employee safety to ensure that they could continue to operate.

As lockdown eases in each jurisdiction we have taken a cautious approach to a return to the various offices. We continue to encourage working from home where appropriate. In the Russian offices, each department is permitted up to half of their team in the office on a two week rotation. If employees want to take advantage of this then we arrange a virus test and confirmation of a negative test must be forwarded to the HR department before entry to the office at the beginning of the week. Similarly, Cyprus can operate with up to half of staff in the office at any time with temperature tests taken before entry. Guernsey is now officially Covid free however staff can continue to work from home if required. A social distancing regime continues in all offices.

Principal Risks

We believe the principal risks faced by the business remain the same as reported in the 2019 Annual Report. The indirect impact of the pandemic has heightened a number of these risks. The oil price crash in March had a knock on effect on the strength of the Rouble but the fact that our warehouses remained operational has dampened the effect of the crisis so far. Having weathered both the 2009 global crisis and the more localised impact of the oil price collapse of 2015/16, which precipitated the Rouble free float, we can point to some positive outcomes that have served us well through the current crisis. We continue to reduce our balance sheet foreign exchange exposure, diminishing the impact of any Rouble volatility on cash flows; we have built cure mechanisms into our financing facilities to manage potential covenant breaches; and all of these crises emphasised the importance of our asset specific financing structure in isolating individual asset issues.

The Group's principal risks are grouped into five categories: Political and Economic; Financial; Property Investment; Russian Domestic; and Personnel. We have illustrated in the table below how we believe that these risks have changed in the six months to 30 June 2020, principally due to the effects of Covid-19.

Risk	Change Since the Year End	Commentary
Political and Economic	⇧	The fall in oil prices has had a knock on effect on Rouble exchange rates. The upcoming US election has also heightened the risk of the introduction of further sanctions against Russian entities and individuals. The Russian national budget however is less vulnerable than at the time of the last crisis, with low levels of national and external sovereign debt and financial reserves at a new high and it appears that they are better placed to deal with a recovery programme.
Financial	⇧	The weaker Rouble puts pressure on our ability to service foreign currency debt. We continue to increase our exposure to Rouble denominated debt and with Central Bank of Russia's key rate being at the lowest level on record the Group balance sheet is now in a stronger position to deal with variable foreign currency cash flows.
Property Investment	⇨	The pandemic has increased uncertainty over property valuations but including the year end exercise, we have had three external valuations of the portfolio in the first six months of the year with no significant movement. Occupancy and rent collections remain high.
Russian Domestic	⇧	The Russian authorities are renegotiating double tax treaties with a number of jurisdictions. This could increase the tax cost of the Group in the future. We will review the potential impact when the text of the new treaties is issued.
Personnel	⇨	As explained above, staff welfare has been a priority during the crisis. We have retained our workforce throughout lockdown.

We continue to monitor our risk profile closely and remain cautious. Uncertainty still prevails in the market place and new outbreaks of the virus can quickly change the business environment.

Key

⇧ Increased risk in the period

⇨ Stable risk in the period

Going concern

The financial position of the Group, its cash flows, liquidity and borrowings and the impact of Covid-19 are described in the Chief Executive's Review. The changes the pandemic has caused to our business risks are summarised in the Principal Risks and Uncertainties section.

The Board regularly reviews and approves the financial position of the Group with a three year forecast model supporting the Viability Statement in the Annual Report, an updated model for Interim Results, an annual budget with quarterly reforecasts and monthly management information which includes a 12 month rolling cash flow forecast. All of these models include stress testing similar to that applied for the Viability Statement to consider "severe but credible scenarios". In addition, this year, a full working capital exercise was undertaken in support of the Prospectus issued to shareholders on 14 July 2020 for the re-designation of the Company's convertible preference shares. The working capital model and sensitivities applied, including those relevant to Covid-19, were reviewed by Ernst and Young LLP and our broker, Nplus1 Singer to confirm the working capital statement made by the directors in the prospectus.

In assessing going concern and the impact of Covid-19 the directors have considered:

- The high level of rent collections during lockdown and subsequently;
- Finance facility covenant headroom after applying sensitivities;
- The potential impact on speculative warehouse letting income should demand decline;
- The maturity profile of existing finance facilities;
- The continued availability of bank financing in the market; and
- The results of the independent portfolio valuations undertaken this year.

Having made the appropriate enquiries and examining major areas that could give rise to significant uncertainty and financial exposure, including the uncertainties arising from the pandemic, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue its operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in the preparation of the accompanying interim financial statements.

Directors' Responsibility Statement

The Board confirms to the best of its knowledge:

The condensed financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and that the half year report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The names and functions of the Directors of Raven Property Group Limited are disclosed in the 2019 Annual Report of the Group.

This responsibility statement was approved by the Board of Directors on the 31 August 2020 and is signed on its behalf by

Mark Sinclair
Chief Financial Officer

Colin Smith
Chief Operating Officer

INDEPENDENT REVIEW REPORT TO RAVEN PROPERTY GROUP LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2020 which comprises the Condensed Unaudited Group Income Statement, the Condensed Unaudited Group Statement of Comprehensive Income, the Condensed Unaudited Group Balance Sheet, the Condensed Unaudited Group Statement of Changes in Equity, the Condensed Unaudited Group Cash Flow Statement and the related notes 1 to 18. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
31 August 2020

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 Underlying earnings £'000	Six months ended 30 June 2020 Capital and other £'000	Six months ended 30 June 2020 Total £'000	Six months ended 30 June 2019 Underlying earnings £'000	Six months ended 30 June 2019 Capital and other £'000	Six months ended 30 June 2019 Total £'000
Gross revenue	2	80,627	–	80,627	87,731	–	87,731
Property operating expenditure and cost of sales		(21,008)	–	(21,008)	(23,429)	–	(23,429)
Net rental and related income	**2**	**59,619**	**–**	**59,619**	**64,302**	**–**	**64,302**
Administrative expenses	3	(9,996)	(889)	(10,885)	(11,419)	(953)	(12,372)
Share-based payments and other long term incentives	16b	–	–	–	–	(873)	(873)
Foreign currency (loss) / profit		(23,769)	–	(23,769)	18,943	–	18,943
Operating expenditure		**(33,765)**	**(889)**	**(34,654)**	**7,524**	**(1,826)**	**5,698**
Share of (losses) / profits of joint ventures		(77)	–	(77)	701	–	701
Operating profit / (loss) before profits and losses on investment property		**25,777**	**(889)**	**24,888**	**72,527**	**(1,826)**	**70,701**
Unrealised (loss) / profit on revaluation of investment property	7	–	(12,103)	(12,103)	–	18,073	18,073
Unrealised (loss) / profit on revaluation of investment property under construction	8	–	(360)	(360)	–	92	92
Operating profit / (loss)	**2**	**25,777**	**(13,352)**	**12,425**	**72,527**	**16,339**	**88,866**
Finance income	4	1,843	153	1,996	1,281	–	1,281
Finance expense	4	(34,583)	(6,495)	(41,078)	(37,227)	(19,298)	(56,525)
(Loss) / profit before tax		**(6,963)**	**(19,694)**	**(26,657)**	**36,581**	**(2,959)**	**33,622**
Tax	5	(3,413)	(1,638)	(5,051)	(4,195)	(3,212)	(7,407)
(Loss) / profit for the period		**(10,376)**	**(21,332)**	**(31,708)**	**32,386**	**(6,171)**	**26,215**
Earnings per share:	6						
Basic (pence)				(6.59)			4.30
Diluted (pence)				(6.59)			3.89
Underlying earnings per share:	6						
Basic (pence)		(2.16)			5.31		
Diluted (pence)		(2.16)			4.16		

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 6.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
(Loss) / profit for the period	**(31,708)**	**26,215**
Other comprehensive income, net of tax		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation on consolidation	(54,783)	85,406
Total comprehensive income for the period, net of tax	**(86,491)**	**111,621**

All income is attributable to the equity holders of the parent company. There are no non-controlling interests.

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2020

	Notes	30 June 2020 £'000	31 December 2019 £'000
Non-current assets			
Investment property	7	1,252,553	1,337,682
Investment property under construction	8	31,451	33,846
Plant and equipment		5,582	6,150
Investment in joint ventures		100	189
Other receivables		3,219	3,414
Derivative financial instruments		2,983	2,621
Deferred tax assets		21,505	24,290
		1,317,393	**1,408,192**
Current assets			
Inventory		473	358
Trade and other receivables		37,255	41,595
Cash and short term deposits		84,983	68,138
		122,711	**110,091**
Total assets		**1,440,104**	**1,518,283**
Current liabilities			
Trade and other payables		46,544	51,691
Interest bearing loans and borrowings	10	53,664	60,173
		100,208	**111,864**
Non-current liabilities			
Interest bearing loans and borrowings	10	643,698	623,168
Preference shares	11	110,709	110,324
Convertible preference shares	12	221,104	217,482
Other payables		17,293	18,623
Deferred tax liabilities		67,785	71,024
		1,060,589	**1,040,621**
Total liabilities		**1,160,797**	**1,152,485**
Net assets		**279,307**	**365,798**
Equity			
Share capital	13	4,898	4,898
Share premium		51,463	51,463
Own shares held	14	(4,582)	(4,582)
Convertible preference shares	12	11,212	11,212
Capital reserve		(244,854)	(234,519)
Translation reserve		(26,595)	28,188
Retained earnings		487,765	509,138
Total equity		**279,307**	**365,798**
Net asset value per share (pence):	15		
Basic		58	76
Diluted		58	75

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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 2019		**6,233**	**103,144**	**98**	**(5,965)**	**11,212**	**(281,001)**	**(48,830)**	**510,403**	**295,294**
Profit for the period		–	–	–	–	–	–	–	26,215	26,215
Other comprehensive income		–	–	–	–	–	–	85,406	–	85,406
Total comprehensive income for the period		–	–	–	–	–	–	85,406	26,215	111,621
Warrants exercised		17	486	(69)	–	–	–	–	–	434
Warrants lapsed		–	–	(29)	–	–	–	–	29	–
Ordinary shares cancelled		(245)	(10,801)	–	151	–	–	–	–	(10,895)
Own shares acquired		–	–	–	(106)	–	–	–	–	(106)
Own shares allocated		–	–	–	1,338	–	–	–	(830)	508
Transfer in respect of capital losses		–	–	–	–	–	17,967	–	(17,967)	–
At 30 June 2019		**6,005**	**92,829**	**–**	**(4,582)**	**11,212**	**(263,034)**	**36,576**	**517,850**	**396,856**
At 1 January 2020		**4,898**	**51,463**	**–**	**(4,582)**	**11,212**	**(234,519)**	**28,188**	**509,138**	**365,798**
Loss for the period		–	–	–	–	–	–	–	(31,708)	(31,708)
Other comprehensive income		–	–	–	–	–	–	(54,783)	–	(54,783)
Total comprehensive income for the period		–	–	–	–	–	–	(54,783)	(31,708)	(86,491)
Transfer in respect of capital losses		–	–	–	–	–	(10,335)	–	10,335	–
At 30 June 2020		**4,898**	**51,463**	**–**	**(4,582)**	**11,212**	**(244,854)**	**(26,595)**	**487,765**	**279,307**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
Cash flows from operating activities			
(Loss) / profit before tax		(26,657)	33,622
Adjustments for:			
Depreciation	3	550	822
Provision for bad debts	3	(2)	–
Share of losses / (profits) of joint ventures		77	(701)
Finance income	4	(1,996)	(1,281)
Finance expense	4	41,078	56,525
Loss / (profit) on revaluation of investment property	7	12,103	(18,073)
Loss / (profit) on revaluation of investment property under construction	8	360	(92)
Foreign exchange loss / (profit)		23,769	(18,943)
Non-cash element of share-based payments and other long term incentives	16b	–	873
		49,282	52,752
Changes in operating working capital			
Decrease in operating receivables		4,047	1,391
Increase in other operating current assets		(106)	(2)
Decrease in operating payables		(6,028)	(8,304)
		47,195	45,837
Tax paid		(5,843)	(4,122)
Net cash generated from operating activities		**41,352**	**41,715**
Cash flows from investing activities			
Payment for property improvements		(4,719)	(2,971)
Refund of VAT on acquisition of investment property		–	3,920
Acquisition of subsidiaries		–	(187)
Acquisition of investment property / payment of deferred consideration on acquisition of investment property		–	(12,255)
Purchase of plant and equipment		(205)	(1,224)
Investment in joint ventures		–	(14)
Loans granted		–	(75)
Loans repaid		–	30
Interest received		1,185	1,258
Net cash used in investing activities		**(3,739)**	**(11,518)**
Cash flows from financing activities			
Proceeds from long term borrowings		45,232	35,309
Repayment of long term borrowings		(8,544)	(1,308)
Loan amortisation		(16,150)	(12,396)
Bank borrowing costs paid		(24,136)	(27,188)
Exercise of warrants		–	434
Ordinary shares purchased		–	(10,826)
Dividends paid on preference shares		(5,807)	(5,650)
Dividends paid on convertible preference shares		(6,364)	(6,367)
Proceeds from disposal of derivative financial instruments		131	2,363
Premium paid for derivative financial instruments		(2,203)	(7)
Net cash used in financing activities		**(17,841)**	**(25,636)**
Net increase in cash and cash equivalents		**19,772**	**4,561**
Opening cash and cash equivalents		68,138	73,450
Effect of foreign exchange rate changes		(2,927)	5,001
Closing cash and cash equivalents		**84,983**	**83,012**

The accompanying notes are an integral part of this statement.

NOTES TO THE CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. Basis of accounting

Basis of preparation

The condensed unaudited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards adopted for use in the European Union ("IFRS") and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The condensed financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2019.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2019, except for the adoption of new standards that became effective as of 1 January 2020. The Group has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed financial statements of the Group.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in detail in the Corporate Governance section of this Interim Report. 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.

Foreign currency

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

	30 June 2020	31 December 2019
Balance Sheet		
- Roubles	86.3619	81.1460
- United States Dollar	1.2346	1.3108
- Euro	1.0976	1.1703
	30 June 2020	**30 June 2019**
Income Statement *		
- Roubles	87.3027	84.5079
- United States Dollar	1.2612	1.2934
- Euro	1.1441	1.1447

* These are the average rates for the six months ended 30 June 2019 and 2020, which are used unless this does not approximate the rates ruling at the dates of the relevant transactions in which case the item of income or expenditure is translated at the transaction date rate.

2. Segmental information

The Group has three reportable segments, which are managed and report independently to the Board of Directors. These comprise:
Property investment - acquire, develop and lease commercial property in Russia;
Roslogistics - provision of warehousing, transport, customs brokerage and related services in Russia; and
Raven Mount - sale of residential property in the UK.

(a) Segmental information for the six months ended and as at 30 June 2020

For the six months ended 30 June 2020	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Segment Total £'000	Central Overhead £'000	Total £'000
Gross revenue	73,542	7,084	1	80,627	–	80,627
Operating costs / cost of sales	(17,727)	(3,281)	–	(21,008)	–	(21,008)
Net rental and related income	**55,815**	**3,803**	**1**	**59,619**	**–**	**59,619**
Administrative expenses						
Running general and administration expenses	(6,555)	(861)	(126)	(7,542)	(2,454)	(9,996)
Aborted project costs	–	–	–	–	(339)	(339)
Depreciation	(383)	(167)	–	(550)	–	(550)
Foreign currency losses	(23,767)	(2)	–	(23,769)	–	(23,769)
	25,110	**2,773**	**(125)**	**27,758**	**(2,793)**	**24,965**
Unrealised loss on revaluation of investment property	(12,103)	–	–	(12,103)	–	(12,103)
Unrealised loss on revaluation of investment property under construction	(360)	–	–	(360)	–	(360)
Share of losses of joint ventures	–	(77)	–	(77)	–	(77)
Segment profit / (loss)	**12,647**	**2,696**	**(125)**	**15,218**	**(2,793)**	**12,425**
Finance income						1,996
Finance expense						(41,078)
Loss before tax						**(26,657)**

As at 30 June 2020	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Total £'000
Assets				
Investment property	1,252,553	–	–	1,252,553
Investment property under construction	31,451	–	–	31,451
Investment in joint ventures	–	100	–	100
Inventory	–	–	473	473
Cash and short term deposits	82,710	1,432	841	84,983
Segment assets	**1,366,714**	**1,532**	**1,314**	**1,369,560**
Other non-current assets				33,289
Other current assets				37,255
Total assets				**1,440,104**
Segment liabilities				
Interest bearing loans and borrowings	697,362	–	–	697,362
Capital expenditure				
Corporate acquisitions	–	–	–	–
Other acquisition	–	–	–	–
Property improvements	4,719	–	–	4,719
	4,719	**–**	**–**	**4,719**

(b) Segmental information for the six months ended and as at 30 June 2019

	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Segment Total £'000	Central Overhead £'000	Total £'000
Gross revenue	79,516	8,155	60	87,731	–	87,731
Operating costs / cost of sales	(19,304)	(4,097)	(28)	(23,429)	–	(23,429)
Net rental and related income	**60,212**	**4,058**	**32**	**64,302**	**–**	**64,302**
Administrative expenses						
Running general and administration expenses	(7,847)	(994)	(183)	(9,024)	(2,395)	(11,419)
Aborted project costs	(131)	–	–	(131)	–	(131)
Depreciation	(659)	(162)	(1)	(822)	–	(822)
Share-based payments and other long term incentives	(90)	–	–	(90)	(783)	(873)
Foreign currency profits	18,941	2	–	18,943	–	18,943
	70,426	**2,904**	**(152)**	**73,178**	**(3,178)**	**70,000**
Unrealised profit on revaluation of investment property	18,073	–	–	18,073	–	18,073
Unrealised profit on revaluation of investment property under construction	92	–	–	92	–	92
Share of profits of joint ventures	–	(197)	898	701	–	701
Segment profit / (loss)	**88,591**	**2,707**	**746**	**92,044**	**(3,178)**	**88,866**
Finance income						1,281
Finance expense						(56,525)
Profit before tax						**33,622**

For the six months ended 30 June 2019	Property Investment £'000	Roslogistics £'000	Raven Mount £'000	Total £'000
Capital expenditure				
Corporate acquisitions	187	–	–	187
Payments for property improvements	2,971	–	–	2,971
Payment of deferred consideration on acquisition of investment property	12,255	–	–	12,255
	15,413	**–**	**–**	**15,413**

(c) Segmental information 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**

3. Administrative expenses

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
Employment costs	5,255	6,713
Directors' remuneration	1,247	1,248
Bad debts	(2)	–
Office running costs and insurance	1,491	1,295
Travel costs	404	686
Auditors' remuneration	478	355
Legal and professional	738	771
Broker, PR and analyst costs	226	183
Aborted project costs	339	131
Depreciation	550	822
Registrar costs and other administrative expenses	159	168
	10,885	**12,372**

4. Finance income and expense

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
Finance income		
Total interest income on financial assets not at fair value through profit or loss		
Income from cash and short term deposits	1,186	1,258
Interest receivable from joint ventures	15	23
Other interest income	642	–
Other finance income		
Change in fair value of open interest rate derivative financial instruments	153	–
Finance income	**1,996**	**1,281**
Finance expense		
Interest expense on loans and borrowings measured at amortised cost	23,224	26,477
Interest expense on preference shares	6,192	6,162
Interest expense on convertible preference shares	9,987	9,990
Total interest expense on financial liabilities not at fair value through profit or loss	39,403	42,629
Change in fair value of open forward currency derivative financial instruments	–	20
Change in fair value of open interest rate derivative financial instruments	1,675	13,876
Finance expense	**41,078**	**56,525**

5. Taxation

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

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
(Loss) / profit before tax	(26,657)	33,622
Tax at the Russian corporate tax rate of 20%	(5,331)	6,724
Tax effect of financing arrangements	1,548	(66)
Tax effect of fair value movement on open interest rate derivative financial instruments	143	2,743
Tax effect of non deductible preference share interest	3,236	3,230
Tax effect of foreign exchange movements	3,689	(3,003)
Movement in provision for uncertain tax positions	(1,779)	(1,992)
Tax effect of other income not subject to tax and non-deductible expenses	546	1,210
Tax effect of property depreciation on revaluations	1,021	(2,982)
Tax on dividends and other inter company gains	1,105	1,594
Net movement in unprovided deferred tax assets	873	(51)
	5,051	**7,407**

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 Cyprus and Guernsey.

6. Earnings measures

In addition to reporting IFRS earnings the Group also reports its own underlying earnings measure. The Directors consider underlying earnings to be a key performance measure, as this is one of the measures 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:

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	£'000	£'000	£'000	£'000
Earnings				
Net (loss) / profit for the period prepared under IFRS		**(31,708)**		**26,215**
Adjustments to arrive at underlying earnings:				
Administration expenses				
Depreciation	550		822	
Aborted project costs	339		131	
		889		953
Share-based payments and other long term incentives		–		873
Unrealised loss / (profit) on revaluation of investment property		12,103		(18,073)
Unrealised loss / (profit) on revaluation of investment property under construction		360		(92)
Finance income				
Change in fair value of open interest rate derivative financial instruments		(153)		–
Finance expense				
Change in fair value of open forward currency derivative financial instruments	–		20	
Change in fair value of open interest rate derivative financial instruments	1,675		13,876	
Premium on redemption of preference shares and amortisation of issue costs	181		181	
Premium on redemption of convertible preference shares and amortisation of issue costs	3,622		3,623	
Amortisation of loan origination costs	1,017		1,598	
		6,495		19,298
Tax				
Movement on deferred tax arising on depreciation and revaluation of investment property	856		3,293	
Tax on unrealised foreign exchange movements in loans	782		(81)	
		1,638		3,212
Underlying earnings		**(10,376)**		**32,386**

Calculation of Headline earnings	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
Net (loss) / profit for the period prepared under IFRS	(31,708)	26,215
Adjustments to arrive at Headline earnings:		
Unrealised loss / (profit) on revaluation of investment property	12,103	(18,073)
Unrealised loss / (profit) on revaluation of investment property under construction	360	(92)
Movement on deferred tax arising on revaluation of investment property	(2,128)	198
Headline earnings	**(21,373)**	**8,248**

IFRS	Earnings £'000	30 June 2020 Weighted average shares No. '000	EPS Pence	Earnings £'000	30 June 2019 Weighted average shares No. '000	EPS Pence
Basic	(31,708)	480,828	(6.59)	26,215	610,057	4.30
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	603	
LTIP (note 16)	–	–		–	197	
2016 Retention scheme (note 16)	–	–		–	2,047	
Five Year Performance Plan (note 16)	–	–		–	–	
Convertible preference shares (note 12)	–	–		9,990	318,047	
Diluted	**(31,708)**	**480,828**	**(6.59)**	**36,205**	**930,951**	**3.89**

Underlying earnings	Earnings £'000	30 June 2020 Weighted average shares No. '000	EPS Pence	Earnings £'000	30 June 2019 Weighted average shares No. '000	EPS Pence
Basic	(10,376)	480,828	(2.16)	32,386	610,057	5.31
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	603	
LTIP (note 16)	–	–		–	197	
2016 Retention scheme (note 16)	–	–		–	2,047	
Five Year Performance Plan (note 16)	–	–		–	–	
Convertible preference shares (note 12)	–	–		6,367	318,047	
Diluted	**(10,376)**	**480,828**	**(2.16)**	**38,753**	**930,951**	**4.16**

Headline earnings	Earnings £'000	30 June 2020 Weighted average shares No. '000	EPS Pence	Earnings £'000	30 June 2019 Weighted average shares No. '000	EPS Pence
Basic	(21,373)	480,828	(4.45)	8,248	610,057	1.35
Effect of dilutive potential ordinary shares:						
Warrants	–	–		–	603	
LTIP (note 16)	–	–		–	197	
2016 Retention scheme (note 16)	–	–		–	2,047	
Five Year Performance Plan (note 16)	–	–		–	–	
Convertible preference shares (note 12)	–	–		–	–	
Diluted	**(21,373)**	**480,828**	**(4.45)**	**8,248**	**612,904**	**1.35**

7. Investment property

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 £'000	Logistics St Petersburg Level 3 £'000	Logistics Regions Level 3 £'000	Office St Petersburg Level 3 £'000	30 June 2020 Total £'000
Market value at 1 January 2020	945,326	171,990	171,360	65,786	**1,354,462**
Property improvements	7,232	(16)	1,277	338	**8,831**
Unrealised (loss) / profit on revaluation	(15,996)	529	(817)	479	**(15,805)**
On translation to presentation currency	(57,021)	(10,387)	(10,335)	(3,969)	**(81,712)**
Market value at 30 June 2020	**879,541**	**162,116**	**161,485**	**62,634**	**1,265,776**
Tenant incentives and contracted rent uplift balances	(8,712)	(3,673)	(869)	(1,021)	**(14,275)**
Head lease obligations	1,052	–	–	–	**1,052**
Carrying value at 30 June 2020	**871,881**	**158,443**	**160,616**	**61,613**	**1,252,553**
Revaluation movement in the period ended 30 June 2020					
Gross revaluation	(15,996)	529	(817)	479	**(15,805)**
Movement on tenant incentives and contracted rent uplift balances	3,319	119	298	(10)	**3,726**
Impact of translation to presentation currency	(78)	178	(63)	(61)	**(24)**
Revaluation reported in the Income Statement	**(12,755)**	**826**	**(582)**	**408**	**(12,103)**

Asset class Location Fair value hierarchy*	Logistics Moscow Level 3 £'000	Logistics St Petersburg Level 3 £'000	Logistics Regions Level 3 £'000	Office St Petersburg Level 3 £'000	31 December 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	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**
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**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2019 or 2020.

At 30 June 2020 the Group has pledged investment property with a value of £1,266 million (31 December 2019: £1,345 million) to secure banking facilities granted to the Group (note 10).

8. 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	30 June 2020 Total £'000
Market value at 1 January 2020	21,625	9,146	**30,771**	2,714	**33,485**
Costs incurred	4	–	**4**	–	**4**
On translation to presentation currency	(1,307)	(552)	**(1,859)**	(164)	**(2,023)**
Unrealised (loss) / profit on revaluation	(474)	114	**(360)**	–	**(360)**
Market value at 30 June 2020	**19,848**	**8,708**	**28,556**	**2,550**	**31,106**
Head lease obligations	345	–	**345**	–	**345**
Carrying value at 30 June 2020	**20,193**	**8,708**	**28,901**	**2,550**	**31,451**

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	31 December 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	361	–	**361**	–	**361**
Carrying value at 31 December 2019	**21,986**	**9,146**	**31,132**	**2,714**	**33,846**

*Classified in accordance with the fair value hierarchy. There were no transfers between fair value hierarchy in 2019 or 2020.

No borrowing costs were capitalised in the period (31 December 2019: £nil).

At 30 June 2020 the Group has pledged investment property under construction with a value of £28.6 million (31 December 2019: £30.8 million) to secure banking facilities granted to the Group (note 10).

9. Valuation assumptions and key inputs

In preparing their valuations at 30 June 2020, JLL have specifically referred to the uncertainty caused in the Russian real estate market by Covid-19 and a low oil price. JLL comment that until there is more certainty and market evidence it is prudent not to impose too much judgement on what may or may not happen and pricing should be based on the current situation. In this environment, prices and values are going through a period of heightened volatility with the result that market values can change frequently. JLL consider that, as at the valuation date, they can attach less weight to previous market experience for comparison purposes to inform opinions of value.

Class of property	Carrying amount				Range	
	30 June 2020 £'000	31 December 2019 £'000	Valuation technique	Input	30 June 2020	31 December 2019
Completed investment property						
Moscow - Logistics	871,881	934,516	Discounted cash flow	ERV per sqm	Rub 3,700 to Rub 4,500	Rub 3,700 to Rub 4,500
				ERV growth	5.00% to 7.00%	5.00% to 7.00%
				Discount rate	8.50% to 12.00%	10.80% to 12.10%
				Exit cap rate	10.25% to 11.25%	10.25% to 11.25%
				Vacancy rate	0% to 36%	1% to 59%
				Passing rent per sqm	$103 to $174	$100 to $174
				Passing rent per sqm	Rub 3,307 to Rub 9,479	Rub 3,150 to Rub 8,999
				Passing rent per sqm	€126	€122
St Petersburg - Logistics	158,443	168,198	Discounted cash flow	ERV per sqm	Rub 3,900 to Rub 4,150	Rub 3,900 to Rub 4,150
				ERV growth	5.00% to 7.00%	5.00% to 7.00%
				Discount rate	12.40% to 12.60%	12.10% to 12.30%
				Exit cap rate	11.50%	11.50%
				Vacancy rate	1% to 15%	1% to 15%
				Passing rent per sqm	$126 to $141	$111 to $137
				Passing rent per sqm	Rub 3,450 to Rub 5,429	Rub 3,276 to Rub 5,628
Regional - Logistics	160,616	170,193	Discounted cash flow	ERV per sqm	Rub 3,800 to Rub 4,200	Rub 3,800 to Rub 4,200
				ERV growth	5.00% to 7.00%	5.00% to 7.00%
				Discount rate	10.75% to 12.50%	11.80% to 12.30%
				Exit cap rate	11.50%	11.50%
				Vacancy rate	0% to 4%	0% to 10%
				Passing rent per sqm	$148	$143
				Passing rent per sqm	Rub 3,000 to Rub 21,153	Rub 3,850 toRub 21,153
St Petersburg - Office	61,613	64,775	Discounted cash flow	ERV per sqm	Rub 11,500 to Rub 12,294	Rub 11,789 to Rub 12,491
				ERV growth	2.00% to 4.00%	2.00% to 4.00%
				Discount rate	12.00% to 12.25%	11.75% to 12.00%
				Exit cap rate	11.00% to 12.00%	11.00% to 12.00%
				Vacancy rate	0% to 5%	0% to 13%
				Passing rent per sqm	Rub 6,255 to Rub 23,244	Rub 7,596 to Rub 18,319

Other key information	Description	Range 30 June 2020	Range 31 December 2019
Moscow - Logistics	Land plot ratio	34% - 65%	34% - 65%
	Age of building	2 to 15 years	2 to 15 years
	Outstanding costs (£'000)	–	1,262
St Petersburg - Logistics	Land plot ratio	48% - 57%	48% - 57%
	Age of building	5 to 11 years	5 to 11 years
	Outstanding costs (£'000)	–	97
Regional - Logistics	Land plot ratio	48% - 61%	48% - 61%
	Age of building	10 years	10 years
	Outstanding costs (£'000)	–	663
St Petersburg - Office	Land plot ratio	148% to 496%	148% to 496%
	Age of building	11 to 13 years	11 to 13 years
	Outstanding costs (£'000)	–	57

Investment property under construction	Carrying amount 30 June 2020 £'000	Carrying amount 31 December 2019 £'000	Valuation technique	Input	Range 30 June 2020	Range 31 December 2019
Moscow - Logistics	20,193	21,986	Comparable	Value per ha	Rub 30.6m to Rub 33.8m	Rub 19.5m to Rub 33.8m
Regional - Logistics	8,708	9,146	Comparable	Value per ha	Rub 10.51m to Rub 20.9m	Rub 9.5m to Rub 20.6m

10. Interest bearing loans and borrowings

Bank loans	30 June 2020 £'000	31 December 2019 £'000
Loans due for settlement within 12 months	53,664	60,173
Loans due for settlement after 12 months	643,698	623,168
	697,362	**683,341**
The Group's borrowings have the following maturity profile:		
On demand or within one year	53,664	60,173
In the second year	23,453	28,656
In the third to fifth years	556,199	497,578
After five years	64,046	96,934
	697,362	**683,341**

The amounts above include unamortised loan origination costs of £7.1 million (31 December 2019: £6.8 million) and interest accruals of £0.8 million (31 December 2019: £0.9 million).

The Group's interest bearing loans and borrowings have a weighted average interest rate of 5.77% (31 December 2019: 6.52%) and a weighted average term to maturity of 4.3 years (31 December 2019: 4.7 years).

11. Preference shares

Issued share capital:	30 June 2020 £'000	31 December 2019 £'000
At 1 January	110,324	109,271
Premium on redemption of preference shares and amortisation of issue costs	181	362
Scrip dividends	204	691
At 30 June / 31 December	**110,709**	**110,324**

Issued share capital:	30 June 2020 Number	31 December 2019 Number
At 1 January	100,068,218	99,556,534
Scrip dividends	152,134	511,684
At 30 June / 31 December	**100,220,352**	**100,068,218**
Shares in issue	100,277,220	100,125,086
Held by the Company's Employee Benefit Trusts	(56,868)	(56,868)
At 30 June / 31 December	**100,220,352**	**100,068,218**

12. Convertible preference shares

Issued share capital:	30 June 2020 £'000	31 December 2019 £'000
At 1 January	217,482	206,116
Reissued in the period / year	–	4,132
Converted to ordinary shares (note 13)	–	(11)
Premium on redemption of preference shares and amortisation of issue costs	3,622	7,245
At 30 June / 31 December	**221,104**	**217,482**

Issued share capital:	30 June 2020 Number	31 December 2019 Number
At 1 January	195,929,647	192,388,886
Reissued in the period / year	–	3,552,907
Converted to ordinary shares (note 13)	–	(12,146)
At 30 June / 31 December	**195,929,647**	**195,929,647**
Shares in issue	198,176,868	198,176,868
Held by the Company's Employee Benefit Trusts	(2,247,221)	(2,247,221)
At 30 June / 31 December	**195,929,647**	**195,929,647**

On 31 July 2020 the Company's shareholders approved the re-designation of the convertible preference share capital into new ordinary shares and new preference shares. Under the re-designation holders of convertible preference shares will receive 0.6108 new ordinary shares and 0.5849 new preference shares for each convertible preference share held. The re-designation is effective on 30 September 2020.

13. Share capital

Issued share capital	30 June 2020 £'000	31 December 2019 £'000
At 1 January	4,898	6,233
Issued in the period / year for cash on warrant exercises	–	17
Repurchased and cancelled in the period / year by tender offer	–	(361)
Repurchased and cancelled in the period / year from WIM / IAM	–	(991)
At 30 June / 31 December	**4,898**	**4,898**

Issued share capital	30 June 2020 Number	31 December 2019 Number
At 1 January	489,746,016	623,269,434
Issued in the period / year for cash on warrant exercises	–	1,734,577
On conversion of convertible preference shares (note 12)	–	18,425
Repurchased and cancelled in the period / year by tender offer	–	(36,131,442)
Repurchased and cancelled in the period / year from WIM / IAM	–	(99,144,978)
At 30 June / 31 December	**489,746,016**	**489,746,016**

Details of own shares held are given in note 14.

14. Own shares held

	30 June 2020 £'000	31 December 2019 £'000
At 1 January	(4,582)	(5,965)
Other acquisitions	–	(106)
Allocation to satisfy Annual Performance Incentive / other staff bonuses (note 16)	–	647
Cancelled	–	151
Allocation to satisfy LTIP options exercised (note 16a)	–	691
At 30 June / 31 December	**(4,582)**	**(4,582)**

	30 June 2020 Number	31 December 2019 Number
At 1 January	8,918,186	10,760,656
Other acquisitions	–	253,679
Allocation to satisfy Annual Performance Incentive / other staff bonuses (note 16)	–	(876,000)
Cancelled	–	(298,039)
Allocation to satisfy LTIP options exercised (note 16a)	–	(922,110)
At 30 June / 31 December	**8,918,186**	**8,918,186**

Allocations to satisfy LTIP options exercised in 2019 were 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.

15. Net asset value per share

	30 June 2020 Number	31 December 2019 Number
Number of ordinary shares (note 13)	489,746,016	489,746,016
Less own shares held (note 14)	(8,918,186)	(8,918,186)
	480,827,830	**480,827,830**

	30 June 2020			31 December 2019		
	Net asset value £'000	Ordinary shares No. '000	Net asset value per share Pence	Net asset value £'000	Ordinary shares No. '000	Net asset value per share Pence
Net asset value per share	279,307	480,828	58	365,798	480,828	76
Effect of dilutive potential ordinary shares:						
Convertible preference shares (note 12)	–	–		217,482	297,225	
Five Year Performance Plan	–	–		–	–	
Fully diluted net asset value per share	**279,307**	**480,828**	**58**	**583,280**	**778,053**	**75**

The carrying value of the convertible preference shares at 30 June 2020 (see note 12) when divided by the number of ordinary shares that would be issued on conversion, is greater than basic net asset value per share and thus the convertible preference shares are not dilutive at 30 June 2020.

16. Share-based payments and other long term incentives

	Six months ended 30 June 2020		Six months ended 30 June 2019	
(a) Movements in Executive Share Option Schemes	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the period	–	–	1,062,162	25p
Exercised during the period				
– LTIP	–	–	(1,062,162)	25p
Outstanding at the end of the period	**–**	**–**	**–**	**–**

(b) Income statement charge for the period	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
2016 Retention Scheme	–	541
Other staff bonuses	–	332
Annual Performance Incentive 2019	–	–
Five Year Performance Plan	–	–
	–	**873**
To be satisfied by allocation of:		
Ordinary shares (IFRS 2 expense)	–	332
Convertible preference shares (IFRS 2 expense)	–	541
Cash	–	–
	–	**873**

Certain bonuses awarded to employees below executive level for performance in 2018 were settled in ordinary shares of the Company in 2019.

17. Ordinary dividends

Instead of a final ordinary dividend for the year ended 31 December 2019, the Company proposes the final distribution of 2.25p per ordinary share to be effected by a tender offer buy back of 1 in every 16 ordinary shares in issue at 36p per ordinary share (2018: 2 in every 51 ordinary shares at 45p, the equivalent of 1.75p per ordinary share).

18. Fair value measurement

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at the balance sheet date:

	30 June 2020		31 December 2019	
	Carrying Value £'000	Fair Value £'000	Carrying Value £'000	Fair Value £'000
Non-current assets				
Loans receivable	42	39	67	63
Derivative financial instruments	2,983	2,983	2,621	2,621
Current assets				
Trade receivables	24,191	24,191	26,475	26,475
Restricted cash	1,772	1,772	3,026	3,026
Other current receivables	3,723	3,723	3,653	3,653
Cash and short term deposits	84,983	84,983	68,138	68,138
Non-current liabilities				
Interest bearing loans and borrowings	643,698	652,134	623,168	632,014
Preference shares	110,709	115,319	110,324	131,590
Convertible preference shares	221,104	171,423	217,482	202,787
Rent deposits	14,756	11,100	15,779	12,403
Other payables	2,537	2,537	2,844	2,844
Current liabilities				
Interest bearing loans and borrowings	53,664	53,664	60,173	60,173
Rent deposits	4,980	4,980	6,364	6,364
Other payables	8,210	8,210	3,356	3,356

Fair value hierarchy

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

As at 30 June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total Fair Value £'000
Assets measured at fair value				
Investment property	–	–	1,252,553	**1,252,553**
Investment property under construction	–	–	31,451	**31,451**
Derivative financial instruments	–	2,983	–	**2,983**
As at 31 December 2019				
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**

* 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 interest rate derivative financial instruments comprise interest rate caps. These contracts are valued using a discounted cash flow model and consideration is given to the Group's own credit risk.

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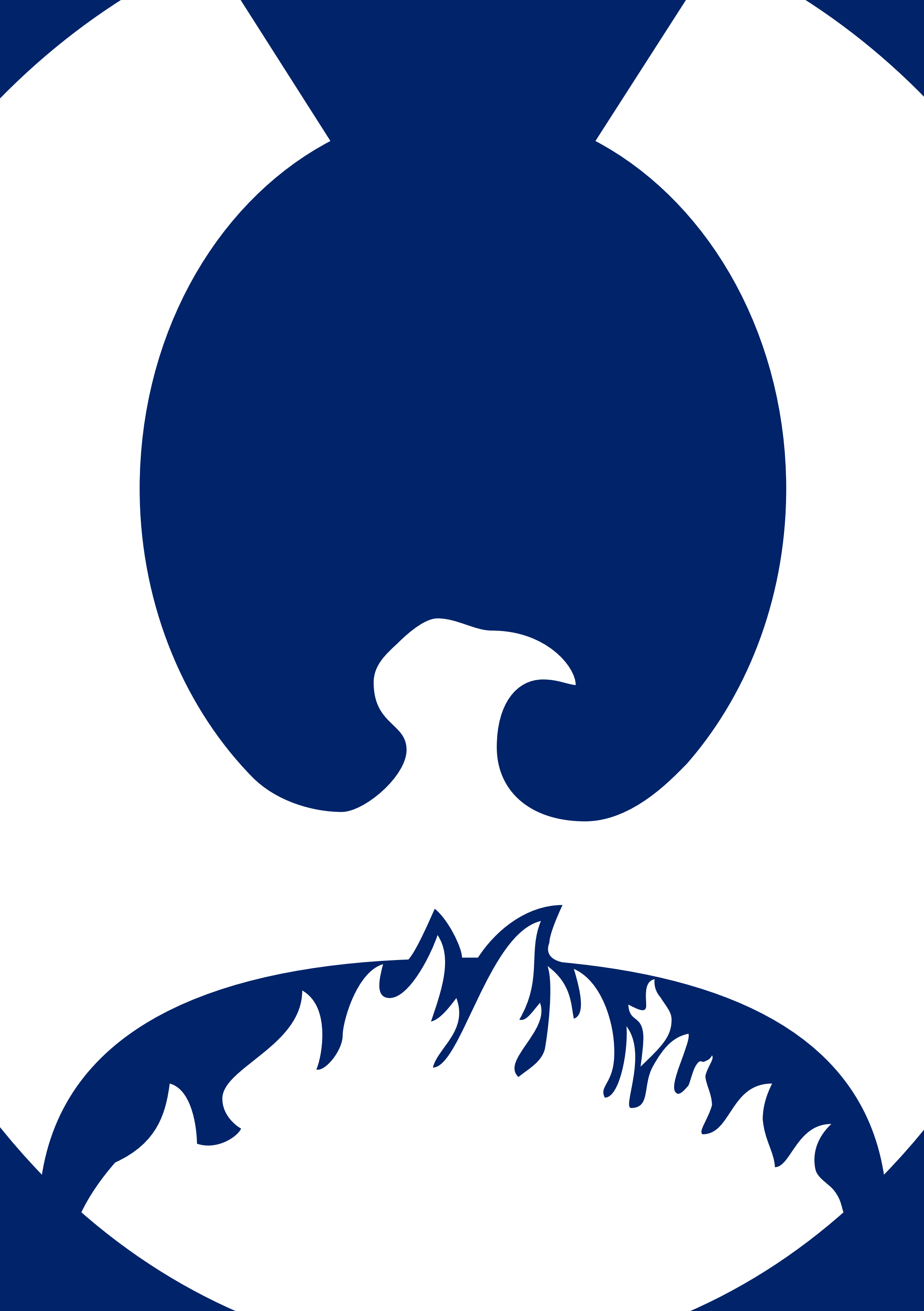

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